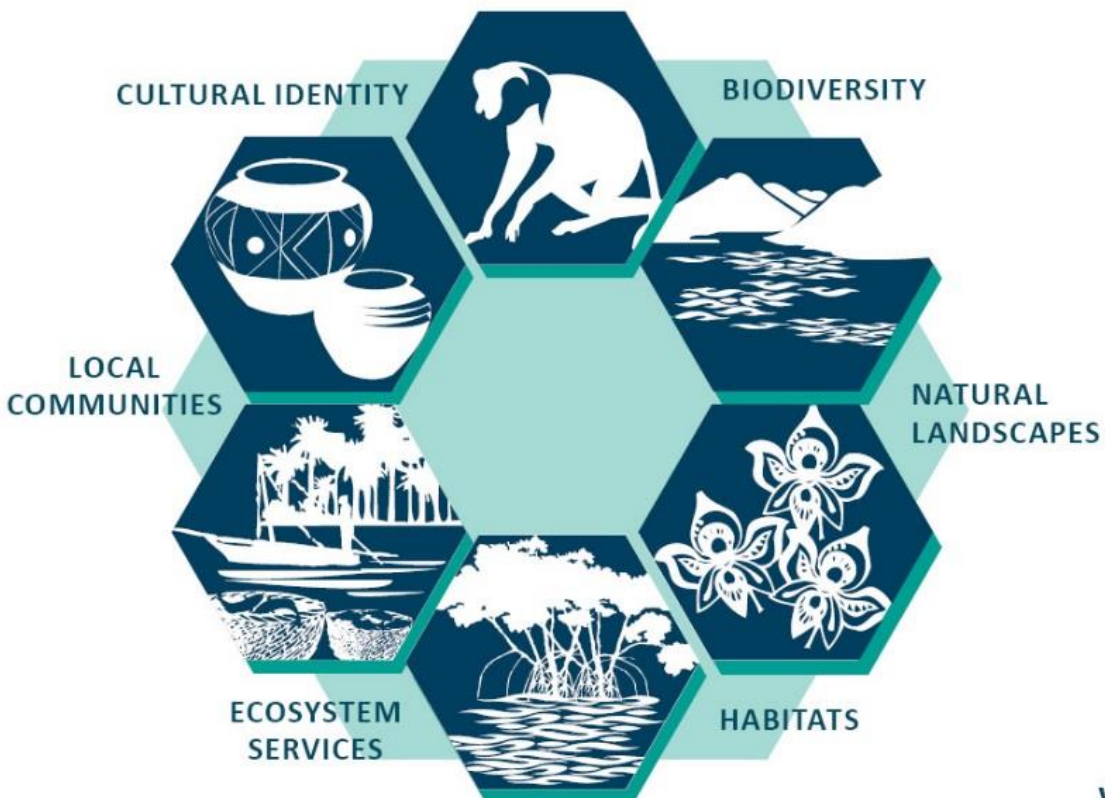


# Annual Report 2014



### **About the HCV Resource Network Secretariat**

Since 2011, the Proforest Initiative has been the host of the HCV Resource Network secretariat. The HCV Resource Network is a member-based organisation that promotes collaboration, provides information and supports the evolving use and consistent implementation of the HCV approach across commodities and regions throughout the world.

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The Proforest Initiative is a registered charity in England and Wales (no. 1137523) and a company registered in England and Wales (no. 07293440)

## Members and Supporters

### Members

1. The Research Center for Biodiversity and Tropical Forest Rehabilitation
2. Centro de Produccion Mas Limpia Honduras
3. Coapalma Ecara
4. Daemeter Consulting
5. Ekologika
6. Fauna and Flora International
7. Forest Peoples Programme
8. Forest Stewardship Council
9. GIZ
10. Golden Agri-Resources
11. Golden Veroleum Liberia
12. Greenpeace
13. IUCN
14. Mondi
15. NEPCon
16. Olam International
17. Rainforest Alliance
18. Re-Mark Asia
19. Solidaridad
20. Tetra Pak
21. RECOFTC
22. Round Table on Responsible Soy
23. Roundtable on Sustainable Palm Oil
24. The Nature Conservancy
25. WWF

### Supporters

1. UNEP-WCMC
2. Casa da Floresta

To join the Network, please contact [secretariat@hcvnetwork.org](mailto:secretariat@hcvnetwork.org)

## Table of contents

<b>Members and Supporters .....</b>	<b>3</b>
<b>1 Message from the Co-Chairs .....</b>	<b>5</b>
<b>2 Summary of key activities in 2014 .....</b>	<b>7</b>
<b>3 Highlights .....</b>	<b>8</b>
3.1 Launch of the HCV Assessor Licensing Scheme.....	8
3.2 Workshop: Improving the identification, management and monitoring of social and cultural HCVs .....	9
3.3 Publication of the 'Common Guidance for HCV Management and Monitoring' .....	10
3.4 FSC Controlled Wood National Risk Assessments.....	11
3.5 Simplified HCV approach for smallholders.....	12
3.6 Peer reviews .....	12
3.7 Side Meeting at the 7 <sup>th</sup> Forest Stewardship Council General Assembly .	12
3.8 Participation at the RSPO RT12 .....	13
<b>4 Governance.....</b>	<b>14</b>
<b>5 New Management Committee .....</b>	<b>14</b>
<b>6 Secretariat financial summary .....</b>	<b>15</b>
<b>7 Financial breakdown .....</b>	<b>15</b>
7.1 Costs .....	15
7.2 Income.....	15

## 1 Message from the Co-Chairs

In 2014, approximately 9 certification schemes, 56 private sector organisations, and 12 financial institutions included High Conservation Values (HCV) as a key requirement in their principles and criteria, or their global procurement and investment policies.

The broad use of HCV as a tool to identify, manage and monitor environmental and social values in production landscapes across the forestry, sugar, palm oil, soy sectors, among many others, is testimony to its value, although it brings many challenges. The increasing demand for sustainable products, sustainable supply chains and sustainable land-use is expected to result in increasing demand for HCV assessments in many landscapes.

In 2014, the HCV Resource Network developed a more systematic means of assuring the quality of the work of HCV assessors in the field. In October, the [HCV Assessor Licensing Scheme](#), the most ambitious project ever designed by the HCV Resource Network with support from its Members, and the dedicated efforts of the Secretariat, was finally launched. Our aim, in which we need your collaboration, engagement and advice, is to ensure consistency and effectiveness in the way HCVs are identified, managed and monitored in all ecosystems and countries.

It was also a year of many changes in the [Network's governance structure](#). For the first time in our ten-year history, the Network opened its doors to Members, a varied group of for-profit and non-profit organisations using the HCV methodology who brought new perspectives to the Network, and whose engagement will, we hope, ensure greater accountability and practicability.

[By the end of 2014, 25 Members had already joined the Network](#) and they democratically elected six organisations to comprise the Management Committee, the new Board of the Network. During the next couple of years, the Management Committee will guide the Network to make sure that it continues to grow in numbers and in global relevance.

The publication of the [Common Guidance for HCV Management and Monitoring](#) reinforced the Network's commitment to provide useful information to HCV practitioners tasked with maintaining and enhancing High Conservation Values on the ground. This tool, along with many other achievements, was presented at the [2014 Forest Stewardship Council General Assembly](#), the most important event in forestry certification. Our participation in the [12th Annual Conference of the Roundtable on Sustainable Palm Oil](#) in November also helped us share our achievements, and reach out to prospective members.

The HCV approach is a collaborative response by NGOs and the private sector to go beyond the limitations of national laws, government policies and business as usual, to establish a reliable tool that secures both social and environmental values in sensitive landscapes, production landscapes and associated ecosystems.

HCV is not perfect and it will only continue to improve with the commitment and engagement of all parties. We invite you to join us in this quest for greater sustainability and justice.

**Marcus Colchester**  
Senior Policy Advisor  
Forest Peoples Programme

**Peter Gardiner**  
Natural Resources Manager  
Mondi Group

## 2 Summary of key activities in 2014

Activity	Date
Website renovation	January
Steering Group teleconference Secretariat meeting with Co-Chair	February
Secretariat visit to UNEP-WCMC offices, Cambridge RSPO Biodiversity & HCV working group meeting	March
HCV 5&6 workshop in Accra, Ghana	April
Further development of the HCV Assessor Licensing Scheme	May
HCV Assessor Licensing Scheme consultation period	June
RSPO Biodiversity & HCV working group meeting	July
Interim Management Committee teleconference	August
FSC General Assembly side meeting, Spain Secretariat meeting with Bonsucro, London	September
Launch of the HCV Assessor Licensing Scheme Publication of the 'Common Guidance for HCV Management and Monitoring' Interim Management Committee teleconference HCV presentation at Innovation Forum, London HCV Assessor Licensing Scheme info sessions, Malaysia and Indonesia	October
Participation in High Carbon Stock (HCS) Steering Group meeting, Singapore Participation in the RSPO RT12, Malaysia Call for nominations for Management Committee RSPO Biodiversity & HCV working group meeting	November
Management Committee elections	December

## 3 Highlights

### 3.1 Launch of the HCV Assessor Licensing Scheme

*October 31<sup>st</sup> 2014*



Since 2012 the Secretariat focused on designing a global scheme to licence HCV assessors in order to recognize and promote their good practice. In October 2014, the ALS was officially launched. By December 31<sup>st</sup>, 48 applications had already been received, and 23 provisional HCV licences issued.

To visit the ALS website, click [here](#).

#### What is the ALS?

The HCV Assessor Licensing Scheme (ALS) was created by the Secretariat with support from Network Members and various stakeholders. It aims to improve the consistency and quality of the work of High Conservation Value (HCV) assessors around the world.

The ALS issues licenses to competent professionals who wish to carry out HCV assessments as team leaders. It provides a series of normative documents and guidance to help HCV assessors during the HCV assessment process.

#### Why create an ALS?

Before the ALS was launched, there had been very little assurance of the competence of HCV assessors, which resulted in considerable variation in the quality of the assessments undertaken and the resulting management recommendations.

The lack of a formal mechanism recognize HCV assessors that follow good practices through a licensing process and monitor their performance created reputational impacts for companies, assessors, and certification schemes themselves, and increased the likelihood of environmental and social risks. To address this issue and to help improve the overall quality of the work of HCV assessors, the ALS was created.

#### Who supported the creation of the ALS?

The ALS was created by the Secretariat over a period of more than two years with support from the Roundtable on Sustainable Palm Oil (RSPO), WWF, Proforest and more than 50 HCV stakeholders and experts who dedicated resources, time and experience to the objective of making the ALS a robust scheme.

#### 2014 ALS info-sessions in Indonesia and Malaysia

*15<sup>th</sup> - 17<sup>th</sup> of October 2014, Bogor, Indonesia & Kuala Lumpur, Malaysia*

Before the launch, the Secretariat, with support from RSPO, organized two information sessions in which more than 100 Malaysian and Indonesian HCV



stakeholders learned about the ALS and its benefits. The sessions were facilitated by Dwi Muhtaman, member of the ALS Quality Panel, Surin Suksuwan and Jayashree Kanniah from Proforest (on behalf of the Network's Secretariat), as well as Salahudin Yaacob and Soo Chin Oi, from the RSPO Secretariat.

#### Status of the HCV Assessor Licensing Scheme (31st of December, 2014)

- Online accounts opened: 96
- Applications received: 48
- Provisional licences issued: 23
- Full licences issued: 0

### 3.2 Workshop: Improving the identification, management and monitoring of social and cultural HCVs

*April 29<sup>th</sup> – May 1<sup>st</sup> 2014, Accra, Ghana*



A multi-stakeholder workshop aimed at finding solutions to varied challenges faced when identifying, managing and monitoring HCVs 5 & 6 was held in Accra, Ghana in 2014.

The workshop was organized by the Secretariat, in coordination with Forest Peoples Programme (FPP), Solidaridad Network and Proforest, with financial support from [The Ecosystem Alliance](#).

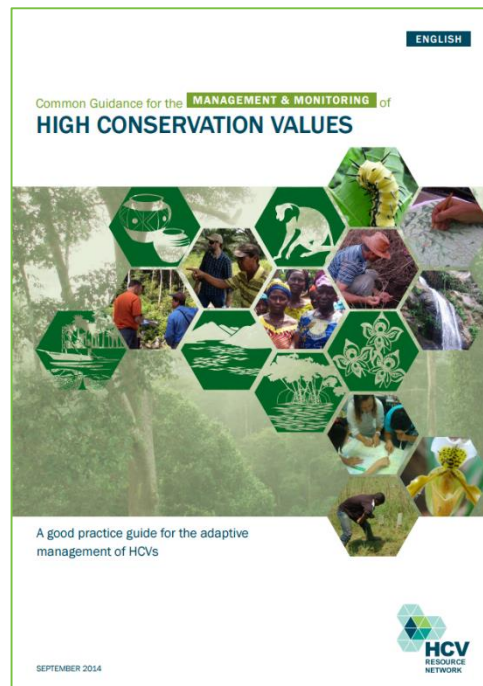
The workshop involved participants from the public, civil society and private sectors from Europe, Africa, Asia and Latin America, who were invited to participate based on interest, their general HCV practical experience and theoretical knowledge, their specific HCV 5&6 knowledge and experience, and their expertise in the implementation of the Free, Prior and Informed Consent (FPIC) approach in the context of commodity certification.

The workshop's main objectives were to:

- Improve participant knowledge on the HCV approach, particularly on how to identify, manage and monitor HCVs 5 & 6;
- Motivate discussions among practitioners who utilize the HCV approach and other approaches such as FPIC on a regular basis;
- Explore the interaction between the HCV approach and other processes relevant to the HCV assessment process, such as FPIC;
- Identify specific guidance and tools that need to be created by the HCVRN Secretariat to improve the identification, management and monitoring of HCVs 5 & 6; and
- Put forth recommendations for concepts, language and definitions that could help strengthen the guidance currently being developed by the HCVRN Secretariat, such as the Common Guidance for HCV Management and Monitoring.

A report summarizing the workshop outcomes is available for download [here](#).

### 3.3 Publication of the 'Common Guidance for HCV Management and Monitoring'



September 2014

In 2013, the Network published a practical user manual for general interpretation and identification of HCVs, known as the [Common Guidance for HCV Identification](#). That document was prompted by the updated HCV definitions (FSC 2012) and the increasing uptake of the HCV approach in various certification contexts (e.g. forestry, palm oil, soy).

Following on from the 2013 publication, the Network compiled updated guidance on management and monitoring of HCVs, to be used as a companion to the identification

guidance. This document provides general guidance for the management and monitoring of HCVs.

In October 2014, the [Common Guidance for HCV Management and Monitoring](#) was published. This document was the result of several months of collaborative efforts between Members of the Network, its Secretariat and individual HCV experts and practitioners. Funding for this guidance document was provided by Ikea, WWF Sweden and Proforest.

The Common Guidance for HCV Management and Monitoring can be downloaded [here](#).

### 3.4 FSC Controlled Wood National Risk Assessments

The [FSC Controlled Wood \(CW\) standard](#) provides a framework for companies creating products with the FSC mix label in order to prevent sourcing from wood originating from 'unacceptable sources'.

The CW framework sets out five categories of 'unacceptable sources' as below:

1. Illegally harvested wood
2. Wood harvested in violation of traditional and human rights
3. Wood from forests in which [High Conservation Values](#) are threatened by management activities
4. Wood from forests being converted to plantations and non-forest use
5. Wood from forests in which genetically modified trees are planted.

The companies sourcing controlled wood according to these criteria need to assess the risk related to each category for their sourcing area. These risk assessments have typically been carried out by the companies themselves, following a chain of custody risk-based approach.

However, a lack of consistency and verifiability in the methodologies followed by individual companies has meant the CW standard has come under some criticism and prompted the need for national risk assessments endorsed by FSC International. The decision to phase out company risk assessments was made at the FSC General Assembly in 2011 as part of the revision of the whole CW system (see FSC Motion 51 for more detail). In November 2013 it was agreed to develop Centralized National Risk Assessments (CNRA) for each CW category.

In early 2014, FSC International asked the Secretariat to develop the CNRAs for CW Category 3 for the top 20 CW priority countries, consistent with the recent publication of the [Common Guidance for HCV Identification](#).

In 2014, a pilot study was carried out on two countries (Brazil and Finland) to develop preliminary national risk assessments for each of the 6 HCVs following the process requirements set out by FSC. The objectives of the pilot study were to:

- Produce preliminary CNRA for HCV in the two countries selected
- Develop and test a CNRA methodology in line with the FSC procedures for National Risk Assessments outlined in the document: FSC-PRO-60-002a V1-0.
- Determine the time and resources needed to carry out similar assessments for the remaining CW priority countries within the scope agreed with FSC.

A second phase of this project has been agreed and will focus on developing preliminary national risk assessments for each of the 6 HCVs following the process requirements set out by FSC in 5 additional countries: [France](#), [Sweden](#) and [South Africa](#).

### 3.5 Simplified HCV approach for smallholders

In 2014, the HCV Resource Network and the [SHARP partnership](#) continued to work on developing a simplified HCV approach for smallholders. This work is based on the premise that where risks are relatively low, smallholders could follow simpler and more cost-effective procedures to identify, manage and monitor HCVs without compromising robustness and quality.

SHARP is a multi-stakeholder partnership programme that aims to support smallholders in responsible production through collaboration with the private sector ([www.sharp-partnership.org](http://www.sharp-partnership.org)).

### 3.6 Peer reviews

From 2009 to 2014, the Network, via a Technical Panel formed of 30 HCV practitioners, conducted peer reviews of HCV assessments upon request. Peer reviews helped identify strengths and weaknesses in HCV assessments, and were aimed at helping improve company management of HCVs.

In 2014, the HCV Resource Network, through its Technical Panel members, carried out the following peer reviews:

#### September 2014

- Peer Review of **PT Mayawana Persada**, requested by PT Hatfield Indonesia

#### April 2014

- Peer Review of **Unit Cpo Refinery PT Wilmar Nabati Indonesia Balikpapan**, requested by PT Wilmar Indonesia

#### March 2014

- Peer Review of **PT Mayangkara Tanaman Industri**, requested by PT Mayangkara Tanaman Industri
- Peer Review of **PT Wana Subur Lestari**, requested by PT Wana Subur Lestari

For a complete list of peer reviews, click [here](#).

### 3.7 Side Meeting at the 7<sup>th</sup> Forest Stewardship Council General Assembly

*7<sup>th</sup> -14<sup>th</sup> of September 2014, Seville, Spain*

The Network hosted a side meeting during the 7<sup>th</sup> FSC General Assembly. The side meeting was held on Monday 8th September with the objective of presenting the Network's most recent projects and guidance documents, including the HCV Assessor Licensing Scheme and the Common Guidance for HCV Management and Monitoring.



### **3.8 Participation at the RSPO RT12**

17<sup>th</sup> - 20<sup>th</sup> of November 2014, Kuala Lumpur, Malaysia

In 2014, the Secretariat participated at the [12<sup>th</sup> RSPO Roundtable Meeting on Sustainable Palm Oil](#). A presentation about the HCV Assessor Licensing Scheme (ALS) was given during the Preparatory Cluster on Biodiversity and Compensation on November 18<sup>th</sup>, and a booth was set up to provide information on the ALS, membership, and projects and publications.

## 4 Governance

From 2006 until the end of 2014, the HCV Resource Network was governed by a [Steering Group](#) composed of environmental and social NGOs, private sector representatives, and multilateral organisations. The Steering Group was in charge of setting the Network's strategic direction. [Marcus Colchester](#) (Forest Peoples Programme) and [Peter Gardiner](#) (Mondi Group), Steering Group co-Chairs from the non-for-profit and for-profit sector helped promote the Network's objectives and helped coordinate decision-making.

In November 2013, during a physical meeting in Oxford, the Steering Group officially approved a [new membership and governance structure](#) for the Network.

The Steering Group, through an [Interim Management Committee \(IMC\)](#) composed of Forest Peoples Programme, Fauna and Flora International, Mondi and WWF, agreed to continue to oversee Network activities during the transition towards the new structure. The IMC played a crucial role in the transition towards a new governance structure.

To learn more about the HCV Resource Network governance structure, click [here](#).

## 5 New Management Committee

During 2014, the Secretariat reached out to for-profit and non-profit organisations working with HCV and invited them to join the Network. The 30<sup>th</sup> of September was the cut-off date for organisations to join the Network if they wanted to participate in the first round of elections for Management Committee (MC). By that date, 23 Member organisations had joined the Network.

A call for nominations was sent in November to give organisations the opportunity to self-nominate or nominate others to participate in the elections for Management Committee. In December, the Network Members elected the new MC, which is composed of: Daemeter Consulting, Forest Peoples Programme, Forest Stewardship Council, Mondi, Olam International and WWF.

By the 31st of December 2014, the Network had 25 new Members and 2 Supporters. This number is expected to grow in 2015.

## 6 Secretariat financial summary

Categories	Total 2014
Income (donations, services)	£464,669
Costs (personnel, contractors, expenses)	£418,165
<b>TOTAL to be carried forward to 2015</b>	<b>£46,504</b>

## 7 Financial breakdown

### 7.1 Costs

Categories	Total 2014
Personnel	£293,786
Contractors and partners	£72,442
Expenses	£51,937
<b>TOTAL costs</b>	<b>£418,165</b>

### 7.2 Income

#### 7.2.1 Donations

Donor	Description	Carried over 2013	Received in 2014	Total 2014
<b>Members</b>	Membership fees 2014		£31,614	£31,614
<b>Members</b>	General support from Mondi & carried over donations	£43,432	£15,000	£58,432
<b>RSPO</b>	ALS development support	£1,942	£41,667	£43,609
<b>WWF Sweden</b>	ALS development support	£16,973		£16,973
	Common Guidance for HCV Management & Monitoring	£16,673	£9,457	£26,430
	Translations: Common Guidance for HCV Identification		£11,604	£11,604
<b>The Ecosystem Alliance</b>	HCV 5&6 workshop		£37,893	£37,893
<b>BACP</b>	Via The Proforest Initiative	£17,341	£2,000	£19,341
<b>NORAD</b>	Via The Proforest Initiative		£141,580	£141,580
<b>DFID</b>	Via The Proforest Initiative		£12,500	£12,500
<b>TOTAL donations</b>				<b>£399,976</b>

**7.2.2 Income from services**

<b>Category</b>	<b>Description</b>	<b>Total 2014</b>
<b>HCV technical support</b>	FSC CW NRAs & HCVRN Technical Panel peer reviews	£50,507
<b>HCV Assessor Licensing Scheme</b>	Income from application fees	£14,186
<b>TOTAL income from services</b>		<b>£64,693</b>



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