Supply Base Report:
MLT Ltd

Re-assessment

www.sbp-cert.org

Completed in accordance with the Supply Base Report Template Version 1.4

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019; re-published 3 April 2020

Version 1.4 published 22 October 2020

Contents

1 Overview

Producer name: MLT Ltd

Producer address: 14A Bolshaya Morskaya Ulitsa, Office 314, Pemises 120-N 191186 St Petersburg , Russia

SBP Certificate Code: SBP-01-46

Geographic position: 57.02, 34.96

Primary contact: Elena Firsova, +7 482 512 7705,efirsova@mltlvl.ru

Company website: www.ultralam.com

Date report finalised: 2021-03-12

Close of last CB audit: 2021-03-16

Name of CB: NEPCon OÜ

SBP Standard(s) used: SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction, Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3

Weblink to Standard(s) used: https://sbp-cert.org/documents/standards-documents/standards

SBP Endorsed Regional Risk Assessment: N/A

Weblink to SBR on Company website: https://ultralam.com/products/fuel-pellets/

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations					
Main (Initial) Evaluation	**First Surveillance**	**Second Surveillance**	**Third Surveillance**	**Fourth Surveillance**	**Re-assessment**
☐	☐	☐	☐	☐	☒

2 Description of the Supply Base

2.1 General description

Feedstock types: Secondary

Includes Supply Base evaluation (SBE): No

Feedstock origin (countries): Russia

2.2 Description of countries included in the Supply Base

Country: Russia

Area/Region: Tver region

Exclusions: Yes

In the fiveth reported period (01.01.2020-31.12.2020) MLT Ltd.'s Supply Base incorporated 15 forest concessions located in Tver Region, Russia, with the total area of 710062,73 ha. These forest concessions provided logs for laminated veneer lumber (LVL) production the clean residues of which are used to produce wood pellets. MLT ltd. is a concession holder of 15 forest concessions. Whole Supply Base of MLT Ltd. Is FSC-certified. Thus, all logs the residues of which are used for pellet production are 100% FSC certified (FSC 100% claim). Wood logs are processed into LVL panels and residues from this production are used into production of SBP-compliant secondary biomass. Tree species are: Scots pine (Pinus sylvestris) – 22%, Norway spruce (Picea abies) – 56% and Silver Birch (Betula pendula) and Downy birch (Betula pubescens) – 22%.

Tver Region ranks #20 among the most forested Russian regions. Forests cover 55% of its territory. The area of its forest estate is 4 874,5 thousand ha. The overall timber inventory makes up 738,8 million cubic meters.

The distribution of forest types across Tver Region is very uneven due to different environmental conditions and human economic activities. Most of the territory consists of mixed forests with only the northern part of the region containing southern taiga forests. The supply base is located in the north-western, northern, central and southern parts of Tver Region, and is attributed to the mixed forests zone.

The profile of areas adjacent to the Supply Base is mainly represented by forest lands, settlements, highways and railroads, including those of federal importance connecting Moscow and Saint – Petersburg, as well as Moscow and the Baltic states. There are several large lakes and water reservoirs as well as several hundreds of small and medium size lakes within the adjacent areas. Among the large rivers are the Upper Volga and Western Dvina as well as the Istra River.

According to the economic, environmental and social significance the forests of Tver Region are subdivided into protected (40%) and usable (60%) ones.

Forest management practices are designed to achieve non-depletable sustainable forest utilization in compliance with the existing forest legislation requirements and forest certification principles, if applicable. The period of felling rotation is 81-100 years. The period of felling rotation includes 1 or 2 thinnings, final cutting at the maturity stage and reforestation. Clear cut can be performed at the area of 20 ha, and

thinnings – at the maximum area of 100 ha. Reforestation activities may include planting of young trees (about 70% across the region) and natural reforestation (about 30% across the region). Continuous forest rotation technique is also implemented and based on 15 -20 year logging cycle with selective harvesting and preservation of viable undergrowth.

Forest lease relationships have been actively developing in Tver Region for the past few years. The government leases forest parcels to log harvesting companies for a period of 49 years. Around 60% of forests are leased out. Currently, there are approximately 450 forest concession agreements operating in the Region. 99% of forest concessions are intended for harvesting. MLT Ltd. is the largest forest concession holder in Tver Region.

In Tver Region, the volumes of annual timber harvesting make up around 4.5 million cubic meters with the volume of fellings being half of the allowable annual cut, which ensures sustainable use of forest resources.

Reforestation and tending of forest concessions intended for harvesting is ensured by appropriate concession holders.

The main forest forming species are Norway spruce, Scots pine, Silver birch, Aspen, Grey and Black alder, European oak.

There are no old-growth forests or indigenous minorities present within the boundaries of the certified territory. MLT Ltd. does not harvest CITES or IUNC species. 30% of the certified territory of MLT Ltd.'s supply bases has been attributed to HCVF and excluded from forest use (Special Protected Natural Areas, Special Protection Area, representative areas, social HCVF).

Forestry sector of Tver Region is very well diversified and represented by all branches of woodworking industry ranging from harvesting to lumber production. Woodworking industry in the region prevails over the export of raw material outside the region. MLT Ltd. ranks first among the region's pellet producers with the annual capacity of 40 000 thousand tons. However, the amount of feedstock ended up in biomass production is negligible.

The forest sector makes up significant portion of the region's economy. When compared to other sectors of economy, the forest sector is profitable and does not require any government subsidies.

The socio-economic function of Tver region is regulated by law and, in particular, includes the allocation of 2% of annual allowable cut of coniferous species and 4% of broadleaved species to the region's population to be used for their own construction and heating needs. Preference for employment is granted to local residents.

Under the existing cooperation agreements, MLT Ltd. provide charitable support to local infrastructure (administrative bodies of local districts and settlements).

2.3 Actions taken to promote certification amongst feedstock supplier

Not applicable. MLT Ltd. uses feedstock coming only from own FSC-certified leased area.

2.4 Quantification of the Supply Base

Supply Base

a. **Total Supply Base area (million ha)**: 0,71
b. **Tenure by type (million ha):**0.71 (Public)
c. **Forest by type (million ha):**0.71 (Temperate)
d. **Forest by management type (million ha):**0.71 (Managed natural)
e. **Certified forest by scheme (million ha):**0.71 (FSC)

Describe the harvesting type which best describes how your material is sourced: Mix of the above
Explanation: The period of felling rotation includes 1 or 2 thinnings, final cutting at the maturity stage and reforestation. Clear cut can be performed at the area of 20 ha, and thinnings – at the maximum area of 100 ha.
Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Majority
Explanation: The forest was not sourced for a purpose of energy market and only residues were used for this purpose

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling? Yes - Minority
Explanation: All lands are regenerated. Mostly artificial regeneration is done - at the area about 70%, and natural regeneration is ensured at the rest 30% of the lands.

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation? No
Explanation: Timber is used for peeling and the residue of this timber is used for pellet production. It is not possible to use salvage wood for peeling.

Feedstock

Reporting period from: 2020-01-01

Reporting period to: 2020-12-31

a. **Total volume of Feedstock**: 1-200,000 tonnes
b. **Volume of primary feedstoc**k: 0 N/A
c. **List percentage of primary feedstock, by the following categories.**
    - Certified to an SBP-approved Forest Management Scheme: N/A
    - Not certified to an SBP-approved Forest Management Scheme: N/A
d. **List of all the species in primary feedstock, including scientific name:** N/A (N/A);
e. **Is any of the feedstock used likely to have come from protected or threatened species?** N/A
    - Name of species: N/A
    - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A
f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** N/A
g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** N/A
h. **Proportion of biomass composed of or derived from saw logs (%):** N/A
i. **Specify the local regulations or industry standards that define saw logs:** N/A
j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** N/A
k. **Volume of primary feedstock from primary forest:** N/A N/A

l. **List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes**:
   - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
   - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A

m. **Volume of secondary feedstock**: 1-200,000 tonnes
   - Physical form of the feedstock: Chips

n. **Volume of tertiary feedstock**: 0 N/A
   - Physical form of the feedstock: N/A

Proportion of feedstock sourced per type of claim during the reporting period				
Feedstock type	**Sourced by using Supply Base Evaluation (SBE) %**	**FSC %**	**PEFC %**	**SFI %**
Primary	0,00	0,00	0,00	0,00
Secondary	0,00	100,00	0,00	0,00
Tertiary	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00

3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? No

N/A

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: N/A

SBP-endorsed Regional Risk Assessments used: N/A

List of countries and regions included in the SBE:

Country: N/A

Indicator with specified risk in the risk assessment used:
N/A

Specific risk description:

4.2 Justification

N/A

4.3 Results of risk assessment and Supplier Verification Programme

N/A

4.4 Conclusion

N/A

5 Supply Base Evaluation process

N/A

6 Stakeholder consultation

N/A

6.1 Response to stakeholder comments

N/A

7 Mitigation measures

7.1 Mitigation measures

N/A

7.2 Monitoring and outcomes

N/A

8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

Is RRA used? N/A

9 Review of report

9.1 Peer review

N/A

9.2 Public or additional reviews

N/A

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	**Elena Firsova**	**SBP manager**	**2021-03-12**
	Name	**Title**	**Date**
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	**Nikolay Roschupkin**	**Director**	**2021-03-12**
	Name	**Title**	**Date**

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A