

TERMS OF REFERENCE – MEMBERSHIP REQUIREMENTS REVIEW 2019-2020

Introduction

Given the steady growth of the High Carbon Stock Approach (HCSA) multi-stakeholder initiative, it has been widely supported within the HCSA Steering Group (SG) and Executive Committee (EC) that a review of the current [HCSA Steering Group Membership Requirements](#) is needed to strengthen the application of the methodology and its corresponding governance and decision-making for the credibility of the initiative. Through the application process for new members, it has also become apparent within the EC Membership Task Force (MTF) that there is unclarity as well as gaps in the current document and the HCSA would benefit from a revision.

During the EC Meeting on 4 October 2018 in Kuala Lumpur, it was agreed that the Secretariat/MTF will develop a Terms of Reference (ToR) for the Membership Requirements Review (MRR) process, to which the EC would give their final approval. Based on the MTF's presentation to the SG on 3 October 2018, the review process will entail transitioning the role of the MTF into a Membership Committee ((MC) see Annex 1 for the MC ToR).

Subsequently, on 19 March 2019¹ and 12 April 2019, the EC has asked the Secretariat to include a proposal for the review to a) first prioritise developing compliance indicators and evaluation benchmarks for the existing membership requirements for all membership caucuses, starting with plantation companies and b) propose a process for consultation to ensure that the membership of the HCSA SG will be able to provide inputs the membership review, prior to their presentation to the HCSA EC for consideration and approval as revised membership requirements.

The Terms of Reference for the membership requirements review are to be finalised by EC approval, and ensuring a HCSA SG consultative process is carried out in finalising the revised membership requirements and corresponding supporting documents.

Objectives

Key areas for review

The purpose of the membership requirements review process is to review the current membership requirements including:

Phase I

1. Providing clarity on existing [Membership and Code of Conduct requirements](#) through prioritising developing compliance indicators and evaluation benchmarks for the membership requirements for all membership caucuses, starting with plantation companies.

¹ Also see High Carbon Stock Approach Executive Committee Call On Co-Chair Appointment & Election Process, Meeting Minutes 3:00pm – 4:00pm, 19 March 2019, Tuesday

Phase II

2. Developing a revised set of membership and Code of Conduct requirements which includes updating relevant requirements and/or introducing new requirements where there are identified gaps. This entails:
 - Confirming the list of organisations that are eligible for membership of the HCSA.
 - Confirming the scope of membership and requirements.
 - Confirming the specific eligibility requirements that must be met by each caucus of member, noting each membership caucus may have different entry requirements, prior to the formal approval of an application for membership to the HCSA SG.
 - Producing a more comprehensive set of requirements, that must be met to maintain membership status, and supporting guidance that can be used to assess adherence to, or breaches of, membership and Code of Conduct requirements, to those outlined in the HCSA SG Membership Requirements document Version 2 - 20/12/2016.
 - Addressing verification of members own, and third-party suppliers' operations, compliance with the HCSA, forest monitoring and remedial action components.
 - Additional guidance on the breaches that will result in exclusion from the HCSA including in relation to inadequate actions to resolve grievances raised regarding breaches to the Membership and Code of Conduct Requirements, breaches to the social, environmental and methodological requirements outlined in the HCS Approach, or misuse of association with the HCSA, its logo, or a breach of its communication guidance, and
 - Consolidating new requirements and/or guidance produced by the SG/EC.
3. Ensuring consistency of some Membership and Code of Conduct requirements benchmarked across different membership caucuses as well as between current members and applicants.

Phase III

4. Addressing the growth of the number of members and considering new membership groups;
5. Supporting the streamlining and efficiency of the future membership application process.

Inputs

For an overview of input for the review received from feedback from the SG during the 3 October 2018 and 11 April 2019 Meetings, issues discussed during past EC meetings on members, gaps raised by the MTF when processing applicants against the current membership requirements, responses to the membership survey conducted by SPRG in 2018 please see Annex 2.

In addition, as part of the EC's efforts to address concerns raised on member(s) with compliance with the membership requirements and the related recent Co-Chair objection, the EC assessed the HCSA Membership Application Decision Framework document with additional input and suggestions by several EC members as potential initial input for a basis for evaluating membership requirement compliance, which are captured within the document titled: '*HCSA Membership Application Decision Framework _Comparison Table_V3 (merged with full table)*'. In addition to support this effort, the TSO caucus also submitted suggestions for consideration which will be shared with the MC to consider along with input from the other caucuses as received.

Other resources from comparable organisations and documents, may be used to draw on best practice. Additionally, through a consultative process, the review process will include feedback from the EC and the SG in their respective capacities, as well as relevant working groups, task forces and membership caucuses.

Outputs

The main output of this process will be a revised HCSA Membership Requirements document (a version 3). This document will be consulted with the SG and formally approved by the EC according to the consultation and timeline specified as outlined in the consultation process and timeline sections below. Progress reports will be reported to the EC during EC meetings, and to the SG during physical meetings until the review is complete.

Capacity and scope

Capacity requirements

This review process will sit under the purview of a permanent Membership Committee (see Annex 1 - terms of reference). An independent expert/consultant will be hired during Q2 of 2019 to support the technical aspects of the review process, i.e., produce recommendations to membership document requirements and will report to the membership committee. One HCSA Secretariat staff member will be appointed to support in an administrative capacity.

The MC will be expected to convene bi-monthly calls throughout the review process and up to three to four physical meetings throughout the review process and guide the consultant in seeing through the review to completion.

Budget

This membership requirement review process is estimated to cost approximately USD 50,000 and P4F grant funds have been requested to assist with supporting this review. This amount is part of the proposed funding to P4F and work will only commence if/when full funding is awarded. Should P4F funding not be secured, the MTF and Funding Task Force will work to find other sources of income. Membership Committee members are expected to contribute their time and resources in-kind.

Budget Item	USD
MRR consultant to support review	12,500
MRR meeting costs for three (3) meetings	12,600
MRR HCSA Secretariat support (meetings, documents, coordination)	22,820
Total	47,920

Consultation Process and timeline

The membership review process will be a consultative procedure with the EC and the wider SG. Working groups, taskforces and membership caucuses will also be consulted on specific requirements for their inputs.

It is estimated that the membership review process will span over the course of 12 months from the start date.

General overview of consultation process (as presented to the SG on 3 October 2018)



Proposed timeline

Timeline	Planning
Late-March 2019	MTF & HCSA Secretariat agree on draft on Membership Requirements Review (MRR) ToR & seek EC input and/or approval before 10 th April MTF physical meeting
April 2019	<ul style="list-style-type: none"> ▪ MTF Meeting (10th April): <ul style="list-style-type: none"> - MTF to approve TOR for a permanent Membership Committee (MC) ToR - MTF (as transition to MC) – to approve MRR ToR and provide input for the review structure and consultant - MTF (as transition to MC) approves membership consultant ToR (late-April) ▪ EC Meeting (12th April): <ul style="list-style-type: none"> - EC to approve Membership Requirements Review ToR (if not subsequently done) - EC to approve Membership Committee ToR
May 2019	<ul style="list-style-type: none"> ▪ MC members and/or vacancies are identified ▪ Membership consultant contracted ▪ MC & Secretariat (1 – 2 calls) on Phase I draft membership requirement review
June 2019	<ul style="list-style-type: none"> ▪ MC (Meeting 1, 2 days): Phase I discussions on review recommendations ▪ Phase I Draft 1 recommendations produced for EC input
Mid-July 2019	MC seeks EC approval for Phase I Final Draft recommendations
August 2019	MC (1 – 2 calls): To prep for discussions on Phase II & III of review
September 2019	<ul style="list-style-type: none"> ▪ MC (Meeting 2, 1 day): MC to produce Phase II & III Draft 1 recommendations ▪ Summary of Phase II & III Draft 1 recommendations presented and 1st consultation with EC and relevant WGs/TFs launched (SG meeting week)
November 2019	<ul style="list-style-type: none"> ▪ MC (Meeting 3, 1 Day): MC to produce Phase II & III Draft 2 of complete revised membership requirements
December 2019 – mid-Jan 2020	Final draft Phase II & III membership requirements recommendations consulted with EC and relevant WGs/TFs
Feb – March 2020	<ul style="list-style-type: none"> ▪ Final membership requirements review recommendations presented and SG consultation ▪ Membership requirements review recommendations approved by EC

Note: This timeline may be subject to change due to funding received, and the governance review process timeline.

Annex 1 – Terms of Reference – Membership Committee (MC)

Introduction

It was discussed amongst the HCS Approach (HCSA) Steering Group Executive Committee (EC) members to have a permanent sub-committee of the EC to review current HCSA SG membership requirements to provide greater clarity and align its requirements to relevant Approach updates/developments and provide support for membership-related matters.

Objectives

The main objective of the Committee is to consider membership-related matters. Functions include to conduct periodic reviews as requested by the HCSA EC and provide recommendations on HCSA membership requirements and compliance, provide guidance for membership application efficiency and support for the development of additional membership services to support member recruitment, retention and compliance with membership requirements.

Scope of work

1. To provide recommendations to the EC that support clarity and revisions of membership requirements aligned with the latest HCSA toolkit, and other relevant HCS Approach updates/developments;
2. To provide guidance on remedial actions for non-compliance of memberships;
3. To review recommendations put forward by the Secretariat on current and new applications for meeting the current HCSA SG membership requirements and provide guidance on making the membership application process an efficient one; and
4. To provide guidance and support on the development of membership services, to support member recruitment and retention.

Set-up

The Committee will be led by the Secretariat with oversight by the HCSA Executive Director. For fair representation, this group will be made up of at least the following composition:

- Two NGOs (preferably one social and one environmental NGO)
- One smallholder/farmer support organisation
- Two plantation companies
- One commodity user
- One technical support organisation

Each membership caucus is to have a main and alternate representative, preferably both from the same organisation although not required. In cases where both are present, the alternative will sit in as an observer.

Recruitment to the Committee will be based on voluntary basis and/or through appointed representation through either consensus (strongly preferred) or majority vote from each membership caucus.

The MC will make decision by consensus. Any recommendations from the Committee will be presented to the EC for discussion and subsequently final decision(s), with the exception of decisions

made by the Committee as mandated by the EC. Where the Committee is not able to reach consensus, the EC may make final decisions.

The group will be asked to convene regularly, and if necessary, organise in-person meetings as decided by the MC.

Annex 2 – Main scope elements for review process

Overview of gaps/unclarities identified by MTF/Secretariat

CLARITY NEEDED AROUND:

- Eligibility requirements - membership caucuses; group-level commitments; broader sustainability commitments; demonstration of commitment for current members vs. member applicants; updating quality assurance requirements; aligning maps submissions process.
- Commitments - minimum thresholds; type and level of commitment by member category
- Code of Conduct - HCSA Implementation requirements; Promotion of HCSA
- Verification and monitoring compliance – verification for member applicants vs. monitoring compliance for members; implementation of HCSA; quality assurance with HCVRN; internal and external grievances; remedial actions including infringement of timebound action plans, warnings, suspension and expulsion, overlaps with working groups e.g. on maps monitoring and long-term protection and conservation
- Governance – clarifying roles of EC and the Co-Chairs in membership requirements; membership committee; Secretariat; streamlining application process
- Consideration of moving pieces – e.g. maps submission process; advice notes; HCSA Trialling Protocol; grievance mechanism; HCSA communications/claims guide; legacy eligibility criteria; SPRG survey outcomes; other ongoing work.

Overview of feedback provided by SG members during 3 October 2018 SG Meeting

HCSA MEMBERSHIP REQUIREMENTS REVIEW CONSIDERATIONS AND PROCESS

- As HCSA is growing, good to make clear roles and responsibilities of members vs. observers;
- Need to promote the benefit of being a member; stakeholders may have interest but need to pique their interest for joining;
- Have an onboarding process for new members; good to define roles of responsibilities of members;
- Transitioning MTF to a permanent committee is a good idea especially as HCSA is getting larger;
- Good to have ToR for different membership caucuses within HCSA to encourage different groups;
- Membership categories: consider financier category; define smallholder farmers; need for group-level membership application rather than subsidiary companies;
- Composition: think about SG composition and fairness when it comes to decision-making; invite more consumer good companies to match the other categories; make a decision that we are looking for a growth trajectory and we should not shy away from letting in new members; focus on new members acting on new commodities etc. and how the Toolkit will be adopted for those regions;
- Code of conduct: consider cut-off date of deforestation and how that relates to new members; if we are accepting new members who are not fully compliant, define the timeline/expectation for them to achieve compliance; consider intent of joining membership i.e. build on Toolkit etc.;

avoid loopholes to allow companies to continue clearing; consider impact of grievance mechanism on membership;

- Membership review process: needs to be a formal enough review process; look at review of membership entails and process for renewal of commitment from current members when revising the requirements.

Overview of feedback provided by SG members during 11 April 2019 SG Meeting

HCSA MEMBERSHIP REQUIREMENTS AND CODE OF CONDUCT

- Need to be clear on budgetary implications and staffing. Need to project this based on the membership requirements (e.g. predict X no. of members for forward looking budget and have different plans based on the different types of membership).
- There was a question on if we should or should not have stringent requirements to help HCSA achieve its goals. It was raised that this is important for the credibility of the initiative. Additionally, based on the membership survey conducted last year by SPRG, there was a high degree of a support for strict membership requirements.
- Need to be clear if verification is a monitoring and verification process/auditing or if involves public reporting with members' credibility at stake.
- This all links to the grievance mechanism reflecting three layers – internal members, external non-members, and public complaints that may threaten credibility of HCSA.

Feedback from SPRG 2018 membership survey results

VIEWS ON BENEFITS OF BEING AN HCSA MEMBER

- Respondents value HCSA as a multi stakeholder platform, where they can collectively discuss and shape conservation methodology efforts across industries and institutions.
- HCSA members' Top 3 ranking of benefits –
 - i. To influence the HCS Approach and methodology
 - ii. To negotiate deforestation issues as part of a multi stakeholder group
 - iii. To shape the future of forestry through dialogue and networking
- Prospective members' Top 3 ranking of benefits –
 - i. To shape the future of forestry through dialogue and networking
 - ii. To contribute to and be associated with the conservation to tropical forest
 - iii. To better understand the HCS Approach tool and more quickly receive updates on change
- All HCSA members will be renewing their membership.
- For Prospective members, 7 of 17 respondents are not interested in membership. The 'No's either -
 - Favour different form of affiliation or associate member;
 - Cited resource limitation; or,
 - Cost of fees.

VIEWS ON ADVOCATING MEMBERSHIP TO A WIDER NETWORK

- Broadly speaking, most respondents agree to recruiting more organisations and admitting supporting organisations
- Recognition by financial institutes and industry organisations will provide credibility and value to HCSA
- There is a clear view that –
 - A strict SG membership requirement remains necessary;
 - Joining as a member should remain firmly based on commitment, rather than full HCSA implementation;
 - Admitting organisations in the early stages of adoption will improve speed and success of HCSA implementation
- There is consensus to a different membership structure to accommodate organisations that want to support or be affiliated such as Associate memberships.

Some feedback on membership from SPRG Stakeholder Attitudes Survey Final Report Mar 2019

- Members were also asked benefits from HCSA membership. An overwhelming 92% of Member respondents indicated that they have benefited from HCSA.
- Both Members and Prospective Members were closely aligned in their attitudes towards membership requirements. Amongst Members, most agreed that recruiting new members was important, but so is maintaining strict SG membership requirements. On membership, members felt that conditions for membership should be based on commitment, rather than upon full implementation.
- On the role of HCSA in the future, respondents were presented three statements around possible evolutions of the HCSA:
 - should play a more active role in monitoring and verifying HCS forest and HCV area conservation on the ground
 - should consider admitting supporting organisations, such as financial institutes and industry organisations, in order to provide credibility and value to the HCSA
 - should consider a different membership structure to accommodate organisations who want to support HCSA but don't want to be fully involved.

Majority of Member respondents agree that HCSA should play a more active role in monitoring and verifying HCS forest and HCV area conservation on the ground, while responses from Prospective Member respondents garnered mixed responses. On the different membership structure, Members were split on the topic, with several expressing no opinion. On the other hand, Prospective Member respondents were in agreement that there should be a different membership structure. However, both Member and Prospective Member respondents surveyed agreed that HCS should admit Financial Institutions and industry organisations.

- Member and Prospective Member respondents were asked how HCSA can better meet their needs. Seven main themes emerged:
 1. Driving strategic partnerships and widening engagement
 2. Improving monitoring and reporting to enhance communication externally

3. Greater integration with existing initiatives and frameworks
4. Enhancing ground research, extensible tools, and data sharing
5. Improving speed in decision making
6. Improving governance
7. Enhancing HCSA value and credibility

These themes are often complementary, with Integration and Governance emerging in other questions as well. Both Member and Prospective Member respondents believe that HCSA would need to do more in the space of driving partnerships, engagements, communications and research. On credibility, a member cautioned that HCSA as an organisation should focus on the key objective of Forest Cover, and not spill over to other areas that could dilute the attention.