

Center of Sustainable Forest Management

# Group Forest Management Certification Rules and Procedures

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## Introduction

The PEFC Council (PEFC: Programme for Endorsement of Forest Certification schemes) is a worldwide organization promoting the sustainable forest management through forest certification and labelling of forest-based products. Products holding a PEFC declaration and/or logo provide an assurance that the raw material used in the production process derives from the sustainably managed forests.

The method of forest management differs between countries and regions due to various environmental, social, economic and historical aspects. As a result, the PEFC Council incorporates schemes and standards suitable for local conditions.

This document is part of the Lithuanian Forest Certification System (LFCS). The LFCS is valid for Lithuania and is in compliance with the PEFC international requirements for group certification, PEFC ST 1002:2018. The requirements described in this standard are compulsory for the group leaders who have overall responsibility for implementing the group certification as well for the members of the group organization.

Group certification is facilitating tool for small forest owners who are willing to implement forest certification, but due to expenses, limited knowledge on forest certification or other reasons are unable to take that step. Group certification offers cost spreading among a larger number of forest owners whereas the third-party audits are conducted each year on a group sample. The forest management plans and their equivalents are administered and prepared by the group leader.

### 1. Scope

This document defines the requirements that are compulsory for the group leader and the members who participate in the group certification with their forest properties. This document currently applies to Lithuania.

This standard allows creation of group organizations within a country that are not limited by any of territorial organization in Lithuania (regions, municipalities), property status or any other factor that might limit creation of group organizations. The Group organization is allowed to be composed by members that are of uniform specifics (only private physical person for example) or might be any mix of state and/or private and/or municipal and/or regional community property.

It is obligatory for the Group organization to define the borders of a region and principles for establishment of a Group organization (available data on forests resources forest management planning, sustainable monitoring, market issues), or a group with no borders can be organized within a territory of country or whatever is applicable for the members of the Group organization.

### 2. Normative reference

National forest management standard of Lithuania is normative reference for implementation of this standard in specified country.

PEFC LT Sustainable Forest management standard – PEFC LT 1003:2024

### 3. Terms and definitions

Terms and definitions given in ISO/IEC Guide 2 apply together with the following definitions.

**Affected stakeholder:** A stakeholder who might experience a direct change in living and/or working conditions caused by activities of the group organization. This definition mainly includes forest owners, wood processing industry, neighboring communities, indigenous people, workers, etc.

**Audit:** Systematic, independent, documented process for obtaining records, statements of fact or other relevant information and assessing them objectively to determine the extent to which specified requirements are fulfilled.

**Certified area:** An area of forests and areas of forest trees covered by a referred forest management system according to Sustainable Forest Management Standards as a part of PEFC LFCS. In the group certification context, the certified area is the sum of forest areas of the participants and covered by a group forest certificate.

**Documented information:** Information required to be controlled and maintained by an organization using any format and media, from any source.

**Document confirming participation in group forest certification:** A document issued to an individual member that refers to the group forest certificate confirming that the member is covered by the scope of the group forest certification.

**Group representative:** A body representing participants holding a general responsibility for the provision of conformity of sustainable forest management and with regard to other requirements required by referred national Forest Certification Scheme.

*Note 1: The term "a group representative" is equal to the term "a regional representative".*

*Note 2: An organized group refers to a group or regional representative with members.*

**Regional/group forest certificate:** document confirming that the group organization fulfills the requirements of referred sustainable forest management standard as well as other requirements that are part of the forest certification scheme.

**Regional forest management plans:** Documented information specifying objectives, actions and control arrangements. It covers planned changes of the group management system and requirements of the sustainable forest management standard which are covered on group level. In case of a public forest management planning system, it can substitute a regional forest management plan if adequate.

**Regional/group management system:** Set of interrelated or interacting elements of an organization to achieve the objectives and outcomes of the sustainable forest management standard. In case of an existing public forest management planning system this plan could be considered as adequate.

**Regional/group organization:** A group of **members** represented by the **group leader** for the purposes of implementation of the sustainable forest management standard and its certification. Members have signed a written agreement with the group leader for participation in the group certificate and are prepared to implement requirements of sustainable forest management standard and other requirements that are part of the forest certification scheme.

**Group entity:**

A legal entity that represents the participants, with overall responsibility for ensuring the conformity of forest management in the certified area to the sustainable forest management standard and other applicable requirements of the forest certification system. For this purpose, the group entity is using a group management system.

*Note: The structure of the group entity should follow the operations, number of participants and other basic conditions for the group organization. It may be represented by one person.*

**Internal audit:** Systematic, independent, documented process for obtaining records, statements of facts or other relevant information and assessing them objectively to determine the extent to which specified requirements are fulfilled, undertaken by the group organization itself.

**Participant in group certification:** forest owner/manager or other entity who is covered by the group certificate, has written agreement with group entity, has legal right to manage the forest on a precisely specified area and is able to fulfill the requirements of the sustainable forest management standard.

**Monitoring:** Determining the status of a system, a process or an activity.

## **4. Context of the group organization**

### **4.1 Understanding the group organization and its context**

The regional forest certification is a certification of forests within delimited geographic boundaries, being applied for by the authorized organization, and providing for a voluntary participation of individual forest owners and other participating actors.

Considering the number of forest owners, their needs and expectations, dispersion of forest holdings, the forest management planning method, in order to provide for cost effectiveness, indiscrimination, and due to the method of collection and processing of data regarding the state of forests, a group or regional certification system is the preferred choice.

Due to the facts specified above, a small country may be defined as a single certification region, however it may be also divided into several regions or groups of forest owners from different administrative units if this is better suited for reasons of data collection, the rules of indiscrimination or cost effectiveness under one forest management standard.

### **4.2. Determining the scope of the group management system**

Main goal of forest owners is Cost effectiveness of forest certification. Lithuania has a large number of small-scale forest owners and co-owners. Regional certification provides small forest owners with equal position of selling certified timber at competitive prices. An individual certification would result in discrimination of small forest owners, particularly in higher cost per unit of area compared to large forest owners. Regional or group representative must provide written justification for decision of establishment of group certification, scope of the group management system the geographical boundaries and applicability of the group management system. The scope shall be made available as documented information.

### **4.3 Group management system**

Group organization is responsible for determining and implementing Group management system that includes positions of affected stakeholders and their expectations. Participants in a group are subjected to internal monitoring and audit program that is described in internal

procedures of the group representative. In case of a group organization acting as a trader a certified PEFC chain of custody system shall be in place.

#### **4.4. Fulfilling requirements of the sustainable forest management standard at group level**

Requirements that are normative due to national legislation should be fulfilled and monitored at regional or group level. Corresponding data on conformity to normative national legislative requirements that is collected at national or sub national levels (regional or group), should be reviewed and considered in the context of field audits and may be considered as sufficient, if the information's are collected independently and with an accuracy and rate of confidence that is comparable or higher as data that could be collected during forest certification audits.

## **5. Leadership**

### **5.1 Organizational roles, responsibilities and authorities**

#### **5.1.1 Functions and responsibilities of the group entity**

The standard requires that the following functions and responsibilities of the group entity shall be specified:

- a) to implement and maintain an effective management system covering all participants of the group;
- b) to represent the group organization in the certification process, including in communications and relationships with the certification body, submission of an application for certification, and contractual relationship with the certification body;
- c) to establish written procedures for the management of the group organization;
- d) to establish written procedures for the acceptance of new participants of the group organization. These acceptance procedures shall cover at least the verification of the applicant's information about contact details, clear identification of their forest property and its/their size(s);
- e) to establish written procedures for the suspension and exclusion of participants who do not correct/close nonconformities.  
Group participants excluded from any certification group based on nonconformities cannot be accepted within 12 months after exclusion
- f) to keep documented information of:
  - I. the group entity and participants' conformity with the requirements of the sustainable forest management standard, and other applicable requirements of the forest certification system,
  - II. all participants, including their contact details, identification of their forest property and its/ their size(s),
  - III. the certified area,
  - IV. the implementation of an internal monitoring program, its review and any preventive and/or corrective actions taken;
- g) to establish connections with all participants based on a binding written agreement which shall include the participants' commitment to comply with the sustainable forest management standard. The group entity shall have a written contract or other written agreement with all participants covering the right of the group entity to implement and enforce any corrective or

preventive measures, and to initiate the exclusion of any participant from the scope of certification in the event of nonconformity with the sustainable forest management standard; Note: The requirements for “participant’ commitment” and “written contract or other written agreement with all participants” may also be satisfied by the commitment of and written agreement of a pre-existing organization or group or the members participation, such as a forest owners’/managers’ association, SFM program and submission to tax programming, where the organization can demonstrate that it has a legal mandate to represent the participants and where its commitment and the terms and conditions of the contract are enforceable.

- h) to provide all participants with a document confirming participation in the group forest certification;
- i) to provide all participants with information and guidance required for the effective implementation and maintenance of the sustainable forest management standard and other applicable requirements of the forest certification system;
- j) to address nonconformities reported from group members which were identified under other PEFC certifications than the particular group certification and to ensure implementation with all group members;
- k) to operate an internal monitoring program that provides for the evaluation of the participants’ conformity with the certification requirements;
- l) to operate an annual internal audit program covering both group members and group entity;
- m) to operate a management review of the group forest certification and acting on the results from the review;
- n) to provide full co-operation and assistance in responding effectively to all requests from the certification body, accreditation body, PEFC International or the National Governing Body for relevant data, documentation or other information; allowing access to the forest area covered by the group organization and other facilities, whether in connection with formal audits or reviews or otherwise related or with implications for the management system.

### **5.1.2 Function and responsibilities of participants**

The standard requires that the following functions and responsibilities of the participants shall be specified:

- a) to provide the group entity with a binding written agreement, including a commitment on conformity with the sustainable forest management standard and other applicable requirements of the forest certification system; group participants excluded from any certification group cannot apply for group membership within 12 months after exclusion;

*Note: The requirement for “written agreement” and participants’ “commitment” is also satisfied by the commitment of and written agreement of a pre-existing organization or group or the members participation, such as a forest owners’/managers’ association, SFM program and submission to tax programming, where the organization can demonstrate that it has a legal mandate to represent the participants and where its commitment and the terms and conditions of the contract are enforceable.*

- b) to provide the group entity with information about previous forest certification;
- c) to comply with the sustainable forest management standard and other applicable requirements of the certification system as well as with the requirements of the management system;
- d) to provide full co-operation and assistance in responding effectively to all requests from the group entity, or certification body for relevant data, documentation or other information; allowing access to the forest and other facilities, whether in connection with formal audits or reviews or otherwise related or with implications for the management system;
- e) to inform the group entity about nonconformities identified under other PEFC certifications than the particular group certification;
- f) to implement relevant corrective and preventive actions established by the group entity.

## **5.2 Commitment and policy**

### **5.2.1** Group entity shall provide a commitment:

- a) to comply with the sustainable forest management standard and other applicable requirements of the certification system;
- b) to integrate the group certification requirements in the group management system;
- c) to continuously improve the group management system;
- d) to continuously support the improvement of the sustainable management of the land/forests by the participants.

The commitment of the group entity may be part of a group management policy and shall be publicly available as documented information upon request.

### **5.2.2** Participants shall provide a commitment

- a) to follow the rules of the management system;
- b) to implement the requirements of the sustainability standard in their operations in their area.

## **6. Planning**

**6.1** Changes in the group management system that are planned by organization shall be included in a group management plan.

**6.2** Requirements of the sustainable forest management standard on the group level, shall be considered, decided and implemented in a group management plan.

## **7. Support**

**7.1.** Group or regional representative shall secure sufficient means for the establishment, implementation, maintenance and continual improvement of the group management system.



**7.2** Group or regional representative shall maintain regular implementation of the group management system and conduct regular internal audits within the group. Required qualifications refer to a bachelor degree in forestry and minimum 2 years of relevant experience in the field. Required qualities refer to basic knowledge of office work, archives and computer literacy.

**7.3** Group or regional representative must ensure that communication processes are in place to raise the awareness of participants concerning:

- a) the group management policy;
- b) the requirements of the sustainable forest management standard;
- c) their contribution to the effectiveness of the group management system and the sustainable forest management, including the benefits of improved group performance;
- d) the implications of not conforming with the group management system requirements.

**7.4** Group or regional representative must determine internal and external communications relevant to the group management system.

This includes:

- a) on what to communicate;
- b) when to communicate;
- c) with whom to communicate;
- d) how to communicate.

**7.5** Group or regional representative shall have appropriate mechanisms in place for resolving complaints and disputes relating to group management and sustainable forest management operations.

**7.6** Documented information relevant to the group management system and the conformance with the requirements of the sustainable forest management standard shall be:

- a) up to date;
- b) available and suitable for use, where and when it is needed;
- c) adequately protected against loss of confidentiality, improper use, or loss of integrity.

## **8. Operation**

**8.1** Group organization shall plan, implement and control processes needed:

- to meet the requirements of the group certification standard and the sustainable forest management standard and
- to implement the actions determined in chapter 6.

**8.2** Planning, implementing and controlling described in 8.1. shall be done by:

- defining the necessary processes and establishing criteria for those;
- implementing control of the processes in accordance with the criteria;
- keeping documented information to the extent necessary to have confidence that the processes have been carried out as planned.

## **9. Performance evaluation**

### **9.1 Monitoring, measurement, analysis and evaluation**

**9.1.1** An ongoing internal monitoring program should provide confidence in the conformity of the group organization with the sustainable forest management standard. In particular, it should include information on:

- what shall be monitored and measured;
- the methods for monitoring, measurement, analysis and evaluation, as applicable, to ensure valid results;
- when the monitoring and measuring shall be performed;
- when the results from monitoring and measurement shall be analyzed and evaluated;
- what documented information shall be available as evidence of the results.

9.1.2 Group entity shall evaluate the group management performance and the effectiveness of the group management system concerning the implementation of the sustainable forest management requirements.

### **9.2 Internal audit**

#### **9.2.1 Objectives**

**9.2.1.1** The standard requires that an annual internal audit program shall provide information on whether the group management system:

- conforms to

I. the group organization's own requirements for its group management system;

II. the requirements of the national group certification standard;

- ensures the implementation of the sustainable forest management standard on the participant level;
- is effectively implemented and maintained.

**9.2.1.2** Internal audit program shall cover the group entity and all group participants. The group entity shall be audited annually. The participants may be selected on a sample basis.

#### **9.2.2 Organization**

The standard requires an internal audit program which shall cover at least:

- planning, establishing, implementing and maintaining an audit program(s) including the frequency, methods, responsibilities, planning requirements and reporting, which shall take into consideration the importance of the processes concerned and the results of previous audits;
- definition of the audit criteria and scope for each audit;
- competence of internal auditor (forest knowledge, standard knowledge);
- selection of auditors and conducting of audits to ensure objectivity and the impartiality of the audit process;
- ensuring that the results of the audits are reported to relevant group management;

- retaining of the documented information as evidence of the implementation of the audit program and the audit results.

### **9.3 Selection of participants in the internal audit program**

**9.3.1** Requirements for the selection of participants in the internal audit program shall include

- a) determination of the sample size
- b) determination of sample categories
- c) distribution of the sample to the categories
- d) selection of the participants

In case of participation in pre-existing organizations or group or the members participation, such as a forest owners'/managers' association should be additionally sampled.

#### **9.3.2 Determination of the sample size**

**9.3.2.1** The size of the sample should generally be based on the square root of the number of participants: ( $y=\sqrt{x}$ ), rounded to the upper whole number.

The system of assessments of regional forest certification must be based on risk assessment and stratification.

**9.3.2.2** Internal assessments of a group representative

The group or regional representative shall audit at least:

- At first assessment:  $y = \sqrt{x}$
- At annual supervisory audits:  $y = 0.6 * \sqrt{x}$
- Upon reassessment or transfer of the certificate:  $y = 0.8 * \sqrt{x}$

$y$  = number of controlled owners

$x$  = number of owners involved

More detailed guidelines for conducting assessments and sampling are defined in the Guidelines for the implementation of regional forest certification at national level.

**9.3.2.3** The size of the sample may be adapted by a standard taking into account one or more of the following indicators:

- a) results of a risk assessment. In this case deviations of sample sizes in case of low or high risk for individual categories shall be defined;
- b) results of internal audits or previous certification audits;
- c) quality / level of confidence of the internal monitoring program;
- d) use of technologies allowing the gathering of information concerning specified requirements;  
Note: Such technologies may be e.g. the use of satellite data or drones and allow compliance statements for specific requirements of a sustainability standard or support the risk-based sampling.

e) based on other means of gathering information about activities on the ground. Note: One way could be a survey with participants who provide some information about their activities on the ground.

### **9.3.3 Determination of sample categories**

**9.3.3.1** The sample categories shall be established based on the results of a risk assessment. The indicators used in the risk assessment shall reflect the geographical scope of the standard. The following non exhaustive list of indicators may be used for the risk assessment:

- a) ownership type (e.g. state forest, communal forest, private forest);
- b) size of management units (different size classes);
- c) biogeographic region (e.g. lowlands);
- d) operations, processes and products of potential group participants;
- e) deforestation and forest conversion;
- f) rotation period(s);
- g) richness of biological diversity;
- h) recreation and other socio-economic functions of the forest;
- i) dependence of and interaction with local communities and indigenous people;
- j) available resources for administration, operations, training and research;
- k) governance and law enforcement.

**9.3.3.2** Conditions which constitute risk for each indicator on low, medium and high level and the respective consequences for the sampling shall be defined.

#### **9.3.3.3 Distribution of the sample and selection of the participants**

The sample shall be distributed to the categories according to the result of the risk assessment. At least 25% of the sample should be selected at random.

A risk-based procedure for the selection of the participants shall be specified.

## **9.4 External assessment**

The number of external controls of an independent certification body shall, as a general rule, be less than the number of internal controls.

Whenever possible the following formula is used.

$$n = y * 0.7$$

n = number of external controls of the certification body

y = number of controlled forest owners in the internal field assessment of the regional representative

## **9.4 Management review**

**9.4.1** Annual management review shall at least include:

- a) the status of actions from previous management reviews;
- b) changes in external and internal issues that are relevant to the group management system;
- c) the status of conformity with the sustainable forest management standard, that includes reviewing the results of the internal monitoring program, the internal audit and the certification body's evaluations and surveillance;
- d) information on the group performance, including trends in:
  - I. nonconformities and corrective actions;

- II. monitoring and measurement results;
  - III. audit results;
- e) opportunities for continual improvement.

**9.4.2** The standard requires that the outputs of the management review shall include decisions related to continual improvement opportunities and any need for changes to the group management system.

**9.4.3** The standard requires that the group organization shall retain documented information as evidence of the results of management reviews.

## **10. Improvement**

### **10.1 Nonconformity and corrective action**

**10.1.1** In case of a nonconformity, the group organization shall:

- a) react to the nonconformity and, as applicable: I. take action to control and correct it; II. deal with the consequences;
- b) evaluate the need for action to eliminate the causes of the nonconformity, in order that it does not recur or occur elsewhere, by:
  - I. reviewing the nonconformity;
  - II. determining the causes of the nonconformity;
  - III. determining if similar nonconformities exist, or could potentially occur;
- c) implement any action needed;
- d) review the effectiveness of any corrective action taken;
- e) make changes to the group management system, if necessary.

**10.1.2** Group organization shall retain documented information as evidence of:

- a) the nature of the nonconformities and any subsequent actions taken;
- b) the results of any corrective action.

**10.1.3** Participant who was excluded from a group certification shall be internally audited by the group entity before it is allowed to re-enter the group certification. The internal audit shall not take place sooner than 12 months after the exclusion.

### **10.2 Continual improvement**

The standard requires that the suitability, adequacy and effectiveness of the group management system and the sustainable management of the forest shall be continuously improved.

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