

High Carbon Stock Approach Foundation ANBI Policy Plan: 2020-2025

This Policy Plan consists of an Introduction, a view on the Article of Association in line with Public Benefit Organisation (PBO equivalent to the Dutch acronym: ANBI) rules and regulations, a summary of the Activities of the High Carbon Stock Approach Foundation (hereafter referred to as the 'HCSA Foundation'), its Finance and its Governance structure.

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Acronyms

BASF: Badische Anilin und Soda Fabrik (German for "Baden Aniline and Soda Factory")

GAR: Golden Agri-Resources

HCV: High Conservation Value

IOI: Industrial Oxygen Incorporated Corporation Berhad

KLK: Kuala Lumpur Kepong Berhad

NGO: Non-governmental organisation

P&G: Procter & Gamble Company

RAN: Rainforest Action Network

ToC: Theory of Change

WWF: Worldwide Fund for Nature

Definitions

HCS Approach (HCSA): a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed, which methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.

HCSA toolkit: used when referring to the HCS Approach toolkit modules.

High Carbon Stock Approach Steering Group (HCSA SG): is a multi-stakeholder body comprising of HCSA member organisations as identified through registration by the HCSA Foundation Board on the website of the HCSA and/or in a separate register, that fall under five membership categories (as of October 2020): plantation companies, commodity user companies, environmental and social non-

governmental organisations (NGO), technical support organisations and smallholder/farmer support organisations.

HCSA Executive Committee (HCSA EC): are elected representatives from the HCSA Steering Group and act as the advisory body to the Board of the HCSA Foundation. HCSA EC is mandated to make decisions on all matters pertaining to the Steering Group, with the exception of changes to the HCS Approach methodology.

Overview

HCSA Foundation acknowledges the fact that, to apply for the ANBI register, HCSA Foundation must meet the ANBI requirements. The HCSA Foundation has ensured, based on the decision open for appeal (**dated TBC**) received from the Dutch tax authorities, that the ANBI status is granted. Given the fact that, since 22nd December 2020, the Article of Association of HCSA Foundation has full power, it has been ensured that all its public and private funds are and will be transferred to and handled by HCSA Foundation.

HCSA Foundation has been entrusted and will have the maximum of oversight in the management of these funds in its efforts to conserve tropical forests. This will reinforce the widely recognised and accepted approach¹ which distinguishes forest areas for protection from degraded lands with low carbon, social and biodiversity values that may be developed.

This Policy Plan is envisaged to be a 'living document', which documents the HCSA Foundation's decision to have the ANBI status prolonged on the long run and permits the HCSA Foundation to have the Policy Plan reviewed at least every 3 to 5 years due to changes in the policy and/or circumstances.

1. Introduction

HCSA is a methodology developed in 2011-2012 by Golden Agri-Resources (GAR) in collaboration with Greenpeace and The Forest Trust (now renamed Earthworm Foundation).

Launched in 2014, the High Carbon Stock Approach (HCSA) represents a widely recognised practical, field-tested methodology to implement commitments to halt deforestation in the tropics by distinguishing forest areas that should be protected from degraded lands that may be developed, while ensuring the rights and livelihoods of local peoples are respected. This has allowed major plantations and supply chain actors to reduce their impact by not clearing or purchasing goods by not clearing forests that are important to local communities or have high carbon or biodiversity values.

The HCSA toolkit was developed through a collaboration among private sector companies, environmental and social civil society organisations and technical support organisations and it is being implemented in ten countries in Asia and Africa. The methodology is not country-, region-, nor commodity-specific; however, initial development, trialing and implementation focused primarily on fragmented landscapes, in Asia Pacific and Africa, and with palm oil and pulp and paper plantations.

With many corporate commitments to no-deforestation and the HCS Approach, it is essential that the Approach has a strong scientific basis and is practical for both plantation companies and smallholders,

¹ The [High Carbon Stock Approach](#) represents a widely recognised, practical methodology to implement 'no deforestation' commitments by companies, governments, smallholders and communities. For example it is recognised by the [UN](#), the [European Commission](#), [the French Government](#), and is part of the [Round Table on Sustainable Palm Oil \(RSPO\) standard](#).

as well as to have broad acceptance by key players across a range of commodities, including civil society and governments. To achieve all the above, key stakeholders involved have established an HCSA Steering Group² (HCSA SG) that manages the overall strategic function and provides oversight and governance of the HCSA to ensure its scientifically grounded development and application in the field. The HCSA methodology was also standardised by the HCSA SG in the HCSA Toolkit (April 2015). It is being periodically revised, refined, and extended as a result of broad implementation, further trials, and research.

2. Statutory Framework

On 22nd December 2020 the HCSA Foundation incorporated its Article of Association and the statutory objectives of HCSA Foundation are:

(i) to ensure HCS Approach is a practical, transparent, robust, and scientifically credible approach that is widely accepted as the global standard to implement commitments to halt deforestation in the tropics while ensuring the rights, livelihoods and aspirations of local peoples are respected;

(ii) to ensure HCSA provides good governance of the current HCS Approach and oversee the further development of the methodology designed to achieve no-deforestation including updating the toolkit and refining its objectives and its relationship to other approaches to halting deforestation.

(iii) to manage and oversee funds to achieve the Foundation's objectives to overall support efforts to halt deforestation and conserve High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas.

and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

3. The 22 December 2020 Articles of Association, explains the statutory objects on financing and assets of HCSA Foundation as follows: -

3.1 The interest of the HCSA Foundation, includes assisting HCSA SG in supervising and advising its strategy and policies, with a view to promoting the implementation of HCSA Toolkit and the conservation of HCS forests and HCV areas whilst supporting indigenous and community rights and promoting sustainable livelihoods opportunities through responsible economic development.

3.2 The assets of the Foundation will serve to attain the objects of the Foundation. The Foundation is a not-for-profit institution.

4. Article 4. Funding and Ownership

4.1. The funds of the Foundation are formed by:

The core funds of the HCSA are majorly formed by annual fees from the HCSA SG. In-kind contributions by HCSA SG, above their direct financial contributions via annual fees, are and will continue to be integral contribution towards the achievement of HCSA's plans and Theory of Change

² HCSA Steering Group consists of organisations from five different membership categories.

(ToC) goals. A minor income stream is from fees to process and manage the peer reviews of HCSA assessments.

Other than the fees mentioned, other sources of income such as contributions, subsidies, grants, gifts, inheritances and bequests and other legitimate income from independent parties form the HCSA funds and must meet HCSA's [fundraising policy](#) and [HCSA Anti-Bribery & Anti-Corruption Policy](#) requirements.

Inheritances may be accepted by the Foundation only with the benefit of inventory (if the applicable law contains such a possibility).

An annual budget will be determined by the HCSA Executive Committee (HCSA EC) who is made up of representatives from the HCSA SG.

The HCSA secretariat and working groups annual plans are funded through annual contributions from HCSA SG and other donor support. The HCSA fundraising task force and HCSA EC will seek funding from independent parties that support the vision of achieving no-deforestation. Due diligence will be performed to identify any potential conflicts of interests with potential funders.

4.2 No person or entity (other than the HCSA Foundation itself) can dispose of the assets of the HCSA Foundation as if they were that other person's own assets. Income from annual fees, HCSA Peer Review process; contributions; subsidies, grants, gifts, inheritances and bequests and other legitimate income.

4.3 The HCSA Foundation will not retain more assets than in the opinion of the Foundation is reasonably necessary to guarantee the continuity of the Foundation's work in pursuit of its objects as referred to in Article 3.1.

4.4 The HCSA Foundation will adhere to [HCSA Financial Management Policy](#) and [HCSA Asset Management Policy](#).

i) The purpose of HCSA Financial Management Policy is to ensure that the finances of HCSA are managed, documented and authorised in a responsible manner. This document covers HCSA's financial management requirements and guidance related to general accounting; use funds; principles and outcomes; risk management; financial records; internal controls and financial authority & sign off limits.

ii) HCSA Asset Management Policy describes how HCSA's asset management operates to maintain accurate inventory records related to the acquisition, recording, inventory and disposal of the HCSA's capital assets to ensure they are in compliance with applicable laws, regulations, and requirements of donors and the government and the role of HCSA & its personnel involved in administering and maintenance of assets.

4.5 The HCSA toolkit ownership lies within the HCSA Foundation³.

HCSA Foundation and HCSA Governance

³ As the HCSA Toolkit is copyright of the HCSA Steering Group and published and deposited under the HCSA Steering Group and it is a part of the HCSA Foundation this means the HCSA Foundation will hold the ownership of the toolkit.

5.1 HCSA Foundation Board requirements

5.1.1 The HCSA Foundation will at minimum have three board members appointed for a term of four years and are eligible for reappointment without restriction.

Board members may be representatives of a member of the Executive Committee and/or representatives of a member of the HCSA Steering Group.

The Board members are appointed, suspended and removed from office by the Board in consultation with the Executive Committee. If a vacancy arises on the Board, the Board will request the Executive Committee to propose new Board member (s) within four months after the vacancy arises.

The board members will not receive any form of remuneration for this role except expenses reimbursement.

5.1.2 The board must meet at least once per financial year⁴ with minutes documented and reported to the HCSA EC.

The current board members of HCSA Foundation are as follows:

- i. Patrick James Anderson
 - ii. Grant Bryan Rosoman
 - iii. Aida Astining Putri Greenbury
- each for a term of four years;

5.1.3 The HCSA Executive Committee will act as an advisory body to the HCSA Foundation Board providing information and advice with respect to board resolutions

5.2 Overview of Organisation of HCSA Steering Group

Organisations eligible to join the Steering Group (as of October 2020):

- NGOs supporting and promoting the HCSA with growers and relevant stakeholders.
- Smallholder/farmer support organisations whose members are implementing the HCSA.
- Plantation companies implementing the HCSA in their operations or supply chains.
- Commodity users implementing the HCSA for commodities at risk of driving deforestation in their supply chains (maximum of 10 members).
- Technical support organisations with expertise in HCSA implementation.

Further sectors may be invited to join the Steering Group in the future.

The Executive Committee (EC):

The Executive Committee is made up of representatives from the HCSA Steering Group and comprises up to:

- Four plantation company representatives, reflecting the key commodities and geographical regions of plantation company HCSA Steering Group members.
- Four NGOs, covering environmental and social focus areas.
- Two smallholder/farmer groups or their support organizations.
- One commodity user company.
- One technical support organization.

⁴ The financial year of the Foundation coincides with the calendar year.

- The different sectors of the HCSA Steering Group will elect their representative (s) to the HCSA Executive Committee through either consensus (strongly preferred) or majority vote. HCSA Executive Committee members are obliged to represent their sector and as needed, consult with other HCSA Steering Group representatives. Organisations are eligible for election to the HCSA Executive Committee after a year in the Steering Group.

Secretariat

A secretariat function will support the fulfilment of HCSA foundation's objectives. The HCSA Foundation as an employer of HCSA secretariat staff recognises the importance, contribution, and performance of its employees in achieving and supporting the organisation's purpose. The HCSA foundation is committed to maintaining a compensation policy that ensures equitable job and position evaluation, competitive pay based on market rates for similar organisations, and performance-based pay increases.

This ANBI policy plan has been adopted by HCSA Foundation in its meeting of 9th December 2020.