



# **Supply Base Report: Pusbroliai UAB**

## **Fourth Surveillance Audit**

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# Completed in accordance with the Supply Base Report Template Version 1.5

*For further information on the SBP Framework and to view the full set of documentation see [www.sbp-cert.org](http://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*

*Version 1.5 published 11 November 2022*

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# 1 Overview

**Producer name:** Pusbroliai UAB

**Producer address:** Šilutės pl. 2, LT-91111 Klaipėda, Lithuania

**SBP Certificate Code:** SBP-07-39

**Geographic position:** 55.703993, 21.163770

**Primary contact:** Rūta Gaber, +370 655 13365,ruta@pusbroliai.eu

**Company website:** <http://www.pusbroliai.eu/>

**Date report finalised:** N/A

**Close of last CB audit:** N/A

**Name of CB:** Preferred by Nature OÜ

**SBP Standard(s) used:** SBP Standard 1: Feedstock Compliance Standard, SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction

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

**SBP Endorsed Regional Risk Assessment:** Lithuania

**Weblink to SBR on Company website:** N/A

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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

## 2 Description of the Supply Base

### 2.1 General description

**Feedstock types:** Primary, Secondary

**Includes Supply Base evaluation (SBE):** Yes

**Includes REDII:** Yes

**Includes REDII SBE:** No

**Feedstock origin (countries):** Lithuania

### 2.2 Description of countries included in the Supply Base

**Country:**Lithuania

**Area/Region:** Lithuania

**Sub-Scope:** N/A

**Exclusions:** No

The feedstock is sourced from Lithuanian suppliers including state forests and forests form owners, areas outside forests (overgrown agricultural areas, powerline, ditch areas, branches after clearing, sides of the roads). As Secondary Feedstock company purchases wood residual from sawmills. The origin of supplies is proved by purchase agreements signed with them, invoices and accompanying documents (proper documents harvesting permission).

Agricultural land covers more than 50 % of Lithuania. The forested land occupies about 28 % or 2.18 million ha, while the land classified as forest occupies about 30 % of the total land area. The south-eastern part of the country is most heavily forested, and here forests cover about 45 % of the land. The total land area belonged to the State forest enterprises is divided into forest and non-forest land. Forest land is divided into forested and non- forested land. The total value added in the forestry sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10 % higher than in 2012. Approximately a half of forest land in Lithuania is owned by the State and managed by 26 regional divisions of State Forest Enterprise and the Directorate General of State Forests. Respectively, around 40 % of forest land is privately owned and the rest 10 % is still reserved for restitution. All types of cuttings are prohibited in reserves. Clear cuttings are prohibited in national parks, while thinning and sanitary cuttings are allowed there. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinning as well. Almost no restrictions as to logging methods exist in the forests of commercial category. Lithuania has signed the CITES Convention in 2001. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Lithuania. Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests – especially spruce and birch – often grow in mixed stands. Pine forests are the most common type of forests, covering about 38 % of the woodland. Spruce and birch forests account for 24 % and 20 % respectively. Alder forests occupy about 12 % of the forest area, which is a relatively high figure that indicates the moisture level on specific sites. Oak and ash account for about 2 % of the forest area

each. The area occupied by aspen stands is almost 3 %. The growing stock in Lithuanian forests is about 180 m<sup>3</sup> per hectare. In nature stands, the average growing stock in all Lithuanian forests is 244 m<sup>3</sup> per hectare. Total annual growth is almost 11,900,000 m<sup>3</sup> and the average annual wood increase has reached 6.3 m<sup>3</sup> per hectare. The expected annual logging volume is 5.2 million m<sup>3</sup>, 2.4 million m<sup>3</sup> of which are sawn wood and the remaining 2.8 million m<sup>3</sup> are small dimension wood for production of paper pulp or boards or for using as firewood. The calculations refer to the nearest 10-year period. If more intensive and efficient forest management systems are implemented, successful growth should be achieved. Sustainable forest management is the overriding objective for forest policy and practice in Lithuania. Certification of all State forests in Lithuania is performed according to the strictest certification system in the world – the FSC (Forest Stewardship Council) certificate. The audit of this certification confirms the fact that Lithuanian State forests are managed responsibly, in compliance with the requirements of protection and conservation of biodiversity. Therefore, forest resources are used responsibly and annual timber harvest rate does not exceed the annual increment. Lithuania's forests produce around 18 million m<sup>3</sup> of stem wood (over bark). Annual fellings do not exceed 60 percent of gross total annual increment. In May 2019 total FSC Certified Forest Area in Lithuania was 1,170,683 hectares and 349 Chain of Custody Certificates. (FSC Facts & Figures, May 6, 2019). The proportion of final felling which end up in biomass is about 20 % compared to other end uses. This information is derived from the documents and data submitted by suppliers and forest developers.

## 2.3 Actions taken to promote certification amongst feedstock supplier

The company informs suppliers about criteria and importance of SBP certificate. Suppliers are introduced with SBP objectives and requirements and importance to comply with them as well. Declarations and contracts with specific objectives promote legal and sustainable forest management, exclude timber from undefined sources, from protected area and/or from Woodland Key Habitats (WKH).

## 2.4 Quantification of the Supply Base

### Supply Base

- a. **Total Supply Base area (million ha):** 2.20
- b. **Tenure by type (million ha):** 0.90 (Privately owned), 1.10 (Public), 0.20 (Community concession)
- c. **Forest by type (million ha):** 2.20 (Boreal)
- d. **Forest by management type (million ha):** 2.20 (Managed natural)
- e. **Certified forest by scheme (million ha):** 1.10 (FSC)

**Describe the harvesting type which best describes how your material is sourced:** Mix of the above

**Explanation:** The feedstock comes from forest thinning and forest harvesting as forest residues and minority part as firewood. Feedstock comes from thinning operations from areas outside forests (powerline, ditch areas, sides of the roads) as well.

**Was the forest in the Supply Base managed for a purpose other than for energy markets?** Yes - Majority

**Explanation:** Wood chips for energy purpose is produced from low value wood, such as forest residues, twigs, brushes and sawmills offcuts. The other parts of raw wood material is used for wood products.

**For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling?** Yes - Majority

**Explanation:** Reforestation or regeneration is mandatory under Lithuanian Republic law. Along with the felling permit, reforestation must be carried out within 5 years and 10 years in wet swamp forests. A natural way of regeneration is allowed.

**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:** N/A

**What is the estimated amount of REDII-compliant sustainable feedstock that could be harvested annually in a Supply Base (estimated):** 150000.00 tonnes

**Explanation:** In order to reduce the risk of using unsustainable biomass and to ensure RED II requirements, the UAB Pusbroliai includes the sourcing areas for all feedstock (including geographical boundaries) that are currently used and intended to be used in the production of SBP-certified biomass; ensures that all sourced feedstock can be traced back to the defined Supply Base by collecting documentation; implements and maintains SBE; implements the mass balance system that ensures traceability, supervision and management of biomass (processed biomass) flows that meet sustainability criteria. The risk is reduced by Lithuania national rules in the field of harvesting, as well as monitoring and enforcement systems that ensure: legality of logging activities; forest restoration in harvested areas; that the areas designated by international or national law or by the relevant competent authorities for the purposes of nature protection, including wetlands and peatlands, are protected; felling is carried out taking into account the maintenance of soil quality and biodiversity in order to minimize negative impacts; logging maintains or improves the long-term productive capacity of the forest. The mass balance system ensures traceability, supervision, and management of biomass (processed biomass) flows that meet sustainability criteria.

## Feedstock

**Reporting period from:** 01 Nov 2022

**Reporting period to:** 31 Oct 2023

- a. **Total volume of Feedstock:** 200,000-400,000 tonnes
- b. **Volume of primary feedstock:** 1-200,000 tonnes
- c. **List percentage of primary feedstock, by the following categories.**
  - Certified to an SBP-approved Forest Management Scheme: 60% - 79%
  - Not certified to an SBP-approved Forest Management Scheme: 40% - 59%
- d. **List of all the species in primary feedstock, including scientific name:** Alnus glutinosa (Black alder); Betula pendula (European birch); Populus tremula (European aspen); Picea abies (European spruce); Pinus sylvestris (Scots pine); Tilia cordata (Small-leaved lime);
- e. **Is any of the feedstock used likely to have come from protected or threatened species?** No
  - Name of species: N/A
  - Biomass proportion, by weight, that is likely to be composed of that species (%):
- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** 65.00
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** 35.00
- h. **Proportion of biomass composed of or derived from saw logs (%):** 0
- 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 (%):** 0.00

- k. **Volume of primary feedstock from primary forest:** 70 %
- 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: 40% - 59%
  - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: 20% - 39%
- m. **Volume of secondary feedstock:** 1-200,000 tonnes
- Physical form of the feedstock: Sawdust, Offcuts
- n. **Volume of tertiary feedstock:** 0 N/A
- Physical form of the feedstock:
- o. **Estimated amount of REDII-compliant sustainable feedstock that could be collected annually by the BP:** 150000.00tonnes

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	57.00	43.00	0.00	0.00
Secondary	100.00	0.00	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**

*Note: Annex 1 is generated by the system if the SBE is used without Region Risk Assessment(s). Annex 2 is generated if RED II SBE is in the scope.*

**Is Supply Base Evaluation (SBE) is completed? Yes**

SBE is applicable for feedstock sourced in Lithuania, includes: primary (offcuts from forest harvest, firewood, clearings from areas outside forests), firewood and secondary feedstock (offcuts after processing). The SBP endorses risk assessment for Lithuania is used in evaluation process.

**Is REDII SBE completed? No**

N/A

## 4 Supply Base Evaluation

*Note: Annex 2 is generated if RED II is in the scope.*

### 4.1 Scope

**Feedstock types included in SBE:** Primary, Secondary

**SBP-endorsed Regional Risk Assessments used:** Lithuania

**List of countries and regions included in the SBE:**

**Country:** Lithuania

**Indicator with specified risk in the risk assessment used:**

2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

**Specific risk description:**

Indicator 2.1.2 related to areas with WKH - woodland key habitats. Information about all volumes of wood origin is compared with the data submitted from the website <https://www.geoportal.lt/map/> to exclude wood from Woodland Key Habitats (WKH) and from protected areas regarding cadasters in website <https://stvk.lt/map>. To accept feedstock from areas with high conservation values and other protected areas is prohibited.

**Country:** Lithuania

**Indicator with specified risk in the risk assessment used:**

2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

**Specific risk description:**

Indicator 2.8.1 related to health and safety of forestry workers. The indicator is ensured by reviewing logging companies in the site. If revealed significant violations of labor protection in the site audits, the contractor may be accepted only after correction.

### 4.2 Justification

The decision of the company is to design SBE risk minimization measures and to implement the highest social and environmental standards, cooperate with suppliers, attract experts to exclude the purchase of wood that does not meet the SBP-certified product status.

SBP endorsed SBP Regional Risks Assessments have been developed in accordance with SBP standard assessing the risk category for Lithuania as well as for each SBP indicator. Through reviewing and

assessing the risk, the company acquired an in-depth understanding of the wood supply risks that could affect the acceptance of SBP non-compliant material for biomass production.

The evaluation process use the SBP endorsed risk assessment for LT (indicators 2.1.2., 2.8.1.). Pusbroliai UAB agrees with all findings, conclusions and mitigation measures set out in the reports. For above mentioned indicators has been developed risk mitigation and control process for the evaluation and confirmation of its biomass supplies and suppliers, delivered products of which comply with the SBP-compliant biomass.

## **4.3 Results of risk assessment and Supplier Verification Programme**

The risk assessment analysis includes the requirements provided by the laws and regulations of the Republic of Lithuania, regulatory activities of the State legislation, laws and regulations for primary and secondary wood supply from the Lithuania forest properties and other protected areas.

Considering the specific character of Lithuania and expert advices and recommendations "Specified risk" was applied to:

2.1.2 – Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed (HCV category 3).

2.8.1 - Appropriate safeguards are put in place to protect the health and safety of forest workers.

Risk evaluation and mitigation actions for primary feedstock about WKH have been done via portal <https://www.geoportal.lt/map/> and compliance with work safety demands have been based on audits at forest management units. Secondary feedstock approval is possible only for that processors who have rough wood suppliers, which correspond to Risk mitigation requirements and who agreed to cooperate for the purpose of evaluation and mitigation of risks on their processing places before processing the wood.

Supplier testing programme and selection criteria are described in the company SBE system procedure. The company has prepared and applied verification questionnaires for each risk indicator in order to objectively evaluate and obtain general information. General description of the testing programme:

- Primary feedstock suppliers submit information on the properties planned for logging, additional documents, and the volumes supplied are tested at the moment of delivery according to available databases to identify risks (material do not originate from areas with WKH or Protected Areas).
- Secondary feedstock (offcuts from sawmill) suppliers have all supplies of their feedstock corresponding to the FSC or Controlled Wood requirements. They shall track the origin of all their feedstock supplies and gather documentary evidences correspondingly. During the audit 1 case is selected by chance and the supply base is traced according to the documents. When the supply base is identified, the forest owner is contacted and the loggers or their subcontractors is determined.

The company carries out audits in the forest during logging and checks if all occupational safety measures are in place. In additional, all wood harvesting companies and their subcontractors must sign contract in order to work under labor safety regulations in accordance with the legislation of the Republic of Lithuania.

For reason to minimize the risks, the company carries out audits according to the wood origin documents. All the possible forest and outside forest area felling sites are inspected and audited at the WKH-registry and at the State Cadastre Maps of Protected Areas.

Pusbroliai UAB generates a list of wood harvesting companies and service providers separately in Lithuania working with chainsaws in the system and performs audit under the formula  $X=0,8*\sqrt{Y}$ .

Pusbroliai UAB selects contractors for audit in accordance:

-has not been inspected during the last calendar year;

-

auditable areas and suppliers are selected so that supply region and a variety of contractors are maximally covered.

Wood harvesting contractors of Secondary Feedstock (sawdust, barks and wood chips) Pusbroliai UAB performs audit in such order and frequency:

-audit once per year;

-during the audit 1 case is selected by chance and the supply base is traced according to the documents;

-when the supply base is identified, the forest or out of forest site's owner is contacted and the loggers or their subcontractors is determined.

## 4.4 Conclusion

The purpose with the SVP, supplier program is to ensure that the subcontractors does fulfil Pusbroliai UAB procedures and do the mitigation measures. Further to ensure that the requirements in standard 1 is fulfilled, and hereby ensure harvest of primary feedstock in low risk areas. The risk mitigation measures refer to the supply of primary and secondary wood material.

In Lithuania company secures low risk in indicators 2.1.1 and 2.8.1 by ensuring that no material is sourced from territories with WKH and harvesting companies work under labor safety.

During the reporting period have been initiated and introduced, the compliance of feedstock suppliers to specific risks was reviewed. Verification of suppliers is done of 6 contractors, which produces biomass of primary feedstock, that was or will be sold as SBP-compliant. During the secondary suppliers audit was visited the production site, where it was confirmed the origin and region according documents (invoices, waybills, documents of wood origin) and identified loggers. Many of logging companies use harvesters in logging operations, that reduce the risk. The results of the supplier verification on the contractors shows that the risk mitigation measures ensure that the indicators with "specified risk" is possible to classify as low risk.

## 5 Supply Base Evaluation process

SBE risk assessment results is achieved by performing sawmills and physical audits with the presence of logging companies. In Lithuania supply base evaluation process entails the verification of accompanying proper documents, purchase agreements, invoices, and delivery documents to identify the origins of SBP material. The suppliers sign a contract that they do not source feedstock from WKH areas. In additional, company check database for avoiding feedstock from WKH.

All properties are under risk assessment and inspection is carried out in harvesting sites to identify WKH or protected areas and loggers work under labor safety regulations in accordance with the legislation of the Republic of Lithuania as well as an on-site audit.

The SBE is made of company own staff, which is educated in forestry and have long term of experience and knowledge in forestry, supplies of wood, procurement, and legislation. Also have several years' experience in maintaining FSC system and assessment of wood origin at forest management.

As the basis for the SBP SBE risk minimization system, an audit programmer has been designed and FSC CRN minimization measures programmer guidelines, FSC supply and FSC Forest certification system experience and knowledge in forestry and in the field of wood supply legislation have been used. The company has prepared and applied verification questionnaires for each risk indicator to objectively evaluate and obtain general information for each wood extraction site that has been approved or not approved as the SBP-compliant biomass.

## **6 Stakeholder consultation**

SBP risk assessment is uploaded on company's website. An informative letter was sent electronically to the interested parties on the risk assessment developed according to SBP standard in 2023.

### **6.1 Response to stakeholder comments**

# 7 Mitigation measures

## 7.1 Mitigation measures

**Country:**

Lithuania

**Specified risk indicator:**

2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

**Specific risk description:**

Indicator 2.1.2 related to areas with WKH - woodland key habitats. Information about all volumes of wood origin is compared with the data submitted from the website <https://www.geoportal.lt/map/> to exclude wood from Woodland Key Habitats (WKH) and from protected areas regarding cadasters in website <https://stvk.lt/map>. To accept feedstock from areas with high conservation values and other protected areas is prohibited.

**Mitigation measure:**

During reporting period all forest feedstock have been checked on the Date base WKH for Lithuania under Cadastral number, Block number and Compartment number from felling permission.

The outside forests supplier have been checked by properties' numbers on State Cadaster Maps of Protected Areas.

If the feedstock is controlled feedstock then the harvesting site information has to be shown in the inner IT program with certification claims "FSC Controlled Wood".

If the feedstock is forest management certified then it is SBP-compliant. The accepted certification claims are FSC 100%, FSC Mix Credit.

Material from WKH cannot be trade.

**Country:**

Lithuania

**Specified risk indicator:**

2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

**Specific risk description:**

Indicator 2.8.1 related to health and safety of forestry workers. The indicator is ensured by reviewing logging companies in the site. If revealed significant violations of labor protection in the site audits, the contractor may be accepted only after correction.

**Mitigation measure:**

The safety of forest workers is ensured by the suppliers having a complete overview of all employees in the company. It is required that forest workers must undergo legally required certificates. In connection with the annual check, it is also ensured that everyone has the required safety equipment for working in the woods with chainsaws.

## **7.2 Monitoring and outcomes**

During reporting period the mitigation measures have been implemented and all feedstock supplies are acceptable according to SBE and SBP requirements and no non-conformities detected.



## 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? Yes**

## **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			
<p>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.</p>			

**Annex 1: Detailed findings for Supply Base Evaluation indicators**

**Annex 2: Detailed findings for REDII**  
**Section 1. RED II Supply Base Evaluation**

## **Section 2. RED II detailed findings for secondary and tertiary feedstock**

### **10.1 Verification and monitoring of suppliers**

The company conduct a verification process for suppliers of secondary feedstock. For each supplier, the company defines the necessary evidence, actions and keeps record with name and address of the supplier, type of supplier, category of feedstock supplied. Every supplier sign Self-declaration that the feedstock qualifies as processing residue according to the REDII requirements.

### **10.2 Feedstock inspection and classification upon receipt**

Upon receipt, all secondary and tertiary feedstock is subjected to visual inspection and is classified into secondary and tertiary feedstock. The company before the purchasing secondary or tertiary feedstock make sure the type of feedstock regarding photos that are recorded into inner software program. In cases where adequate evidence for the classification of feedstock as secondary and tertiary feedstock is not available at the point of receipt, the company shall include the supplier in the supplier audit. In cases where feedstock received does not comply with purchase specifications and/or the quantities stated on the invoices are incorrect, the legal owner shall take immediate corrective actions under the verification that includes elements necessary for evidence.

### **10.3 Supplier audit for secondary and tertiary feedstock**

Before the first purchase from supplier or once per year the company perform the audit. The documents (invoices, waybills) and /or records shall specify feedstock (secondary-offcuts from sawmill, tertiary-wood waste), suppliers and other requirements corresponding to the SBP evaluation. They shall track the origin of all their feedstock supplies and gather documentary evidences correspondingly. During the audit 1 case is selected by chance and the supply base is traced according to the documents.