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HIGH CARBON  
STOCK APPROACH  
**ANNUAL REPORT 2020**

# HCSA ANNUAL REPORT 2020



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# FOREWORD:

## EXECUTIVE DIRECTOR'S MESSAGE

Dear HCSA SG Members, Partners, and Stakeholders,

I am pleased to share the High Carbon Stock Approach's (HCSA) annual report on progress, highlights and key developments made against the [HCSA Global Strategic Business Plan \(GSBP\)](#) and our [Theory of Change \(ToC\)](#) in 2020. I want to first start my message by thanking you for being adaptative to the challenging pandemic situation and providing support and valuable contributions in a safe and productive manner towards HCSA's continued successes, impacts and learnings.

### HCSA key highlights and developments from 2020 include:

- The [HCSA Foundation](#) (ANBI – a Public Benefit Organisation) and the [HCS Approach Sdn. Bhd](#) which hosts HCSA's first physical office, were established in the Netherlands and Malaysia, respectively.
- The revised [HCSA's 14 Social Requirements \(SRs\)](#) and [Implementation Guide](#) were approved which provide best practices for upholding human rights and ensuring the rights and livelihoods of local peoples are respected whilst implementing No Deforestation policies.
- Trials of the "A Simplified HCS-HCV Approach for Smallholders" commenced in West Kalimantan, Indonesia led by SPKS – a HCSA member and smallholder/farmer support organisation based in Indonesia.
- The "[HCSA's Guidance: Integrated Conservation Land Use Plan Development and Implementation](#)" was approved as interim guidance for trialling in 2021. It incorporates management and monitoring guidance for an ICLUP which is the final output from the application of the [HCSA Approach](#).

- The HCSA begun developing a Framework methodology for landscape-level indicative HCS forest mapping that will be available for use in identified priority landscapes in 2021.
- The HCSA [Grievance Mechanism](#) based on UN Guiding Principles on Business and Human Rights (UNGPs) effectiveness criteria for rights-based grievance mechanisms was developed in 2020 and launched in January 2021.
- Phase I of the [HCSA Membership Requirements Review \(MRR\)](#) was concluded in November. The HCSA Membership Committee developed a suite of [indicators and means of verification](#) for evaluating compliance to the existing HCSA Membership Eligibility and Code of Conduct requirements outlined in [HCSA Steering Group Membership Requirements and Application Form](#).
- HCSA signed a five-year [Memorandum of Understanding](#) with HCV Network (HCVN) to strengthen the collaboration to conserve forests and uphold community rights in tropical forests.
- The [GPNSR policy](#) framework 'For Sustainable Natural Rubber Production and Sourcing' references HCSA as key tool for implementing its no deforestation requirement.
- The HCSA Secretariat published [Advice Notes](#) which respond to technical queries that arise from the implementation of the HCSA methodology and the evaluation of HCV-HCSA and HCSA assessment reports.

Despite the hardships and challenges the pandemic presented in 2020, it highlighted the priority for humanity to ensure our planetary health is not further compromised and that we need act together to be better stewards of nature. We look forward to the opportunity to act together in 2021 to continue our efforts to realise HCSA's vision '*Natural forests linked to commodity production and consumption are conserved and restored throughout the tropics in cooperation with indigenous peoples and local communities.*'



# HCSA'S APPROACH TO NO DEFORESTATION



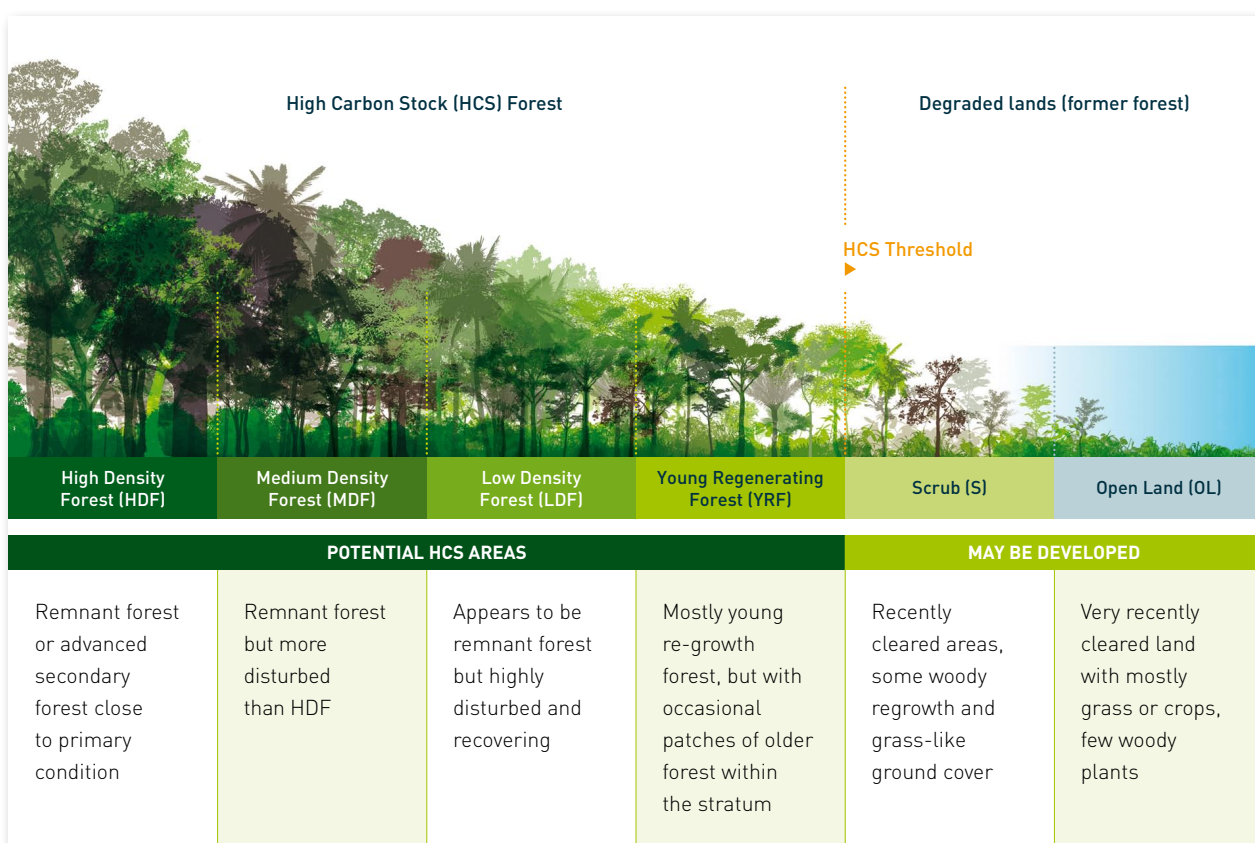
## The High Carbon Stock Approach

Established in 2014, the [High Carbon Stock Approach \(HCSA\)](#) is a methodology and toolkit that sets the standard approach for implementing no deforestation on-the-ground in tropical moist forest landscapes. It is a [methodology](#) that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed, whilst ensuring that the rights and livelihoods of communities and workers are respected.

The HCSA methodology can be used for integrated land use planning in any country and commodity grown in tropical moist forest landscapes<sup>1</sup> and was developed through a collaboration among private sector companies in the palm oil and pulp sectors, environmental and social NGOs, and technical support organisations.

It is a multi-stakeholder approach where companies or land managers with plans for new landholdings or changes in land use within existing landholdings produce and implement an Integrated Conservation and Land Use Plan (ICLUP) at a "site-level."<sup>2</sup> When applied, the HCSA Social Requirements and associated Implementation guidance ensure this occurs with the Free, Prior and Informed Consent (FPIC) of affected indigenous peoples and local communities.

<sup>1</sup> As of October 2020, the HCSA Toolkit has been used or trialed in 12 countries (Malaysia, Indonesia, Liberia, Ghana, Sierra Leone, Nigeria, Cameroon, Gabon, Papua New Guinea, Solomon Islands, Mexico, and Peru); for plantations of oil palm, pulpwood, cocoa, and rubber. See this [link](#) for more details on where the HCSA is being used and trialed.  
<sup>2</sup> i.e., A management unit such as a concession or plantation holding ranging in size from many hundreds or thousands of hectares.



**Figure 1:** The HCSA classifies an area of land into different vegetation and carbon stock classes. This is done using a combination of mapping using remote sensing and field data. In the field, tree species, size and number are recorded and used to calculate biomass and carbon content of the carbon stock classes. The first four classes are considered potential High Carbon Stock forests.



Photo: Paul Hilton ©

The [HCSA Toolkit](#) is open access and can be implemented by members of the HCSA and non-members, but requires [registration](#) of planned HCSA assessments and for companies to work with [Registered HCS Approach Practitioners](#) and [ALS Licensed Assessors](#) to undertake the assessments.<sup>3</sup> The requirements to use Licenced Assessors and to submit assessments for peer review are in place to ensure quality of assessments is in accordance with the HCSA Toolkit and [HCV-HCSA Assessment Manual](#). The quality assurance processes also assist in ensuring that any claims made by land managers are supported by the published results of quality review process.

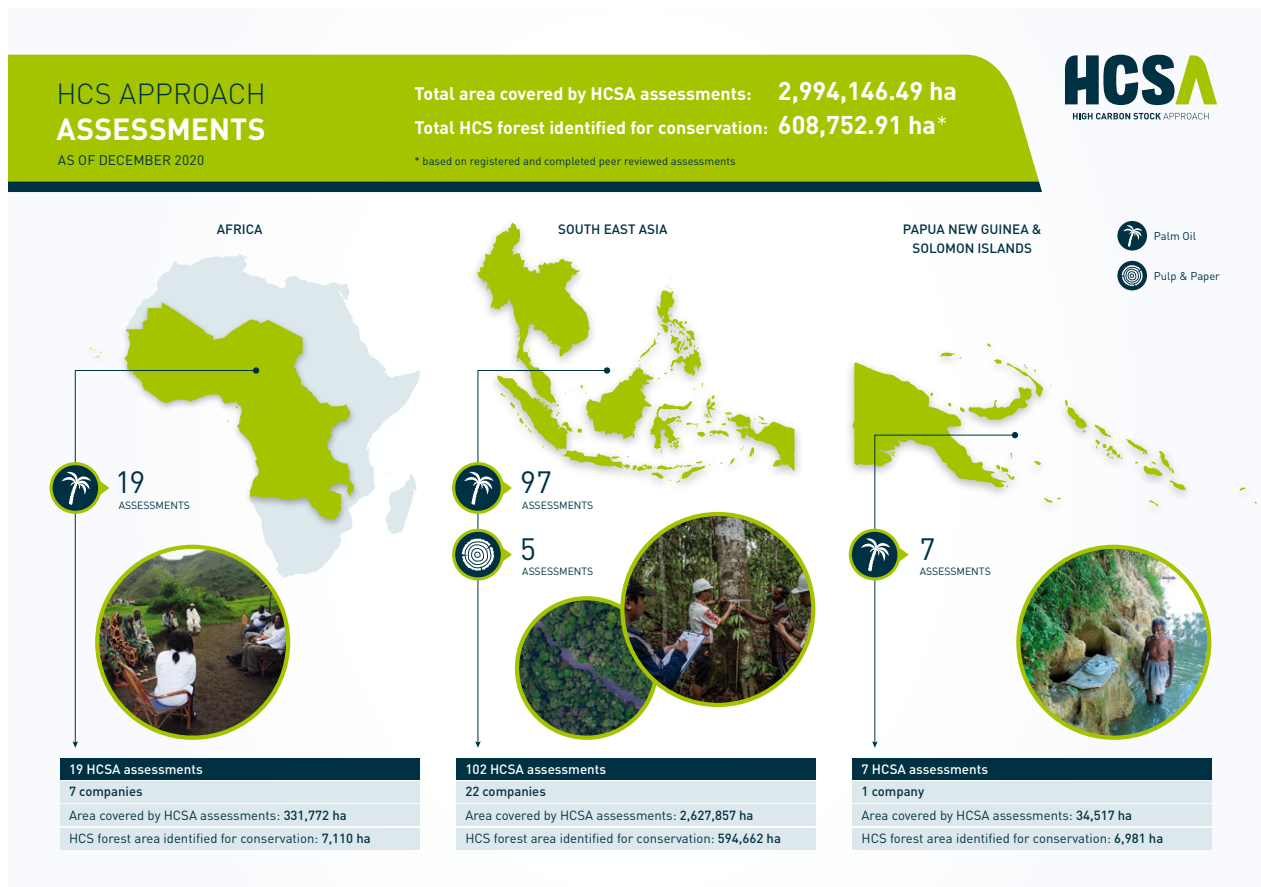
The HCSA methodologies can also be incorporated into other initiatives, quality assurance procedures, and 3rd party certification schemes. Additionally, it can be used in combination with other tools, management practices, independent verification mechanisms, certification schemes and technologies to implement no deforestation commitments across supply chains.<sup>4</sup>

The HCSA is adapting its methodology for application by independent smallholders and their support-organisations or supply chain partners. This simplified methodology has been trialled in the oil palm sector in Indonesia. Also, HCSA will soon have an open-access framework technical procedure for producing high-quality indicative HCSA-HCV maps at a landscape level.

<sup>3</sup> The HCSA Quality Review Process is a quality assurance process to be followed for all stand-alone HCSA assessments completed by members of the Steering Group (pre-November 2017), as well as any other non-members who request review by the HCSA Steering Group. After November 2017, companies are required to conduct/commission HCV-HCSA Assessments which are evaluated by the HCVN ALS. HCV-HCSA assessments are evaluated by a Quality Panel through the HCVN's Assessor Licensing Scheme. HCSA members are required to register both HCSA stand-alone and HCV-HCSA assessments with the HCSA secretariat. Non-members are required to register HCSA stand-alone assessments but also encouraged register HCV-HCSA assessments with the HCSA secretariat.

<sup>4</sup> In November 2018, the HCSA was incorporated into the Roundtable on Sustainable Palm Oil (RSPO)'s P&C for the [Production of Sustainable Palm Oil \[2018\]](#), which requires "Any new land clearing (in existing plantations or new plantings) after 15th November 2018 to be preceded by an HCV-HCSA Assessment, using the HCSA Toolkit and Integrated HCV-HCSA Assessment Manual" [See RSPO Principles and Criteria 7.12.2]. The HCSA has been referenced for implementing no forest conversion/deforestation requirements in the following initiatives: [Climate Bonds Initiative \(CBI\) Forestry criteria \(Nov 2018\)](#); Cocoa Forest Initiative Framework for Action – [Ghana \[2017\]](#); [Côte d'Ivoire \[2017\]](#); [Cameroon \[2019\]](#); [Global Platform Sustainable Natural Rubber \[2020\]](#)

**Figure 2: HCS Approach Registered Assessments as of December 2020.**



As of December 2020, close to 3.0 million hectares (ha) of HCSA assessment area was registered and almost 610,000 hectares of HCS forests were identified using the HCSA methodology. These HCS forests area are in the process of, or have already been, set aside by companies for non-development and conservation via the application of the HCSA Toolkit. The HCS forest and HCV conservation and community use outcomes are reported via publicly available and independently reviewed stand-alone HCSA or HCV-HCSA assessments. The reports resulting from the HCSA quality review processes are published on the [HCSA](#) website and public summary report for integrated HCV-HCSA assessments are also published on the [HCV Network](#) website.

# THE HCSA ORGANISATION



The High Carbon Stock Approach (HCSA) Steering Group is an organisation with three functions:

## 1 An Approach (HCSA Toolkit development) function:

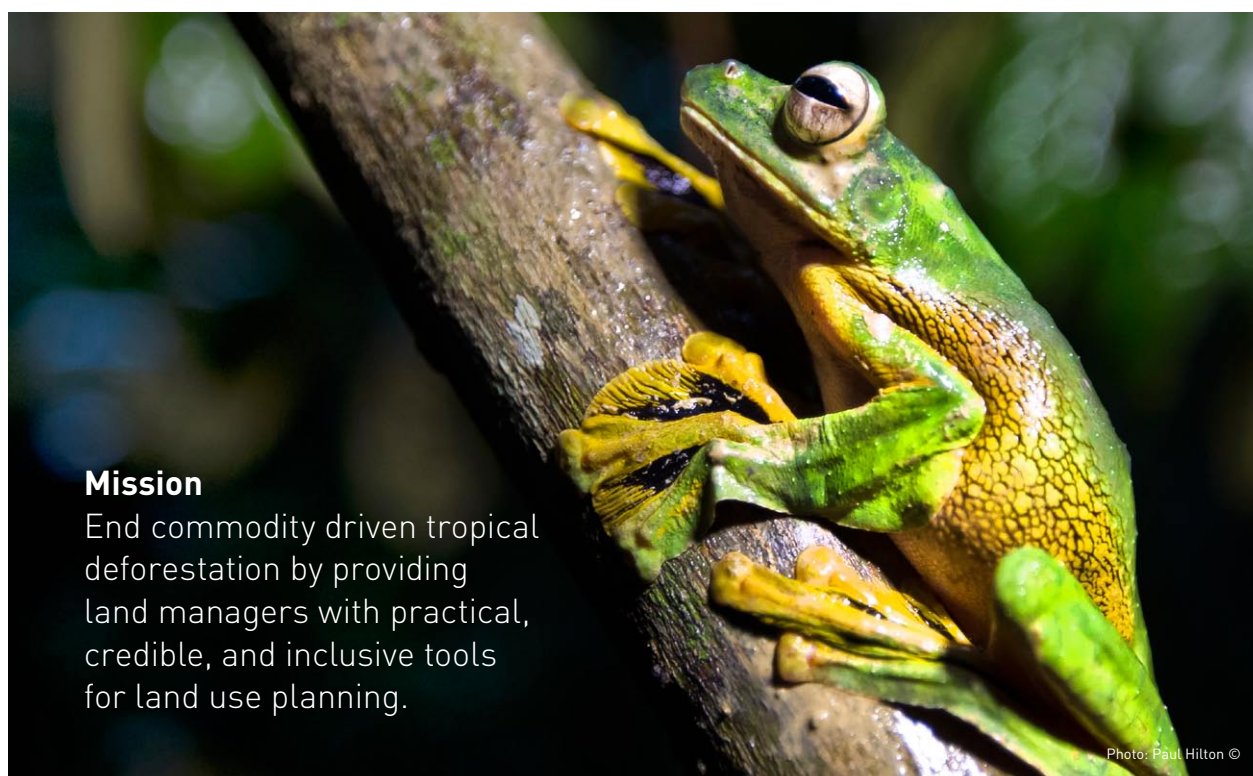
The HCSA Steering Group (SG) develops and periodically reviews the [High Carbon Stock Approach Toolkit](#), and associated methodologies and guidance, to provide practical guidance for land managers on how to implement No Deforestation commitments on-the-ground through an integrated conservation and land use planning approach. The Toolkit and associated methodologies are adapted for implementation at different scales by land managers in commodity supply chains in the tropics.

## 2 Quality Assurance (HCSA Toolkit Implementation support) function:

The HCSA Secretariat, Quality Assurance Working Group, and peer reviewers provide a quality assurance process for stand-alone assessments. The HCSA also provides accreditation of HCSA trainer organisations and registered HCSA practitioners, as well as maintaining a grievance procedure. These functions aim to support HCSA Toolkit implementation in addition to quality assurance processes undertaken by the High Conservation Value Network ALS system for HCV-HCSA Assessments.

## 3 Monitoring Implementation of the HCSA (Impacts) function:

The HCSA monitors the long-term effectiveness (i.e., maintenance of identified conservation areas) of the implementation of the HCS Approach. The HCSA monitoring system is established through spatial data from HCSA assessments which delineates areas for development and areas for conservation or community use. In addition, the monitoring is supported by the provision of spatial data from SG members and other land managers, practitioners, or collaborators using the HCSA. The result of the monitoring will inform future revisions of the HCSA Toolkit and associated methodologies, internal membership performance evaluation processes, alert, and response protocols, and support the organisation and members in communicating publicly on the impacts achieved by HCSA implementation.



### Mission

End commodity driven tropical deforestation by providing land managers with practical, credible, and inclusive tools for land use planning.

Photo: Paul Hilton ©

# GOVERNANCE OF THE HCS APPROACH



## Vision

Natural forests linked to commodity production and consumption are conserved and restored throughout the tropics in cooperation with indigenous peoples and local communities.

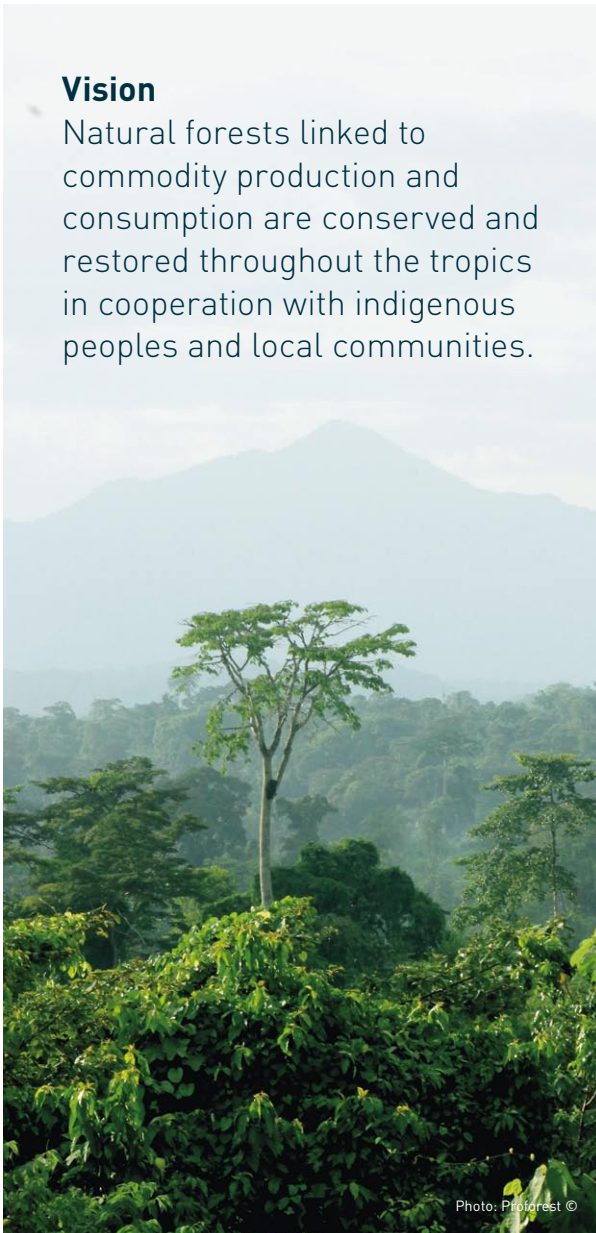


Photo: Proforest ©

The HCSA is a membership-based, multi-stakeholder initiative that is governed by its Steering Group, which is made up of all its [members](#). The HCSA SG member organisations are designated to one of five membership categories: plantation companies, commodity user companies, environmental and social non-governmental organisations (NGO), technical support organisations and smallholder/farmer support organisations.

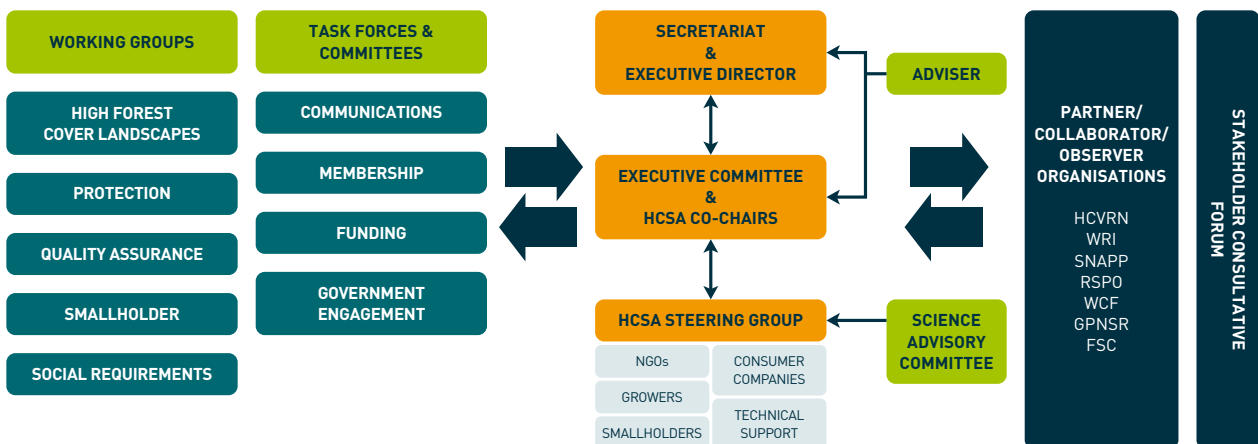
The objective of the HCSA Steering Group, defined in full in its [Terms of Reference](#) is to:

*Provide overall governance of the current HCS Approach and oversee the further development of a methodology designed to achieve no-deforestation including refining its definition, its objectives, and its relationship to other approaches to halting deforestation.*

All members are either implementing the HCS Approach in their operations and supply chains or supporting/promoting the HCS Approach with commodity producers, end users and public and private sector stakeholders.

The HCSA SG and its elected Executive Committee (EC) member representatives oversee the implementation of the three functions to ensure they are run in a way that are science based, practical, and supported by broad range of relevant key actors and stakeholders. The HCSA SG, EC and its working groups are supported by elected conveners and/ or the HCSA secretariat staff.

Figure 3: Governance and Collaboration Overview of the HCSA Initiative in 2020.



## HCSA Membership

In January and November 2020, the HCSA Steering Group welcomed its newest members, [Cargill Tropical Palm Holdings Pte Ltd](#) and [Aidenvironment](#). In April and June 2020, Wilmar International and Sime Darby resigned from the HCSA. Organisations that are members of the HCSA SG are committed to fulfilling

the [HCSA membership requirements](#) as outlined on the HCSA website.

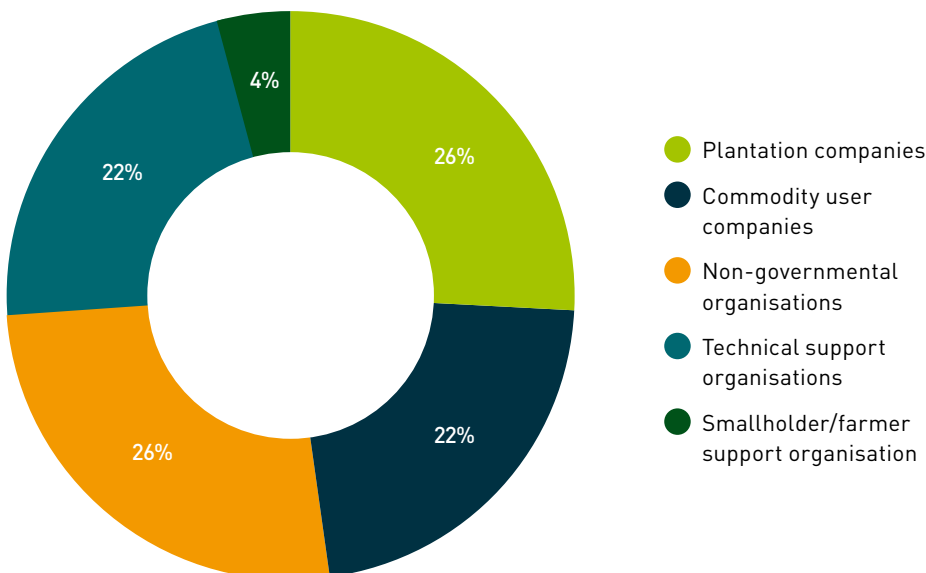
The table below shows the organisations that became or maintained their membership of the HCSA throughout 2020. The organisations that represented the HCSA Steering Group in the HCSA Executive Committee in 2020 are denoted with an \*.

Table 1: HCSA SG Members as of December 2020.

Plantation Companies	Commodity User Companies	Non-Governmental Organisations	Technical Support Organisations
*  APP  ASIAN AGRICULTURE *  gar agribusiness and food KUALA LUMPUR KEPONG BERHAD *  IOI GROUP *  MUSIM MAS Cargill	BARRY CALLEBAUT BASF  FERRERO Nestlé  P&G *  Unilever Smallholder Organisation *  SPKS	CONSERVATION INTERNATIONAL *  Forest Peoples Programme *  GREENPEACE MIGHTY WWF *  RAINFOREST ACTION NETWORK *  WWF	aidenvironment daemeter Earthworm EKOLOGIKA *  proforest Rainforest Alliance

During 2020, the HCSA maintained members in all five membership categories. The percentage for each membership category is shown in the figure below.

**Figure 4:** HCSA SG Membership Category Percentage (%) of the total HCSA Membership as of December 2020.



## HCSA Membership Requirements Review

An important area of work for HCSA members during 2020 was the further development of a shared understanding of how the requirements and code of conduct that apply to HCSA members should be implemented and performance against each requirement measured. Phase I of the HCSA [Membership Requirements Review \(MRR\)](#) was concluded in 2020. Under the MRR the HCSA Membership Committee was tasked with clarifying how the implementation of HCSA membership Eligibility Requirements (ER) and Code of Conduct (COC) could be demonstrated by HCSA members. This was done by the MC developing a suite of indicators and means of verification for evaluating compliance to the existing HCSA Membership ER and COC requirements outlined in [HCSA Steering Group Membership Requirements and Application Form](#). The MC recommendations on [ER and COC indicators, means of verification and associated reporting templates](#) were approved by the HCSA Executive Committee on 22 April 2020 and 27 Nov 2020 respectively.

New member applicants will be required to demonstrate their eligibility against the Eligibility Requirement indicators and means of verification. Existing HCSA members are expected to submit annual reports on demonstrating their progress against the Code of Conduct requirements, indicators and means of verification. The annual reports will be evaluated by the HCSA Secretariat using the Performance Evaluation System (PES) that was developed with inputs from the HCSA Membership Committee and Steering Committee during consultation held in late 2020.

The HCSA continues to invite organisations that are committed to the fulfilment of the HCSA mission and vision to become members of this leading multi-stakeholder initiative that is driving forward the implementation of No Deforestation commitments across the tropics.



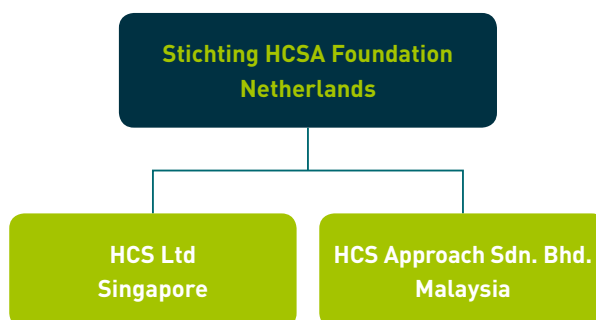
## HCSA Partners

The HCSA SG also works with several partners to achieve its mission and vision. HCSA partners include United States Agency for International Development (USAID), Build Indonesia to Take Care of Nature for Sustainability (Bangun Indonesia untuk Jaga Alam demi Keberlanjutan), Roundtable on Sustainable Palm Oil (RSPO), HCV Network (HCVN), World Resources Institute (WRI), World Cocoa Foundation (WCF), Science Nature and People Partnerships (SNAPP).

## HCSA Entities and Secretariat

HCSA established two new [entities](#) in 2020. The Stichting HCSA Foundation and HCSA Sdn. Bhd. (aka HCSA Malaysia) were established in the Netherlands (December) and in Malaysia (September) respectively. The HCSA Foundation is the parent entity of the HCS Ltd. and HCSA Malaysia as illustrated by Figure 5. HCSA Malaysia hosts HCSA physical office in Kuala Lumpur, Malaysia which officially opened its doors in January 2021.

**Figure 5:** Structure of HCSA's Entities.



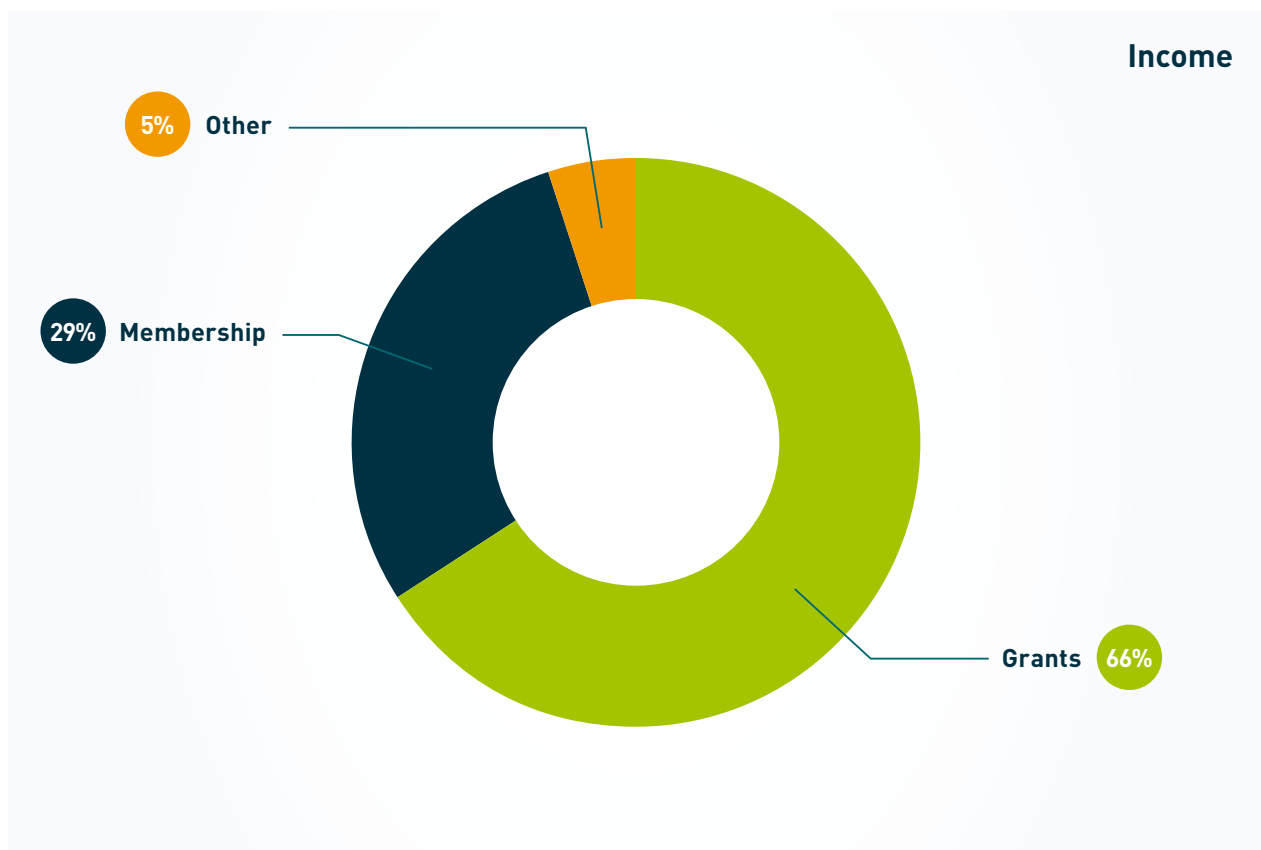
In October 2020, the [HCSA Secretariat](#) became fully independent with five secretariat roles supported by a consultancy transferred to being employed directly by the Secretariat: Finance Manager, Grant Manager, Quality Assurance Officer, Quality Assurance Administrative Officer, and Administrative Officer. Additionally, HCSA's technical manager was employed to lead work related to HCSA Toolkit developments and quality assurance.

## 2020 FINANCIAL HIGHLIGHTS

### Income

In 2020, HCSA received income from the main revenue sources: HCSA annual membership fees, grants and peer review and other miscellaneous income. An overview of the HCSA's income by percentage and sources are shown in Figure 6 and Table 2.

**Figure 6:** An overview of HCSA's main income sources by percentage in 2020.



**Table 2:** An overview of HCSA's main income sources in USD in 2020.

Category	Description	USD
Grants	Received from partner organisation for implementation of projects	816,000
Membership	Annual fees paid by HCSA members and supporters	356,000
Other	Peer review fees & other miscellaneous income	62,000
<b>Total</b>		<b>1,234,000</b>

## Annual Income Growth & 2020 Expenditures



HCSA's annual income has been steadily growing from 2016 – 2020 and almost doubled from 2019 – 2020 as illustrated by Figure 7. In 2020, HCSA's expenses were USD 1.13 million as detailed under Table 3. Leaving HCSA with a positive balance by 31<sup>st</sup> December 2020.

**Figure 7:** HCSA's annual income growth (USD) from 2016 – 2020.



## Expenditure

Table 3: An overview of HCSA's main expenditures in 2020.

Category	Description	USD
Personnel Costs	Personnel salaries, secretariat fees	522,000
Direct Costs	Contractors, consultants, peer reviewers, grant funded project cost	506,000
Administrative Costs	Accounting, legal, audit, tax, travel, others	111,000
<b>Total</b>		<b>1,139,000</b>



Photo: TFT ©

## HCSA Loyal Donors

During 2020, the HCSA was fortunate to have financial support from a number of loyal donors. A special thank you to HCSA’s donors Partnership for Forests (P4F) programme funded by the UK Foreign Commonwealth and Development Office (FCDO), Waterloo Foundation and Nestlé.



thewaterloofoundation\*



Despite the hardships and challenges the pandemic presented in 2020, the continued support of our donors, and the understanding and flexibility of our donors to the necessary shifts in the ways in which we advanced our work, was greatly appreciated, and contributed to HCSA key achievements in 2020.

Our mission would not be possible without the generous support and donations from organisations like P4F-FCDO, Waterloo Foundation and Nestlé - thank you for staying committed to supporting the efforts of the HCSA to conserve HCS forests and HCV areas, uphold human rights and livelihoods, and deliver credible climate action through the credible implementation of No Deforestation commitments.

## HCS APPROACH DEVELOPMENTS



### Integrated Conservation Land Use Plan Guidance is Developed

Co-Chairs: Mike Senior, Grant Rosoman, Ellen Watson

Several virtual Protection Working Group (PWG) meetings were conducted with PWG and Social Requirements (SRWG) members, and HCSA plantation companies to discuss the development and drafting of the ICLUP guidance document “HCSA Guidance: Integrated Conservation Land Use Plan Development and Implementation” in 2020. Constructive feedback from PWG members, SRWG members, and HCSA plantation companies were collected and reviewed prior, during and post meetings which resulted in a final ICLUP guidance produced in December 2020. The main elements of the guidance includes:

1. Definition of the Geographic Scope of the ICLUP
2. Zoning of the concession
3. Management measures

4. Proposed monitoring measures
5. Community conservation incentives and benefits
6. Broader Corporate Social Responsibility (CSR) programmes
7. Mechanisms for ongoing community engagement
8. Summary of measures to be taken to actively engage outside the concession

It also includes supporting Evidence and Materials, including copies of all formally agreed and legally witnessed documents, including community agreements. The next steps are to develop further the quality assurance mechanisms, which will be led by the HCSA’s Quality Assurance Working Group in 2021, and for HCSA members to simultaneously trial the final draft of the HCSA ICLUP Guidance: Integrated Conservation Land Use Plan Development and Implementation. The feedback from the trial and QAWG will be used to refine and finalise the ICLUP guidance with an aim to publish it as a HCSA Toolkit Module in 2022.



Photo: Ulet Ifansasti ©

## Revised Social Requirements (SRs) and Implementation Guide (IG)

Chair: Patrick Anderson, Forest Peoples Programme

There are 14 Social Requirements (SRs) which support a community rights-based approach to integrated conservation land use planning under the [HCSA Toolkit Module 2](#). In April 2020, the revised HCSA's [Social Requirements](#) were approved by the HCSA Steering Group and Executive Committee, along with the [Implementation Guide](#) which provides advice on how best to understand and apply the SRs. To assist implementation, training materials and webinars on key parts of the SRs were added to the HCSA [website](#) in late 2020 and during 2021.

## HCSA Legacy Cases Task Force

Co-Chairs: Charlotte Opal and David Burns

In 2020, the Legacy Task Force (LTF) accepted the processing of one legacy case application and upheld the request made by an applicant to pause the processing of a second application. Preparations were undertaken for an independent investigation of the accepted legal case which included hiring a consultant and overseeing the planning of a field verification visit to the legacy case concession area in Q1/2021. The LTF held regular meetings for continued deliberations on the qualification of remaining legacy case.



## Large-scale Mapping Framework Technical Procedure

Core oversight group: Grant Rosoman, Rob McWilliam, Aida Greenbury, and Jonathan Byers

Various large-scale or landscape level mapping initiatives were underway by HCSA members or collaborators in Indonesia, Ghana, Mexico, Peru, and elsewhere in 2020. After bringing together lessons from technical partners on the applications of largescale mapping during the Largescale Mapping Working Group meeting in July 2020, the HCSA revised the 'Large-scale Mapping Framework Technical Procedure' so it can be used by practitioners undertaking landscape level indicative mapping to identify High Carbon Stock forests. The review of this framework by technical partners continued into 2021 and will soon move forward for review by the HCSA steering committee and formal approval by the HCSA Executive Committee. The HCSA continues to encourage collaborations that implement the framework to produce indicative HCS maps in high priority landscapes in palm oil, pulp and paper, cocoa, and rubber supply chains.

During 2020, HCSA also collaborated with HCVN on 'Annex 3: Guidance for combined HCS forest largescale mapping and HCV screening' in the updated [HCV screening guidance](#) for jurisdictional and landscape approaches. Annex 3 provides guidance for when HCV screening is done in conjunction with HCS forest mapping at the landscape or jurisdictional scale and has been revised to align with the HCSA's Large-scale Mapping Framework Technical Procedure.

## A Simplified HCS-HCV Approach for Smallholders

Coordinator: SPKS for Indonesia

To support and provide access for independent smallholders and communities to conserve HCS forests and HCV values in tropical forests, the HCSA is developing 'A Simplified HCS-HCV Approach for Smallholders.' To aid its development and to ensure it is practical, a trial led by HCSA's smallholder member, [Serikat Petani Kelapa Sawit \(SPKS\)](#), was held with smallholders in West Kalimantan, Indonesia between December 2019 to February 2020. SPKS is working with the HCSA smallholder working group to incorporate the trial lessons and feedback from HCSA members and partners into the latest simplified approach draft. The working group aims to finalise 'A Simplified HCS-HCV Approach for Smallholders' in early 2021.

## Government & Regional Engagement Taskforce (GRETF)

### Indonesia Task Force

Chair: Aida Greenbury

In the first and second quarter of 2020, the HCSA Indonesian Task Force continues to support the revision process of the KEE (Kawasan Ekosistem Esensial) – essential ecosystem area/HCS/HCV draft guideline under the Ministry of Environment and Forestry, by providing additional information requested by the new KEE team. In June 2020, the final draft of the guideline has been officially handed over to the KEE Directorate to be further processed.

### Latin America Reference Committee

Co-Chairs: Judy Rodrigues, Daniel Aranciaba and Kiryssa Kasprzyk

A consultant together with the HCSA Latin America reference committee produced draft strategies for increasing the uptake of the application of the HCSA in key priority countries and/or commodity supply chains in Latin America based on a desktop analysis and stakeholder interviews. To support stakeholder consultation on the draft strategies the HCSA secretariat launched a stakeholder survey based on key questions for input from until 14<sup>th</sup> June 2020 and hosted a webinar on 25<sup>th</sup> June 2020 to present and seek feedback on draft strategies.

The final report recommended that the HCSA focus on the implementation of targeted strategies to increase the application of the HCSA in the following countries and commodity supply chains: Palm oil supply chains in Peru, Ecuador, Guatemala; Cocoa supply chains in Ecuador and Peru; and Coffee supply chains in Peru, Honduras, and Guatemala. The HCSA Steering Group members and the Executive Committee considered these strategies as part of the HCSA strategic business plan development for 2021 until 2025.

### HCSA Completed & On-going Trials

A key component of the HCSA is its innovative and adaptive nature. The Approach's development, refinement and innovations are commonly tested and adapted/completed through trials and tests.

The HCSA Steering Group has therefore developed a [protocol for trialling](#) to be able to capture learnings to support the development of new methodologies and necessary adaptations to the existing HCSA Toolkit and smallholder and large-scale mapping methodologies. During 2020, there was one new trial approved in Ghana.

Table 4: New HCSA Trial Approved in 2020.

No	Trial	Principle Participant(s)	Location	Status
1.	Achieving No-deforestation cocoa: piloting HCS and HCV methodologies in Enchi, Ghana	Earthworm Foundation	Enchi, Western Region, Ghana	Ongoing

**Note:** List of ongoing trials available on HCSA website here:

[HCS Approach Application and Trials Dashboard | High Carbon Stock Approach](#)



## Grievance Mechanism

During late 2019 to early 2020, a consultant (Vanessa Jimenez) lead the process to develop a proposal for an improved Grievance Mechanism for the HCSA. Once adopted, this Grievance Mechanism would replace the [HCSA Interim Grievance Resolution Procedure](#). The consultant conducted a desktop review of HCSA members' existing grievance mechanisms, surveyed and interviewed members about their expectations for the HCSA Grievance Mechanism, and reviewed the mechanisms of comparable entities such as RSPO and Forest Stewardship Council (FSC), as well as those used by public entities such as the International Finance Corporation (IFC) and United Nations Development Programme (UNDP). These reviews were conducted against the backdrop of the HCSA social requirements regarding grievance mechanisms and the "effectiveness" criteria for non-judicial grievance mechanisms provided by the United Nations Guideline on Business and Human Rights (UNGPs).

On the 4<sup>th</sup> February 2021, the HCSA published a new [Grievance Mechanism \(HCSA GM\)](#). The HCSA GM outlines the process for ensuring a timely, independent,

and effective resolution of complaints against its members for allegations of breaches of the HCSA Steering Group Code of Conduct or the application of the HCSA methodology. Grievances will be adjudicated by an Independent Grievance Panel and the grievance unit will be supported initially by the HCSA Secretariat until funding otherwise can be established.

## HCSA Advice Notes & Query Tracker

HCSA published four Advice Notes in 2020 to respond to technical queries that arise from the implementation of the HCSA methodology and the evaluation of the stand-alone HCSA Assessments and Integrated HCV-HCSA Assessment reports:

- [Advice Note 2](#): Social Requirements for the preparation phase
- [Advice Note 3](#): Number of forest inventory plots, statistical analysis, biomass and carbon stock estimation, and land classification
- [Advice Note 4](#): Ground truthing to produce the final land cover classification
- [Advice Note 5](#): Defining patch connectivity for HCSA Patch Analysis Decision Tree

The Advice Notes serve to clarify elements of the HCSA Toolkit methodology and requirements for both assessors and peer reviewers or report evaluators reviewing assessment reports as part of the HCSA quality assurance process. Clarifications are needed for a variety of reasons including when practitioners identify areas where the HCSA Toolkit itself is not very clear and where an assessment encounters a new environmental or social context or situation.

Queries that arise from the quality review of integrated HCV-HCS assessments are gathered by the HCSA secretariat or the HCVN and centralised in a query tracker. HCSA's Technical Manager, with the support of the Technical Panel of the HCSA Quality Assurance Working Group, develops responses to the queries received. Finally, an advice note is published on HCSA's website and sent to all HCSA assessors, HCSA peer reviewers and HCVRN Assessor Licensing Scheme Quality Panellists. The Advice Notes can be downloaded from the HCSA Documents webpage [here](#).

## Quality Assurance newsletter

On 4<sup>th</sup> May 2020, the HCSA Quality Assurance newsletter was published and sent to HCSA Quality Assurance Working Group members, Practitioners, and Peer Reviewers. The newsletter contained updates and information on:

- i. Revised Quality Assurance Templates
- ii. HCSA Registered Practitioners and Training Programme
- iii. Development of the HCSA Grievance Mechanism
- iv. Integrated HCV-HCSA Assessments

## Training Assessors on Integrated HCV-HCSA Assessment

In 2020, the HCVN led the development of online training modules on Integrated HCV-HCSA Assessments aimed at refreshing and improving the technical knowledge of assessors and quality reviewers'. Modules cover Social Components, Definition of the Area of Interest, Landcover Classification, Participatory Mapping, and requirements for producing and presenting HCV and HCS maps. All training modules are available on the HCVN [online training platform](#).



## HCSA Assessments

As of December 2020, there were a total of 128 registered HCSA assessments (HCSA stand-alone and integrated HCV-HCSA assessments).

Table 5: The status of the HCSA stand-alone assessments as of December 2020.

HCSA Stand – Alone Assessments			
No. of on-going peer review assessments	No. of completed peer review assessments	No. of assessments pending to start	No. of cancelled assessments
5	44	54	2

Table 6: The status of HCV-HCSA Integrated Assessments as of December 2020.

HCV – HCSA Integrated Assessment	
No. of Completed Integrated Assessment (Satisfactory)	25
No. of Ongoing Integrated Assessment	19
No. of Assessments Withdrawn	1

Table 7: The status of the HCSA stand-alone assessments by commodity sector as of December 2020.

	Registered area for development (ha)	Completed HCSA assessments (ha)*	Ongoing HCSA assessments (ha)
Palm Oil	1,590,325	120,698	1,102
Pulp & Paper	1,403,820	34,908	0
<b>Total:</b>	<b>2,994,145</b>	<b>155,606</b>	<b>1,102</b>

\* Figure includes the area of completed and satisfactory Integrated HCV-HCSA Assessments.



Photo: Paul Hilton ©

## HCSA MONITORING PLATFORM

The HCSA Global Forest Watch (GFW) Pro Internal Platform has been operational since May 2020 and was initially populated with test data to evaluate HCSA's proposed Alert & Monitoring protocol for detecting and addressing deforestation incidents and to monitor that HCS forests and HCV areas identified for conservation through HCSA assessments are maintained.

By the end of 2020, the HCSA secretariat signed Non-Disclosure Agreements (NDAs) with its plantation company members to enable the submission of maps and spatial data as required in the membership requirements and HCSA Maps Submission for Membership Due Diligence Process Version 2.0. HCSA's GFW Pro Monitoring Platform is being populated with data from digitized and georeferenced maps submitted by HCSA member plantation companies. The platform will be used for the monitoring of deforestation and/or fires with the aim to work with members on addressing risk in supply chains; as well as monitoring the effective management of HCS forest/conservation areas identified via the application of the HCSA.

# HCSA WIDESPREAD ENGAGEMENT & COLLABORATIONS

## MoU with HCVN

On 24<sup>th</sup> September HCSA signed a five-year Memorandum of Understanding (MoU) with HCV Network (HCVN) to strengthen our collaboration to conserve forests and uphold community rights in tropical forests. The two approaches can be used together to identify and conserve forests and their values - greatly contributing to efforts to mitigate climate change, build climate resilience, protect biodiversity and ecosystem services, and support livelihoods and respect community rights and cultural values.



To achieve these goals, the area of focus of the MoU where both parties will work together include:

- *Capacity building for understanding and using the HCS and HCV approaches across companies, smallholders, and practitioners.*
- *Delivering efficient and credible quality assurance to ensure that integrated assessments and reports meet requirements.*
- *Simplifying approaches and facilitating the long-term conservation of HCS forests and HCV areas overseen by independent smallholders.*
- *Developing a harmonised procedure for scaling up the approaches for use across landscapes and jurisdictions.*
- *Developing guidance for long-term protection, management, and monitoring of HCS forests and HCVs.*

In 2020, HCSA and HCVN also produced a short [briefing](#) on how the two approaches work together.

## RSPO

In 2020, the HCSA  Roundtable on Sustainable Palm Oil Secretariat

continued its engagement and support for the HCSA incorporation into the RSPO palm oil certification scheme.<sup>5</sup> The No Deforestation Joint Steering Group—which is a joint RSPO and HCSA working group that was appointed following the integration of the HCSA into the revised RSPO certification standard in November 2018— continued its work on producing a socialisation plan & questionnaire for stakeholders in High Forest Cover Countries, defining legacy cases, & lay the foundations for the potential development of adapted RSPO procedures for application in High Forest Cover Countries. HCSA also provided technical input to the No Deforestation Task Force including feedback on the gap analyses of the RSPO’s standard and the HCSA’s Social Requirements and development of guidance.

To HCSA also supported the RSPO in its efforts to develop a simplified combined HCV-HCS approach for the *RSPO Independent Smallholder (ISH) Standard*<sup>6</sup>. The HCSA provided input and feedback on a Terms of Reference for an independent review of the HCSA’s draft Simplified HCS-HCV Approach for Smallholders and RSPO HCV App and subsequently proposals for the development of a combined simplified HCV-HCS approach for smallholders seeking RSPO certification. The HCSA will continue to work with the RSPO ISH No Deforestation Task Force and the HCSA Smallholder Working Group to seek alignment between HCSA and RSPO’s simplified HCS-HCV approach for smallholders. Additionally, the HCSA, RSPO and HCVN Secretariats host bi-monthly calls to support the coordination the implementation of the integrated HCV-HCS approach into the RSPO scheme.

<sup>5</sup> In November 2018, the HCSA was incorporated into the Roundtable on Sustainable Palm Oil (RSPO)’s P&C for the [Production of Sustainable Palm Oil \(2018\)](#), which requires “Any new land clearing (in existing plantations or new plantings) after 15th November 2018 to be preceded by an HCV-HCSA Assessment, using the HCSA Toolkit and Integrated HCV-HCSA Assessment Manual” (See RSPO Principles and Criteria 7.12.2).

<sup>6</sup> The ISH standard which includes the protection of HCV and HCS forests was adopted by RSPO General Assembly in November 2019.

## Global Platform on Natural Sustainable Rubber (GPNSR)

On 23<sup>rd</sup> September 2020, the Global Platform on Natural Sustainable Rubber General



Assembly endorsed the [GPNSR policy](#) framework '[For Sustainable Natural Rubber Production and Sourcing](#)'. The document outlines the main sustainability components that GPNSR requires its ordinary company members to include in their sustainable natural rubber production and purchasing policies. Under policy section 2: 'Commitment to Healthy, Functioning Ecosystems' the HCS Approach is referenced as a key tool for implementing its no deforestation component. The HCSA has begun engaging with GPNSR, its members and stakeholders to assess how to support its no deforestation implementation through the application of the HCS Approach.

## World Cocoa Foundation (WCF) & Cocoa Sector



World Cocoa Foundation



Cocoa & Forests Initiative

HCSA and WCF signed an MoU on 29 March 2019 to collaborate on ending deforestation and forest degradation in the cocoa supply chain. To support this, the HCSA secretariat gave a HCSA introduction presentation to WCF and Cocoa Forest Initiative (CFI) members in a virtual WCF hosted meeting in May 2020. At this meeting, Earthworm, a HCSA member, also presented preliminary results of a HCSA trial undertaken in Enchi, Ghana by Lindt and Earthworm. Additionally, the 'HCSA Statement on deforestation and forest degradation for cocoa & forests initiative (CFI) signatories, national initiatives, public and civil society stakeholders' was published 30<sup>th</sup> July 2020. This [statement](#) clarifies the application of the HCSA methodology and an intent on how it can best support the implementation of CFI commitments to conserve forests and end deforestation and forest degradation in the cocoa supply chain. The HCSA continues to explore future collaborations and look out for opportunities linked with indicative landscape HCV-HCS maps to expand these initiatives.



## Forest Stewardship Council (FSC)

HCS Approach is referenced in its '[Guidance for Demonstrating Ecosystem Services](#)



[Impacts](#)' as a key tool for how to identify forests with High Carbon Stock. The HCSA secretariat continues to have exchanges with FSC on its no conversion policy including providing inputs into a [white paper](#) to inform potential policy revisions.



Photo: Remote Sensing Solutions GmbH ©

# Acronyms

Acronym	Term
ALS	Assessor Licensing Scheme
CBI	Climate Bonds Initiative
CFI	Cocoa and Forests Initiative
FCDO	Foreign, Commonwealth and Development Office
ESG	Environmental, Social and Governance
FPIC	Free, Prior and Informed Consent
FSC	Forest Stewardship Council
FTF	Funding Task Force
GETF	Government Engagement Task Force
GFW Pro	Global Forest Watch Pro
GIS	Geographic Information System
GPSNR	Global Platform for Sustainable Natural Rubber
GSBP	Global Strategic Business Plan
Ha	Hectares
HCV	High Conservation Value
HCVA	High Conservation Value area
HCVN	High Conservation Value Network
HCVRN	High Conservation Value Resource Network
HCS	High Carbon Stock
HCSA	High Carbon Stock Approach
HFCL	High Forest Cover Landscapes
HFCL WG	High Forest Cover Landscapes Working Group
ICLUP	Integrated Conservation and Land Use Plan
ISH	Independent Smallholder Standard
KEE	Essential Ecosystem Areas ( <i>Kawasan Ekosistem Esensial</i> )
MC	Membership Committee
MoU	Memorandum of Understanding
MRR	Membership Requirements Review
MU	Management Units
NBS	Nature-Based Solutions
NDJSG	No Deforestation Joint Steering Group
NDA	Non-Disclosure Agreement
NGO	Non-governmental Organisation
P4F	Partnership for Forests

Acronym	Term
QAWG	Quality Assurance Working Group
RSPO	Roundtable on Sustainable Palm Oil
SDG	United Nations Sustainable Development Goals
SG	Steering Group
SHWG	Smallholders Working Group
SIM	Social Impact Monitoring
SNAPP	Science Nature and People Partnerships
SPKS	Indonesian Palm Oil Farmers Union ( <i>Serikat Petani Kelapa Sawit</i> )
SRs	Social Requirements
SRWG	Social Requirements Working Group
TFA	Tropical Forest Alliance
ToC	Theory of Change
ToR	Terms of Reference
TSO	Technical Support Organisation
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UNGPs	United Nations Guiding Principles on Business and Human Rights
UNIPA	University of Papua ( <i>Universitas Papua</i> )
USAID	United States Agency for International Development
W/C	West and Central
WCF	World Cocoa Foundation
WRI	World Resources Institute





## FURTHER INFORMATION

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