



Forest Stewardship Council®



## Standard Operating Procedure for smallholder pilot test in China

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Standard  
operating  
procedure

## **Introduction**

FSC is committed to develop new tools for improving smallholders and communities' certification uptake in its Global Strategic Plan 2015-2020. The commitment has been further strengthened by the FSC membership's decision during the 2017 General Assembly through motion 46, with a focus on developing new solutions, including new ideas not currently contemplated in the FSC normative framework and system.

The New Approaches for Smallholders and Communities Certification project (hereafter referred to as 'New Approaches' project), in charge of implementing motion 2017:46, has been approached by FSC China due to the difficult challenge that smallholders in some Chinese regions face to comply with indicator 6.5.5.

The situation in China regarding forest management and FSC certification is very complex, varying greatly from some regions to others. There are, for instance, regions where smallholder group certificates can comply with up to a 20% of set aside areas. On the contrary, there are other regions where, currently, smallholders are not being able to comply with the 10% set aside areas requirement.

In these regions, smallholders predominately manage plantations over small and scattered patches of land, normally featuring the dominance of farm land and plantation, with limited secondary forests. To cope with FSC requirements on area dedicated for conservation purposes, restoration seems to be currently the only viable option, but it can be cost prohibitively due to availability of land and cost of establishment and maintenance of natural vegetation. Additionally, with the logging ban on natural forest, plantations on forest land owned by small-holders effectively become the largest source of growth in certification.

Through the Asia Pacific region smallholders largely operate under similar socio-economic conditions and landscape surroundings. This includes other priority countries like Australia, India, Indonesia, Thailand and Vietnam.

### **The Specific goals of the pilot test are:**

- 1.1. To test, in specific regions in China, where compliance with indicator 6.5.5 is a challenge for smallholders, alternative ways of compliance with the indicator.
- 1.2. To compare the implications of these alternative approaches with other regions where compliance with indicator 6.5.5 is not a challenge, particularly

focused on the benefits for smallholders and the resulting status of the environmental assets in the region.

- 1.3. To provide early input on the implementation of the recently approved Chinese NFSS, which can help develop guidance or best practices for the standard implementation for smallholders and specific regions. This input will take in consideration a detailed assessment of the entire range of indicators and their applicability to smallholders.
- 1.4. To provide input and exchange ideas with the other standard development activities being developed in Asia Pacific region within the scope of New Approaches project.
- 1.5. To provide input and exchange ideas with the FSC Forest Network regarding different current and potential approaches to comply with indicator 6.5.5.
- 1.6. To provide input to other Asia Pacific countries where smallholders have a similar situation and struggle to comply with indicator 6.5.5.

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## **A. Objective**

The objective of this Procedure is to set the requirements for the entities participating in the pilot tests.

## **B. Scope**

This document is to be used by the participants in the pilot tests:

- FSC China and Working group (Part I);
- FSC-accredited certification bodies (Part II);
- Forest management groups, represented by the group entity (Part III).

All aspects of this Standard Operating Procedure are considered to be normative, including the scope, effective date, references, terms and definitions, tables and annexes, unless otherwise stated.

## **C. References**

The following documents are relevant for the application of this document. For references without a version number, the latest edition of the referenced document (including any amendments) applies:

*FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship V5-2*

*FSC-STD-01-002 FSC Glossary of Terms*

*FSC-STD-01-003 SLIMF Eligibility Criteria*

*FSC-STD-20-007 Forest Management Evaluations*

*FSC-STD-30-005 FSC Standard for Group Entities in Forest Management Groups*

*FSC-STD-60-004 International Generic Indicators (IGI)*

*FSC-STD-CHN-01-2016 EN The FSC National Forest Stewardship Standard of People's Republic of China*

## **D. Effective date**

September 2018 to July 2020.

## **Part I – Procedures for FSC China and Working group**

- 1.1 Confirm the responsible body for the pilot test is FSC China office.
- 1.2 Establish a chamber-balanced working group and appoint the coordinator.
- 1.3 Define a risk-based approach where certification bodies and the chamber-balanced working group can give score to each indicator, to define the level of risk and impact, through both desktop and field study.
- 1.4 Establish the alternative approaches to comply with indicator 6.5.5 that each pilot participant will test, may include:
  - Where available, include in the group certification adjacent FMUs prioritizing conservation, to bring additional strength to its management through the implementation of China NFSS;
  - Where appropriate, provide service to local conservation unit so as to bring additional strength to its management;
  - Where possible, provide fund to certify ecosystem services from FMU within similar ecosystem where such service is bountiful; and
  - In all situations, short-term impacts from such approaches, including those on internal management of the group certification, should be measured and analysed.
- 1.5 Develop a proposal with the risk-based approach and the alternative approaches (as defined in clauses 1.3 and 1.4) and submit it to PSU for approval.
- 1.6 A call for expressions of interest to select the participants will be published.
- 1.7 Design the priority criteria to choose the participants.
- 1.8 Develop a template for certification bodies to use to provide pilot test feedback to FSC (attached as Annex 1 to this Procedure).
- 1.9 Develop a template report for certificate holders to use to provide feedback to FSC (attached as Annex 2 to this Procedure).
- 1.10 Determine the participant list that could be included in the pilot test. A maximum of 6 participants can participate in the pilot tests.
- 1.11 Identify and evaluate any impairment of forest management objectives arising from the application of the alternative approaches being tested, related particularly to conservation requirements.
- 1.12 Identify existing and potentially arising conflicts between Group Certification objectives and the alternative approaches being tested.
- 1.13 Identify existing and potential conflicts between forest management objectives and other corporate economic or social targets for the alternative approaches being tested.

- 1.14 Identify any contentious issues stakeholders have with the alternative approaches being tested by smallholders.
- 1.15 Review the audit report from CBs, and determine if a temporary certificate may be issued by the CB.
- 1.16 Develop guidance for smallholders with recommendations based on the result of the pilot tests on alternative ways to comply with indicator 6.5.5.
- 1.17 Conduct capacity buildings for smallholders.
- 1.18 Comply with the specific goals of the pilot tests.
- 1.19 Write an assessment report for PSU with recommendations and conclusions from the pilot tests.

## **Part II – Procedures for Certification Bodies**

- 2.1 Fill out in the smallholder information form provided by FSC China and submit them to FSC China.
- 2.2 Agree that FSC China and experts working on its behalf will have equal access as the CB to certificate holders' data and practices.
- 2.3 Prior to starting the pilot test, participating certification bodies, FSC China and the participating groups shall sign a third party agreement, including the following provisions:
  - 2.3.1 Participants agree to comply with this Procedure and its Annexes;
  - 2.3.2 FSC has the right to attend any part of the pilot tests as an observer;
  - 2.3.3 FSC has the right to publish a report with the results of the pilot tests. This report will be publicly available, excluding confidential information.
  - 2.3.4 There is no guarantee that participation in the pilot tests will result in a temporary FSC certificate.
- 2.4 Evaluate, through a desk audit, the compliance of all pilot participants with all applicable requirements (Chinese NFSS and other applicable FSC standards). It shall also evaluate the feasibility and implications of the alternative approaches to be tested by each smallholder or group of smallholders. Field visits for this initial evaluation might be requested by FSC. The assessment shall include both landscape level and management unit level, given the surrounding land-use features of smallholder forests;
- 2.5 Submit audit report and the feedbacks to FSC China within 14 days after evaluation.
- 2.6 Issue temporary FSC certificate only if agreed by FSC China.

Note: FSC China will communicate its decision to the certification body after each audit in writing.

- 2.7 Evaluate each pilot participant during its regular audit cycle. During the audit, the participant will undergo its normal audit and an additional audit on the alternative approaches being tested. Any non-conformities or alternative approaches considered by the CB as too risky for FSC's integrity shall be communicated immediately to FSC China and the New Approaches project, who will decide on the continuation of the pilot participant and its certificate. The CB shall also evaluate the input from FSC China for all the aspects to be analysed as part of the pilot test.
- 2.8 If such alternative ways are decided to be inappropriate by PSC, the temporary certificates will be transmitted to ordinary certificates from 2021 on.
- 2.9 If participants decide to withdraw from the test during the test, CB shall evaluate compliance with all requirements of the China NFSS in the following annual audit.

### **Part III – Procedures for participants**

- 3.1 Provide all requested information and submit it to the CB.
- 3.2 Sign the third-party agreement with CB and FSC China.
- 3.3 Agree with FSC China or its representative to attend any part of the pilot test as an observer.
- 3.4 Send feedback to FSC China by filling in the template provided by FSC China.

## Annex 1: Template for feedback by CB

This report is designed to collect information about the pilot test. It is a mandatory requirement and has to be filled in by the participating certification body, and sent to FSC China office within 14 days of the pilot test implementation.

### Report Template

#### Part I – General Information

<b>1</b>	<b>Certification body</b>	<i>Please include here the name of the certification body, lead auditor and audit team.</i>
<b>2</b>	<b>Location of the group certificate</b>	<i>Please include here the Country, Province, City and District where the group entity is located.</i>
<b>3</b>	<b>Type of evaluation</b>	<i>Please select the evaluation carried out:</i> <input type="checkbox"/> Main evaluation <input type="checkbox"/> Surveillance audit <input type="checkbox"/> Others (specify)
<b>4</b>	<b>Characteristics of the FSC certificate</b>	<i>Please include here the following information:</i> Number of members: [    ] Number of SLIMF members: [    ] Area (in hectares): [    ] Area of SLIMF management units: [    ] Percentage of CAN: [    ] FSC Certificate Code: [    ] First Issue Date: [    ] Last Issue Date: [    ] Expiry Date: [    ]

#### Part II - Evaluation of feasibility and implications of the alternative approaches to comply with indicator 6.5.5

<b>1. Evaluation of conformity with the Principle 6</b>
<i>Describe how the smallholder conforms with the principle 6:</i>

*The certification body can provide a detailed checklist of conformity for each requirement on a separate document as an annex.*

*Please, indicate any non-conformities identified during the evaluation.*

## **2. Evaluation of feasibility and implications of the alternative approaches**

*Describe the alternative approaches the participant used to comply with 6.5.5:*

*Evaluate the feasibility and implications of the alternative approaches:*

## **3. Decision on the FSC temporary certificates**

*The certification body shall state whether the group has complied with all the applicable requirements, and the decision to approve or reject the issuance of an FSC temporary certificate to the participating group.*

*The decision shall specify the duration of the FSC temporary certificate, the specific group members included in the certificate, and a brief justification for the decision.*

## **4. Recommendations for further work to be carried out by the group**

*Please describe any actions that should be carried out by the group to improve its performance regarding the principle 6.*

## **5. Benefits/constrains of the alternative ways for smallholder**

## **6. Impact on costs of fulfillment of indicator 6.5.5**

*Please indicate the impact on the cost of fulfilment of indicator 6.5.5*

*Please, include but not limited to money or workload.*

## **7. Other suggestions and observations**



## Annex 2: Template for feedbacks provided by participant

### Introduction

This report is designed to collect information about the pilot test. It is a mandatory requirement and has to be filled in by the participating groups, and sent to the FSC China office within 14 days of the pilot test implementation.

### Report Template

#### Part I – General Information

<b>1</b>	<b>Group entity</b>	<i>Please include here the name of the group entity, its legal representative, an e-mail and a telephone number for contact.</i>
<b>2</b>	<b>Location of the group entity and the participating members.</b>	<i>Please include here the Country, Province, City and District (if applicable) where the group entity is located.</i>  <i>Please, also indicate the location of the group members and management units participating in the pilot test.</i>
<b>3</b>	<b>Type of evaluation</b>	<i>Please select the evaluation carried out:</i>  <input type="checkbox"/> Main evaluation <input type="checkbox"/> Surveillance audit <input type="checkbox"/> Others (specify)

#### Part II - Recommendations for the FSC China

<b>1 Requirements included in Principle 6</b>
<i>Provide your opinion about the requirements principle 6, which indicators are difficult for your organization? What kind of training do you think is useful to your compliance with the requirement?</i>

<b>2. Benefits/constrains of the alternative ways to comply with indicator 6.5.5</b>
<i>Do you think the alternative ways bring any benefits compare to indicator 6.5.5?</i> <i>Do you think the alternative ways bring any potential conflicts or problems?</i>

### **3. Impact on costs of fulfillment of indicator 6.5.5**

*Please indicate the impact on the cost of fulfillment of indicator 6.5.5*

*Please, describe include but not limited to money or workload.*



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**ic.fsc.org**

FSC International Center GmbH  
Adenauerallee 134 · 53113 Bonn · Germany

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