



THE IMPACTS AND BENEFITS OF THE  
FAMILY FOREST INDICATORS WITHIN THE  
FSC-US FOREST MANAGEMENT STANDARD

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## The Impacts and Benefits of the Family Forest Indicators within the FSC-US Forest Management Standard

### Introduction

In 2010, the Forest Stewardship Council – US Initiative (FSC-US)<sup>1</sup> introduced a revised forest management standard that applies to FSC certification audits throughout the United States. Within the new FSC-US Forest Management Standard, one of the most significant changes is the inclusion of specific indicators and guidance that uniquely apply to the auditing of family forestlands. The FSC-US policies define family forestlands eligible to be audited under these new indicators as ownerships that are up to 2,500 acres (1,000 hectares) in size or where harvest intensity is low (Table 1). It is estimated that at least a half-million woodland owners in the United States own between 100 and 2,500 acres for a total of approximately 115 million acres of forestland.<sup>2</sup> By qualifying to be audited under these new “Family Forest Indicators”, owners of small properties may see a more streamlined FSC auditing process and reduced auditing costs.

This report reviews the new FSC-US Forest Management Standard<sup>3</sup> and the new indicators and guidance that apply to family forestlands. An evaluation of the scope and scale of change is included as well as a discussion of the impacts and benefits.

### Background

In 2002, the Forest Stewardship Council (FSC) initiated the Small, Low Intensity Managed Forests Program (SLIMF). This program aimed to reduce barriers to FSC certification for properties that are small in size or where harvest intensity is low. Through this program, the FSC defined general SLIMF eligibility categories (Table 1). The FSC National Initiatives operating in individual countries were invited to modify these criteria for their specific regions (Table 2). The third step in the program is the development of indicators and guidance within national standards to address scaled application of forest management requirements to SLIMF identified forest ownerships (Table 3).

Table 1. General FSC SLIMF Eligibility Guidance

<b>Small forest</b>	Area is less than 100 hectares (ha). National Initiatives can increase this value to reflect the national situation, up to a maximum of 1000 hectares.
<b>Low intensity forest</b>	<p><b>Timber:</b> The rate of harvesting is less than 20% of the mean annual increment (MAI) within the total production forest area of the forest management unit (FMU), AND The annual harvest from the total production forest area is no more than 5000 cubic metres (m<sup>3</sup>).</p> <p><b>Non-timber forest products:</b> All natural forests being managed exclusively for non-timber forest products (with the exception of NTFP plantations) are considered 'low intensity'.</p>
<b>Group of SLIMF</b>	All group members are either 'small forests' or 'low intensity forests', as defined above. There is no limit on the number of members in a group of SLIMF.

Source: <http://www.old.fsc.org/slimf/>

<sup>1</sup> The Forest Stewardship Council (FSC) is an international non-profit promoting responsible forestry and providing a forest certification program. For more information about FSC and activities in the U.S, see: <http://www.fscus.org>

<sup>2</sup> Query results from National Woodland Owner Survey, Accessed October 5, 2011

<http://apps.fs.fed.us/fia/nwos/tablemaker.jsp>

<sup>3</sup> For more information and to download the complete standard, visit:

<http://www.fscus.org/images/documents/standards/FSC-US%20Forest%20Management%20Standard%20v1.0.pdf>

Since the establishment of the SLIMF eligibility criteria, 13 countries have established guidance specific to their national situation (Table 2). In addition, 7 countries have completed the process of developing modifications within their forest management standard to address SLIMF auditing, including the creation of the Family Forest Indicators within the FSC-US Forest Management Standard (Table 3).

Table 2. National Level FSC SLIMF Eligibility Guidance

	<i>Nation</i>	<i>Small-Forest Threshold</i>	<i>Low Intensity Definition</i>
1	Brazil	1,000 hectares	<i>To date none of the FSC National Initiatives have established a definition of 'low intensity' that differs from the standard international FSC definition (Table 1).</i>
2	Canada	1,000 hectares	
3	Czech Republic	500 hectares	
4	Denmark	1,000 hectares	
5	Ecuador	1,000 hectares	
6	Estonia	500 hectares	
7	Finland	200 hectares	
8	Germany	100 hectares	
9	Honduras	1,000 hectares	
10	Mexico	1,000 hectares	
11	South Africa	600 hectares	
12	Sweden	1,000 hectares	
13	USA	1,000 hectares	

Source: FSC Standard, SLIMF Eligibility Criteria – Addendum, FSC-STD\_01-003a

Table 3. FSC National Initiatives with SLIMF standards

<i>Nation</i>	<i>SLIMF standard(s)</i>	<i>Year approved</i>
Brazil	Brazil Small and Low Intensity Managed Forest Standard (i, ii)	2010
Cameroon	Cameroon FSC Community Forests Standard (i)	2010
Canada	Regional Forest Management Standards	various (vii)
Finland	FSC Finland Forest Stewardship Standard V1-1 (iii)	2011
Germany	FSC – Kleinwaldstandard (iv)	2010
Sweden	Swedish FSC SLIMF Standard for Forest Certification (v)	2010
United States	FSC-US Family Forest Indicators (vi)	2010

Sources:

i. [http://www.fsc.org/fileadmin/web-data/public/document\\_center/national\\_FSC\\_standards/FSC\\_Approved\\_FSS.pdf](http://www.fsc.org/fileadmin/web-data/public/document_center/national_FSC_standards/FSC_Approved_FSS.pdf)

ii. [http://scscertified.com/docs/SLIMF\\_Std\\_Padr%C3%A3o\\_Comunidades\\_Brasil\\_APPROVED\\_011210.pdf](http://scscertified.com/docs/SLIMF_Std_Padr%C3%A3o_Comunidades_Brasil_APPROVED_011210.pdf)

iii. <http://finland.fsc.org/Dokumentit/FSC%20Standard%20for%20Finland%20V1-1%20APPROVED%20210111.pdf>

iv. [http://www.fsc-deutschland.de/images/stories/Document-Exchange/Wald/Standards/fsc-kleinwald-std\\_layout\\_web.pdf](http://www.fsc-deutschland.de/images/stories/Document-Exchange/Wald/Standards/fsc-kleinwald-std_layout_web.pdf)

v. [http://www.scscertified.com/docs/fsc\\_sweden\\_slimf\\_fm\\_en\\_v2-1.pdf](http://www.scscertified.com/docs/fsc_sweden_slimf_fm_en_v2-1.pdf)

vi. <http://fscscanada.org/smallandlowintensityforests.htm>

vii. <http://fscus.org/images/documents/standards/FSC-US%20Forest%20Management%20Standard%20v1.0.pdf>

## Structure and Scale of the Forest Management Standard

The FSC-US Forest Management Standard (FMS)<sup>4</sup> has a hierarchical structure of principles, criteria and indicators (Table 4). The standard also includes guidance and other notes that support consistent interpretation and application of the standard. A primary focus of auditing is to evaluate conformance to the standard at the indicator level. The indicators are the most specific and auditable components of the overall standard.

Table 4. Hierarchical Structure of FSC Forest Management Standards

	<b>Component of the FSC Standard</b>	<b>Quantity of Each Component</b>
First Tier	Principles	10
Second Tier	Criteria	56
Third Tier	Indicator	192(i)

(i) The FSC system utilizes the same Principles and Criteria for auditing forest management operations globally. There are regional differences at the Indicator level of the FSC standard. There are also Indicators that only apply to specific types of land management (e.g., public land, American Indian lands, etc.); therefore the exact number of applicable indicators will vary depending on the region and the specific operation being audited.

The FSC-US FMS includes 192 indicators in total.<sup>5</sup> Depending on the type of forest being audited, the applicability of the indicators can vary. For example, there are eight indicators uniquely applicable to public forestlands and six unique to auditing tribal lands and related circumstances.

To understand the impact of the family forest indicators it is important to understand how the standard is interpreted and how the auditors determine conformance. From the first to last tier (Table 4), standards become more specific and, therefore, more auditable. The following example (Box 1) illustrates the hierarchy and the associated changes in language and auditor direction.

### **Box 1. Example Forest Certification Standard**

Principle 1: Compliance with Laws

Criteria 1.1: Forest manager respects applicable laws

Indicator 1.1.a: The forest manager provides information to the auditor about any current or recent violations or legal investigations.

<sup>4</sup> The complete FSC-US Forest Management Standard, including the Family Forest Indicators is available at: <http://fscus.org/images/documents/standards/FSC-US%20Forest%20Management%20Standard%20v1.0.pdf>

<sup>5</sup> This count does not include indicators from the appendices of the standard that have limited applicability to sub-regions of the United States. Depending on the location, the appendices can result in the addition of up to twelve regional indicators.

## Strategies Used for Addressing Family Forests

To address the unique circumstances associated with auditing family forests, there are several strategies used in the FSC standard. Some of the indicators are modified or guidance is included to explain how the indicator applies; some indicators are identified as “Low Risk” and therefore auditors should not put emphasis on these indicators during the audit; some indicators are identified as being “Inapplicable” and can be excluded from the audit. In total, with all of these strategies applied to the standard, of the 192 indicators a total of at least 139 (72%) remain applicable and can be expected to be included in audits of family forests (Table 5).

Table 5. Summary of FSC Indicator Applicability for Family Forest Audits

Category	Number of Indicators
FSC-US Forest Management Standard	192
Modification or guidance for family forests	29
Identified as Low Risk for family forests	18
Determined to be Inapplicable or Generally Inapplicable for family forests	21
Only applicable to public forests	8
Only applicable to tribal lands and related circumstances	6
<i>Total primary indicators for family forests</i>	<i>139</i>

It is important to note that auditors have the discretion to make the final determination of the applicability of indicators in specific situations given the unique circumstances of an individual property or audit. In other words, an audit of a family forest property could include anywhere between 139 and 192 indicators depending upon the specific situation, the needs of the audit and the discretion of the auditing team.

### The Impact of the Family Forest Indicators

The impact of the family forest considerations are distributed throughout the FSC standard with some of the most significant modifications within Principles 4, 6, and 7 (Table 6) .

#### *Principle 4, Community Relations and Worker’s Rights*

Principle 4 addresses community relations and worker’s rights. Many of the indicators within this part of the standard relate to employee and forest worker management and hiring practices. Given that few family forest owners are engaged in forest operations that include employee management, many of the indicators within this Principle have limited applicability. The adjustments to address family forest audits in this part of the FSC standard include ten indicators identified as low risk, two inapplicable indicators and three modified or including guidance for reducing the auditing burden. In addition, one of the indicators only applies to public forests and is therefore unlikely to apply to family forest audits. In summary, only 6 of the 19 indicators within Principle 4 are emphasized within family forest auditing. As noted before, if the operation being audited includes employee and hiring issues, the auditor can choose to include the relevant indicators.

Table 6. Summary of FSC Family Forest Indicators

Principle	Total Indicators	Modified for family forests	Low Risk for family forests	Inapplicable for family forest	Applicable to Public Forests	Applicable to Tribal Lands	Total Primary Indicators for Family Forests
1 Compliance with Laws	10	3	2	0	0	0	8
2 Tenure & Use Rights	7	1	2	0	0	0	5
3 Indigenous Peoples' Rights	9	2	0	0	0	6 (i)	3
4 Social & Economic Impacts	19	3	10	2	1	0	6
5 Equitable Use & Benefits	15	4	1	0	1	0	13
6 Environmental Impact	55	10	1	0	3	0	51
7 Management Plan	22	2	0	16	1	0	5
8 Monitoring	16	2	0	3	0	0	13
9 High Conservation Value Forests	10	2	1	0	1	0	8
10 Plantations	29	0	1	0	1	0	27
	192	29	18	21	8	6	139

(i) There are two indicators within Principle 3 that only apply to the management of tribal lands and are therefore unlikely to be applicable to a family forest audit. In addition, one of the Principle 3 indicators only applies when areas of special tribal significance have already been identified which is a rare situation on family forestlands, and three additional indicators only apply in instances when traditional knowledge is being used, which is also rare in family forest audits. Therefore 6 of the indicators within Principle 3 apply to unique circumstances that are never or rarely applicable to family forests.

### *Principle 6, Environmental Impacts*

Principle 6 addresses environmental impacts of forest management and includes considerations for biological diversity, water and soil resources and protection of unique or vulnerable ecosystems. The family forest modifications within this principle are primarily focused on scaling the intensity of the environmental impact assessments and activities to align with the size of the ownership being audited. For example, for family forests, if there is likely presence of rare, threatened or endangered species, a field survey may be necessary; however, a secondary review of a survey does not need to be included. The Family Forest Indicators and guidance also emphasize opportunities for informal monitoring strategies and streamlined record keeping.

*Principle 7, Management Plan*

Principle 7 addresses the management plan and many of the modifications for family forest auditing include restructuring the indicators to group the requirements together into a single indicator. In other words, although 16 indicators within Principle 7 are identified as inapplicable to family forests, many of these requirements are retained within the aggregated indicator that is applicable. For example, the Family Forest Indicator 7.1.a outlines management plan requirements for addressing objectives, forest resource inventories, silviculture systems, harvest limits, environmental safeguards and other issues. All of these considerations are addressed in this single family forest indicator. For non-family forest audits, these considerations are distributed across 19 individual indicators. There is also guidance provided within Principle 7 to assist in consistent auditor interpretations and better understanding of the expectations of the standard. In total, the overall impact is to support comprehensive and quality forest management planning while recognizing the need for flexibility and appropriate scaling related to the scope and conditions of the family forest being audited.

**Additional Considerations**

In addition to the changes in the indicators and guidance within the standard, there are additional considerations for family forest auditing in the updated FSC-US Forest Management Standard. The most significant additional consideration relates to auditing of group certificates.

*Group Certificates*

Group certification allows landowner groups (e.g., associations, co-ops, tax program participants) to share a single certificate and benefit from shared resources and pooled expenses. Groups that include SLIMF eligible properties can qualify for use of the family forest indicators. Groups that include a number of properties that are not SLIMF eligible may find it cumbersome to apply different auditing approaches to the different member properties and may choose to avoid the use of the family forest indicators. If the manager of the group certificate is eligible and wishes to utilize the Family Forest Indicators for their auditing, the manager is required to complete a risk assessment to determine the applicability of the Family Forest Indicators and the associated guidance language. The assessment is particularly important for evaluating applicability of specific components of the standard (Criteria 4.1, 4.4, 5.4, 5.6, 6.4 and Indicators 6.1.b, and 9.4.a), including environmental impacts and the presence of high conservation value forests. The standard provides limited instruction on how this risk assessment is to be completed; however, it clearly requires that it must be conducted and evaluated as part of the auditing process for group certificates.<sup>6</sup> Some auditing firms have developed tools to assist with this process, and group managers can request clarification from their auditor about what is required.

Throughout the standard there are references to “groups”, “group managers” and “group members”. These references help clarify the roles and responsibilities associated with group certification. In general, the group has a designated group manager that holds the legal and

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<sup>6</sup> See page 6 of the standard addressing “Group certificates and level of risk” for guidance regarding the group certificate risk assessment.



contractual responsibilities for the certificate. The group members are the landowners that follow the direction of the group manager to meet and maintain certification standards. The standard helps identify opportunities for auditors to test compliance with the standard at the group (or aggregate) level as well as instances where individual group members need to provide evidence of compliance (at the Forest Management Unit level). For example, Family Forest Indicator 1.6c states (emphasis added): “The forest owner, manager *or group manager* notifies the Certifying Body of significant changes in ownership, the certified land base and/or significant changes in management planning prior to the next scheduled annual audit, or within one year of such change, whichever comes first.” The inclusion of the phrase “or group manager” indicates that the auditor may choose to request information about significant changes from the group manager rather than requiring evidence from each individual member. By looking for these opportunities within the indicators and guidance, group managers can reduce the auditing burden on their members and provide additional member benefits.

### **Overall Impact of the Family Forest Indicators**

In general, the impact and benefits from the new FSC Family Forest Indicators are moderated by the fact that the changes do not represent a radical departure and auditors have the discretion to include indicators that are deemed relevant even if they have been identified as “Low Risk” or “Inapplicable”. In the time since the standard was approved, initial experiences reported by auditors indicate that there are some efficiencies and cost savings associated with the new indicators. Over time the magnitude of these benefits may become more apparent and enable a robust analysis of the program. Preliminary feedback and auditor experience suggest that further modifications of the overall audit and reporting requirements for family forestlands could result in greater gains in efficiencies and cost savings. For example, earlier aspects of the FSC’s SLIMF program included establishing the option of “desk audits” for small properties to meet some of the annual surveillance audit requirements. A desk audit does not require an on-site visit from the auditor and can reduce annual audit fees by more than 50%. Anecdotal evidence suggests that the option of a desk audit is not being fully exercised. Another opportunity for improvement is with the reporting that auditors are currently required to prepare. Current FSC reporting requirements are extensive and modifications could be enhanced to reflect family forest considerations and streamlining of the documentation.

### **The Bottom Line**

Family forests are a critical part of the forest sector and forest product supply chain. The growth of forest certification relies upon the engagement of family forest owners. Recent changes to the FSC-US Forest Management Standard include the incorporation of Family Forest Indicators. These changes are a continuation of the FSC’s SLIMF program and serve to increase opportunities for certifying family forestlands in the United States.



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