



HACC arabica coffee plantations and  
reforestation project  
Kalinga, Philippines

# HEROICA COFFEE COMPANY

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## Summary Information

<b>Project Title</b>	<b>HACC-Kalinga PIN</b>
<b>Project Location:</b>	Kalinga Valley, including Pasil and Balbalan, within the high lands of the Cordillera Region, Philippines.
<b>Project Coordinator</b> (UK Contact details)	<p style="text-align: center;"><b>Heroica International Ltd/ Heroica Arabica Coffee Company (HACC)</b></p> <p><b>Alastair Clyne:</b> e. alastair@heroicacoffee.com      m. +44 (0)781 6666 310</p> <p><b>Craig Johnson:</b> e. craig@heroicacoffee.com      m. +44 (0)7590 551834</p>
<b>Summary of Proposed Activities</b>	<p>The project core is already well established ("mature" plantations extending towards 100,000 trees; an on-site nursery with 80,000 seedlings); all achieved through working in close partnership with local tribal landowners, farmers and communities.</p> <p>A successful PIN application is vital for extending and developing this core, enabling the Project Coordinator to:</p> <ul style="list-style-type: none"> <li>• <b>Catalyse</b> regeneration of these beautiful but neglected lands</li> <li>• <b>Achieve</b> a major new program of tree planting &amp; management</li> <li>• <b>Position</b> watershed/land/biodiversity/productivity/Carbon &amp; ES management and improvement, as the driving force/energy</li> <li>• <b>Apply</b> this "energy" to strengthen indigenous property rights, land tenure, job/enterprise creation and poverty reduction – <b>to improve hundreds of lives.</b></li> <li>• <b>Create</b> a new Philippine stimulus, for both <b>coffee &amp; other tree planting</b>; resurrecting formerly rich, productive, profitable lands</li> <li>• <b>Develop</b> positive Filipino model for new Carbon/ES projects</li> </ul>
<b>Summary of Proposed Target Groups</b>	<p>Within this landlocked 3,165 square kilometre province, the target groups are multiple and symbiotic:</p> <ul style="list-style-type: none"> <li>• HACC's current <b>Pasil &amp; Balbalan communities/partners</b></li> <li>• Further <b>neglected lands, struggling farmers &amp; a range of other aligned agri-producers</b> within these/other municipalities</li> <li>• Adjoining <b>lands, communities, farmers, growers</b></li> <li>• <b>HACC &amp; our local network of partners, enablers, supporters</b></li> <li>• <b>Environmental, Economic and Eco-Tourism Development</b> within these amazing lands and landscape</li> </ul>

# Summary Visual: Process, Outputs, Benefits, Rewards

This project already has a value-based core, amazing relationships/collaborations, a respect and governance for its amazing land, nature, trees and environment, this Project would enable so much to be achieved **with, and for**, so many!

## 1. Current Project:

Strongly & resiliently founded (3Yrs); Established Lands, Sustainable Ops/Mgt



Strong Tribal Agreements /Partnerships based on Trust & Shared Goals

## 2. Project Development: Carbon/ES Program

### Implementation Partners: Management & Coordination



**PLAN VIVO**  
For nature, climate and communities



### Key Project Partners, Enablers, Beneficiaries

#### Land-Based<sup>1</sup>



#### Community Based



#### Supply Chain



#### Strategic/Funding



#### Government/Other



## 3. Positive Outputs, Rewards, Benefits

Carbon/ES	Social	Political	Economic	Land	People	Futures	Jobs	Health
✓	✓	✓	✓	✓	✓	✓	✓	✓

<sup>1</sup> Other Kalinga valley Agri-Producers/Growers/Farmers plus other landowners/Tribal Lands & Back Yards

## A. Project Aims & Objectives

This project is coordinated by HACC, a 100% local Philippine (SEC CS201420245) and fully integrated, inclusive coffee enterprise.

HACC strongly support watershed management, land productivity improvement, biodiversity, indigenous property rights, land tenure improvement, job creation and poverty reduction.

However, this is not all about HACC; we are merely, but very critically, the coordinators; this project is about:

- so much more than any coffee enterprise, even one with HACC's values/integrity
- indigenous peoples, natural lands, our planet, our futures

Working always in total collaboration/synergy with our local communities, tribes, landowners, partners, workers, friends, our shared ambition is to:

- **Enhance/enrich** lands we are all passionately, sustainably committed to
- **Address** despair, lack of income/futures, neglect legacy of these proud people/natural lands; physically, emotionally, spiritually
- **Raise** quality of local lives, livelihoods, opportunities, optimism
- **Improve** land management, environmental, climate control activities
- **Introduce** true Best Practice processes/procedures
- **Dedicate** all operations/actions to best values of replanting, regenerating outstanding but neglected/abused high-lands
- **Mitigate/remedy** damage done by generations of bad land management, poor environmental governance, practice, focus
- **Position proudly** our Kalinga lands, people, coffee, operations as respected exemplars and advocates for a new future, a deep-rooted commitment/dedication to our planet, to climate control, to creating the "right" legacy for future generations

### Project Scale

This project is about 2 components:

Our HACC Project with local landowners and farmers is indeed the Pilot/Core; it is the critical component in making this project and PIN sustainable, as will be fully detailed and validated in our robust Financial Models and Projections – which are in place/the core of our business model – and shared at PDD.

In addition to directly expanding this component to 125Ha and 540,000 trees – a model and status that we now confidently expect to realise within 5 rather than 10 years as additional funding is secured (since submitting our PIN application we have already developed a further 1.5Ha).

we are also committed to ensuring our Core Project landowners and farmers participate with their back yards and other non-HACC lands.

We project this could achieve a further 75Ha and c400,000 trees.

The wider Kalinga community and landscape – both for coffee, other crop and currently neglected/abused lands.

The non-urban/developed lands within Kalinga extend to over 250,000Ha!

It is true that HACC is indeed the core, the coordinator, the catalyst of this project.

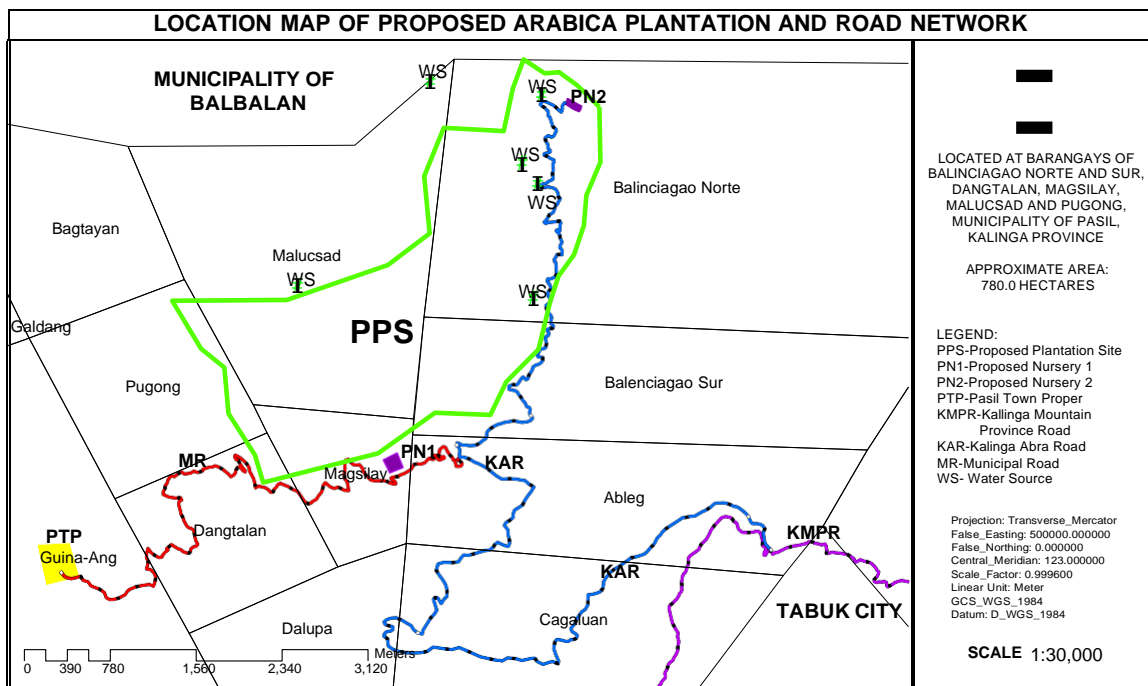
If we can catalyse the achievement of just 1% of these lands, it would extend the project to an additional 2,500Ha!



## B. Proposed Project Area

### B1 Description of Project Location

- Overall project area(s) and boundary maps



- Legally designated/protected conservation areas within, overlapping, adjacent to project

#### Balbalasang-Balbalan National

**Park:** a protected Philippine area located in the municipality of Balbalan, Kalinga (Cordillera Administrative Region).

The project's proposed and already developed sites are situated along the edge of this already protected National Park.



- Physical description of the land, habitat types and land use

In the Project's **previous, current and future land selection**, HACC have complied with the Forest Management Bureau's (FMB) Technical Bulletins on Surveying, Mapping, Planning Development of forest landscape, priority watershed or conservation area.

We focus on:

- Ecological restoration
- Environmental enhancement
- Production purposes
- Indigenous (indicator) species selection
- Planting program

We respect/work within the following:

### The Local Climate

Pasil, Kalinga has the tropical monsoon climate prevailing at an elevation of 800m+ above sea level:

Average annual Kalinga **temperature**: 31°

**Rainfall**: 659mm pa

**Dry Season**: it's dry for 155 days pa

**Average humidity**: 78%

**Terrain**: strongly sloping to moderately steep

### Biodiversity

The 2009 Rapid Site Assessment (RSA) recorded:

- 206 genera and 319 taxa, including a new species of *Rafflesia*, a very rare parasitic plant

There are 106 Philippine endemics reported, 38 of which are Luzon endemics. 18 taxa were listed under either Philippine Red List or on IUCN Red List of Threatened Species.

There is high, yet poorly understood, biological diversity in this part of Cordillera.

In our respectful governance of these lands HACC has been guided throughout by **FMB's technical specification for good quality planting practice** – materials, species compatible with soil type, elevation of planting sites, climate, use of organic inoculants (rhizobium bacteria), minimum height and age for planting, spacing, intercropping, fertiliser, pesticide.

### Balbalasang-Balbalan National Park

Dubbed the "Green Heart of the Cordillera" and representative of the rich biodiversity and landscape of this mountain region with some of the most intact pine forests and richly endemic flora and fauna.

Home for 89 bird species, 39 endemic to the Philippines, 2 of them ONLY found in Luzon (Isabela Oriole & Flame-breasted fruit dove/*Ptilinopus marchei*). None are endangered, but four species are categorized as vulnerable – Whiskered Pitta, Luzon Water-Redstart and Luzon Jungle Flycatcher. There are also 23 species of mammals and 13 species of amphibians and reptiles; two of these mammal species are endangered - Luzon pygmy fruit bat and Luzon bushy-tailed Cloud Rat.

Forested regions not already subject to slash and burn are hardwood, pine and mossy forests.



### Land use

Kalinga is a Northern Philippines region focused on growing crops - rice, corn, bananas and coffee. It was once a thriving state with a healthy coffee industry, though in recent decades has dropped into poverty as the coffee industry has declined.

At the beginning of the 20th century the Philippines was in the top 4 countries producing coffee but is now well down the list at 11th place. The decline started in 1980s as inflation in the Philippines reached 62.8%; around the same time coffee prices dipped to below \$1 a pound as the international coffee agreement fell apart.

As coffee prices fell farmers were pushed to grow cash crops; many plantations were cut down.

## Impact

Coffee trees take many years to mature and can produce harvests for up to 2 generations whilst cash crops like corn only produce one harvest in their lifetime.

Coffee also grows well in forested areas and benefits from a strong biodiversity as is found in the cloud forests of Kalinga.

Removing coffee meant removing forests using 'slash & burn' which transformed the landscape and the local climate.

This led to **environmental change**.

**Temperatures have increased by over 1°C** since the 1970s.



There are more and more anomalies such as an **increase in typhoons**.

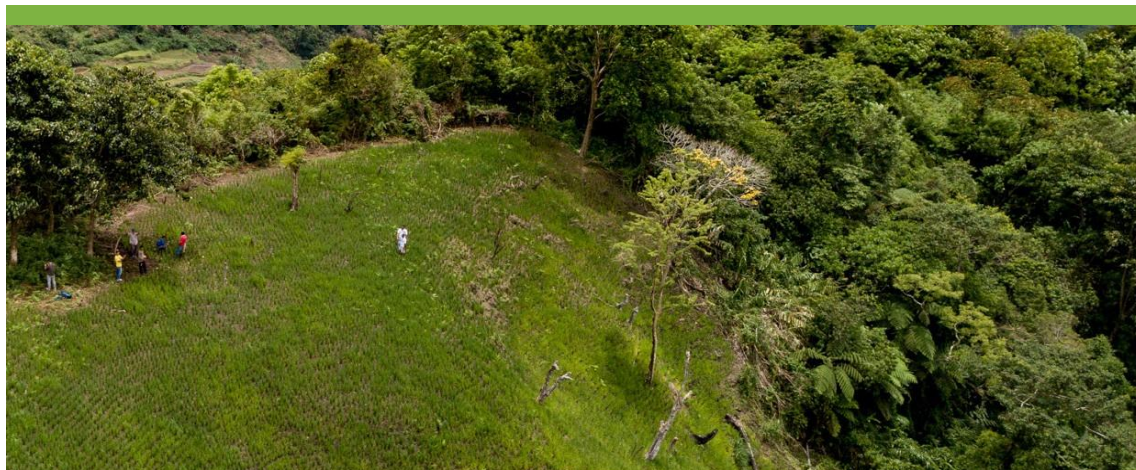
**Deforestation** has also led to **soil erosion** where quality soil is washed away leaving poorer quality soils.

In addition to the above challenges, farmers are ageing and there are no family members taking on the coffee farms due to the lack of financial incentive.

52% of Families in Kalinga are income poor and have no sufficient income to satisfy their basic food and non-food needs; in the **Project's more mountainous coffee growing regions poverty reaches 95% of families**.

This has led to both social and environmental problems and, if not addressed by projects like this, will lead to a longer-term detrimental effect on the region.

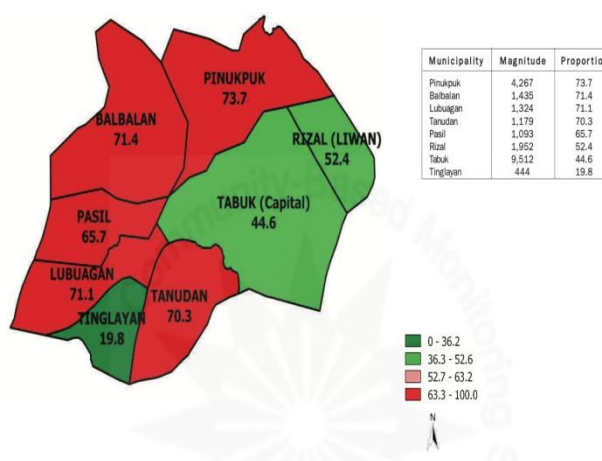
**That is the context within which HACC believe carbon/PES finance change lives!**



## B2 Socio-Economic Context

Kalinga comprises one component city and seven municipalities (see map), all encompassed by a single legislative district. Our project resides in the region of Pasil & Balbalan (NE) with no known local land degradation processes or trends such as charcoal production.

Based on CBMS results, 52.6% of households in the province had no sufficient income to satisfy their basic food & non-food needs - this corresponds to 21,206 households living below the poverty threshold during the reference period.





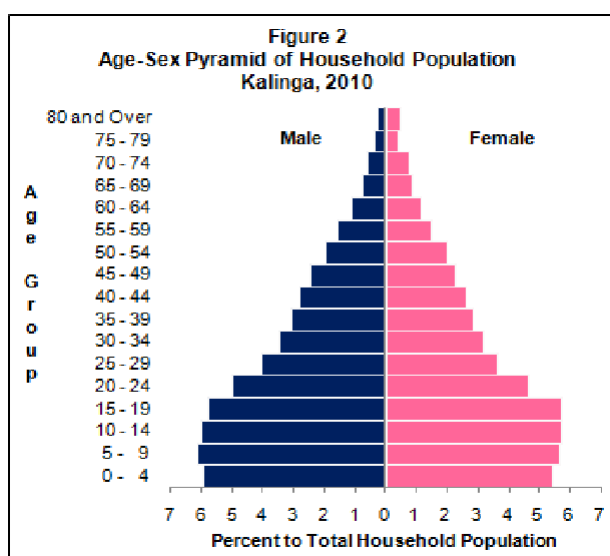
## C. Identification of Target Groups & Communities

### C1 Participating communities/groups/individuals - beneficiaries from project

Kalinga, a landlocked 3,165 square kilometres province in the north of the Cordillera Region, comprises of 7 municipalities within an amazing landscape of sharp-crested interlinking mountain peaks, isolated flat lands, plateau's (West) and gradually sloping foothills, flat lands and floodplains (East).

- Population, Gender and age:

<b>Total</b> as of August 2015	<b>Population</b>	<b>212, 680</b>
<b>Population</b> as of August 2015	<b>Density</b>	<b>65</b>
<b>Population Rate</b> 2010 - 2015	<b>Growth</b>	<b>1.02</b>



Our project is spread across 2 municipalities, Balbalan and Pasil. In Balbalan there are 1,435 households with income below the poverty threshold and 1,093 in Pasil. Indigenous groups such as these living in mountainous regions are considered marginalised.

There are currently 35 households involved with a potential for around 200 households or 1,000 people (average of 5 per household) benefitting within the next phase of the project.

- Cultural: the Kalinga have rich cultural traditions/expressions of music, dance and artisan work. They continue to enforce the "bodong" or peace pacts within the sub-tribes to resolve tribal conflicts.
- Ethnic and social groups: Kalingans profoundly cherish family and kinship. A Kalinga household shows great respect towards elders and are clannish; the extended household - the kinship circle – is a significant unit of Kalinga society.



## D. Land Tenure & Carbon Rights

### (Land tenure context/understanding of project area's carbon/ES rights)

#### Structure

- Project coordinator: HACC
- Structure/Ethos: HACC is a coffee enterprise that is structured on a quasi-Social Enterprise ethos partnering with our landowners to:
  - deliver land improvement
  - improve livelihoods and alleviate abject poverty
  - return an agreed revenue share to the landowners
  - deliver training and capacity building
  - supply landowners with coffee trees, fertiliser, pesticides, equipment and other facilities for their own separate lands
  - position real jobs and skill based/knowledge transfer
- Inclusion: Our HACC landowners are totally immersed/included in the decisions and developments.
- Trading surplus: Will be channeled into Charity (e.g. House of the Heroes) and Social/Education (e.g. planned creation of a new school within our local Kalinga community) initiatives.
- Maximising profit: Whilst HACC are 100% focused on being the most efficient, effective, responsible, professionally managed operation, we consider profits to be surplus, to be re-invested in the land and the operation, to increase the return for our landowners, to improve and regenerate more high land areas – with a percentage allocated to the Charity/Social/Education activities outlined above.
- Cooperative status: In many ways this is indeed a cooperative with shared interests, goals and objectives. HACC bring the operational, agricultural and environmental know how & resources to regenerate neglected/abused lands that the owners cannot improve. At the end of our AFMA, plantation lands, the trees, the coffee production reverts to the landowners: in many ways it's a rural/tribal version of a PFI/PPP.
- Landowners: Are very present and involved. They live alongside/within our enterprise, their families are plantation supervisors, workers etc. As we position our milling on site, further jobs and opportunities will develop. HACC are offering careers, training, optimism, new futures that would simply not be there without HACC.
- Benefit Distribution: As agreed with our AFMA, HACC success equals landowner success - coffee, ecotourism, other products, carbon sales.
- Legal situation 1: The land title remains with landowners and they share in profits from their land. The partnerships are legally agreed but very much based on trust and values – a "right" HACC have achieved after demonstrating over the last 3 years how committed, honest, reliable, trustworthy we are to them, their community, their lands.
- Legal situation 2: As Coordinator, HACC is best placed and most "capable" of handling the commercial decisions, something the landowners totally accept and endorse; constantly meeting and liaising with landowners to ensure our shared goals and interests are protected.

- **Coordinator Input:** HACC manages the tree development (our nursery), the plantation clearing, preparation, planting, the management and maintenance, providing all the key inputs - tools, equipment, planting materials, seed, guaranteed purchase of the produce. All of which are available to the landowners for their other lands/backyard.

## **Landowners**

The individuals own and have rights for their own parcels of land. We organise the individuals by means of the Agro Forestry management agreement and develop coffee plantations through this. The land belongs to the individuals, but we own the coffee bean rights and manage the plantations. Land is leased and there is a profit-sharing agreement as well as employment for the landowners with us as plantation managers.

## **PFI/PPP**

This is just a personal analogy which we thought fitted the spirit, mood and values of the project.

We see the project as roughly comparable in its focus, benefits, outputs (socially, environmentally, economically) to a social or rural/tribal version of a Private Finance Initiative (PFI).

PFI's (typically hospitals, schools etc.) enable public sector projects through private sector investment and input; achieving projects that governments and communities would not otherwise be able or resourced to do. We felt it fitted well here

Similarly, but perhaps not quite so closely aligned, Public-Private Partnerships (PPP) are basically a long-term relationship between a private party and a government/community entity where the private party bears significant risk and cost/management responsibility to facilitate "public" projects.

We reference these more in terms of the spirit of our Plan Vivo ambitions rather than their legal/contract specifics..

## **Land Size & Tenure**

- There are no conflicts/issues regarding land tenure, nor any national/regional land reforms underway. Indeed, this a region and a regeneration of both local and national focus and priority.
- Currently the average size of our landowners' sites is 2.64Ha; for many current landowners there is a strong desire to collaborate with HACC on other/new areas they may own.
- In addition, new landowners are approaching HACC on a weekly/monthly basis to structure similar AFMA's – this is something of which HACC are very proud as it proves our position as a trusted, respected and valued member of the community.

## Ownership of Carbon Rights

From Government research, meetings, discussions by HACC during 2021, there appear to be no government policies or legislation that would inhibit or prevent the project participants from claiming carbon.

Positively, HACC can confirm:

- The carbon rights with respect to this project fall under the **jurisdiction of DENR**, a respected Department and team of Government and Environmental/Agricultural experts that HACC have worked with, and established great mutual respect and close working relationships with, over many years – and especially so during 2021 in the creation of this new PIN.
- **DENR** operate In lieu of a national carbon registry, and will administer **the Low Carbon Economy Act** House Bill (HB) No. 2184 – to establish a '**Climate Reinvestment Fund**' to be used by the DENR to exclusively address **global warming**.
- The project has received support from Government/other Agencies (including PRDP, DENR, DA) that it is eligible to claim carbon credits.

Indeed, we have been assured at **National and Local Government, University and Community level** of their full support to our Project.

A further recent positive validation of the Philippines commitment to climate change and the associated area of carbon capture and credits is the Country's recent (late April 2021) **Nationally Determined Contribution (NDC)** as formally submitted to the UNFCCC; some extracts of this NDC are provided below:

".....The Republic of the Philippines submits its Nationally Determined Contribution (NDC) in accordance with Decision 1/CP.21 of the Conference of Parties of the United Nations Framework Convention on Climate Change (UNFCCC).

The Philippines' NDC supports the country's national development objectives and priorities of sustainable industrial development, poverty eradication and inclusive growth, energy security, and social and climate justice, and the transformation of its socio-economic sectors towards a climate and disaster-resilient and low carbon economy.....

.....The Philippines, in line with its national security policy and its sustainable development aspirations and in solidarity with ASEAN Member States, shall endeavour to peak its emissions by 2030 in the context of accelerating the just transition of its sectors into a green economy and the delivery of green jobs and other benefits of a climate and disaster-resilient and low carbon development to its people, among others.....

.....The Philippines' NDC conveys the country's progressive climate change mitigation commitment and adaptation challenges and requirements, including addressing residual loss and damage, in pursuit of low carbon, sustainable, and climate and disaster-resilient development. With continuing analysis and public-private sector collaboration, enhancements on this NDC are expected to reflect increasing ambition and economy-wide mitigation potential, based on the growth directions and projected climate change adaptation needs of the Filipino people.

These shall include enhancement of transformative policies and measures for climate change mitigation and information for clarity, transparency, and understanding in accordance with relevant guidelines.

The Philippines shall continue to engage all stakeholders concerned in the NDC implementation, updating, and monitoring and review processes....."

In addition the NDC upholds the importance of:

- ensuring the **integrity of Philippine ecosystems**
- promoting the country's obligations on the rights of its indigenous peoples



- the country's climate change mitigation actions to strengthen resilience and adaptive capacity, including enhanced access to climate finance, technology development/transfer & capacity building
- the implementation of circular economy and sustainable practices, policies and projects measures

The NDC is based on Philippines':

- **Climate Change Act** 2009, as amended by Republic Act No. 10174
- National Framework Strategy on **Climate Change 2010-2022**
- **National Climate Change Action Plan** 2011-2028
- Development Plan 2017-2022; Energy Plan 2018-2040
- **National Climate Risk Management Framework** 2019
- **Article 6 of the Paris Agreement**

In terms of **Climate Change Mitigation**, the Philippines commits to a:

- projected **GHG emissions reduction and avoidance of 75%**
  - of which 2.71% is unconditional
  - and 72.29% is conditional
- Referenced against a projected business-as-usual cumulative economy-wide emission of
  - **3,340.3 MtCO<sub>2</sub>e** for the same period

Already the FAO has developed a tool/process, EX-ACT, to facilitate such positive carbon developments. Through ex-ante measurements of the impact of a wide range of agriculture (and forestry) development projects, HACC have been advised by DENR that this could be applicable and beneficial to this project as an indicator of the mitigation potential of the project covering the relevant project activity within the land use, land-use change and forestry (LULUCF) sector.

The recent NDC plus HACC's excellent DENR, PRDP working relationships provide major project confidence and resilience to deliver a project that will be **locally & local life trans-formative; environmentally vital & hugely positive; and politically/economically/socially key** to the **Kalingan Province & Communities**.

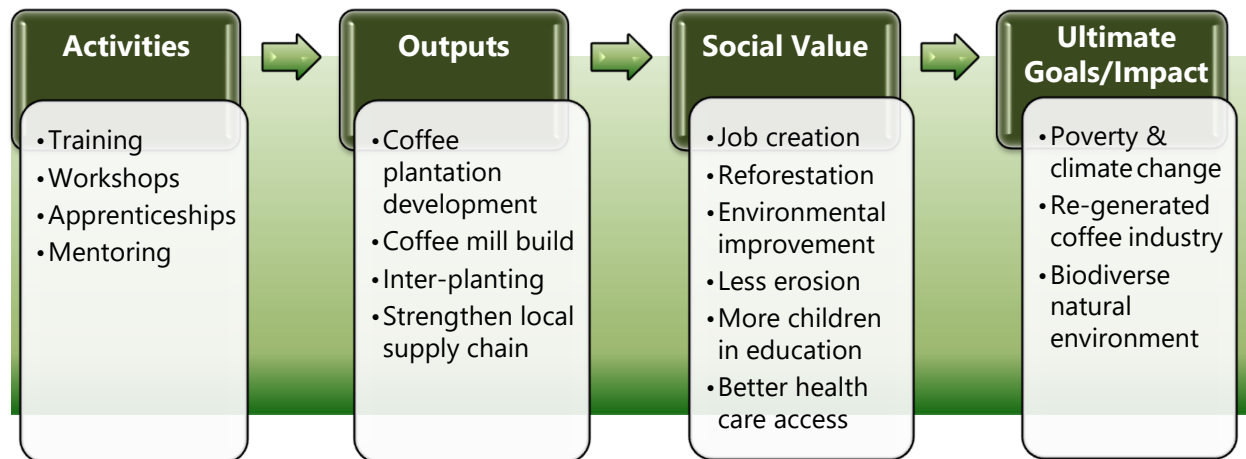




## E. Project Interventions & Activities

### E1 Project interventions to generate PV Certificates

The **HACC Theory of Change Model** is committed to ecosystem restoration/rehabilitation, the prevention of ecosystem conversion or degradation, improved land use management and the sector, social, educational and health benefits:



Throughout all activity, historically and moving forward in 2021, all HACC/project planting, land management, biodiversity, land use conversion, degraded land improvement has been 100% focused and committed to creating biodiversity-rich areas which only plant and nurture indigenous species and that totally recognise and respect native and naturalised species.

Although locally germinated Arabica coffee trees are at the very core and essence of HACC:

- They are inter-planted only with species that are native, provide the necessary shade and/or root/water management benefits and grow symbiotically with the coffee trees
- The other/adjoining lands owned/farmed and improved by our project partners equally only grow native and naturalised species
- All project activity is concentrated around carbon/PES and climate change learnings, best practice and land improvements that are the basis and dedication

The project fully appreciates that to realise any of the potential carbon/ES benefits it is absolutely incumbent upon the project coordinator and all partners to commit, implement and comply with the highest standards demanded by Pan Vivo.

This application to Plan Vivo has only been submitted following the most careful, detailed HACC review:

- **Internally** of our own values and ambitions
- **More generally** of the needs, requirements and aspirations of our landowner partners
- **Strategically** within the collaboration - in terms of the goals and objectives we share - with the Philippines Department of Agriculture, Philippine Rural Development Project (PRDP), local Farmer and Community Associations

## Proposed project intervention

The project will implement two distinct but complementary interventions in the Heroica sites, and will be introduced in two phases.

### Initial phase: Forest protection and restoration in agroforestry

- Focused on restoration and protection of degraded forests & deforested land, by:
  - Establishing agroforestry plots
- Enrichment planting in degraded forest with:
  - Native timber
  - Sugar palm or 'Aren' (*Arenga pinnata*) – palm species native to tropical Asia, with sap that's harvested to produce palm sugar.
- Agroforestry in deforested areas with intercropping of:
  - 3 varieties of Arabica coffee trees suited to the climate and conditions of the region. San Roman, Arabica Typica and Red Bourbon.
  - Cacao, macadamia or equivalent

The Project coordinator has been working with communities at both initial project sites in Pasil and Balbalan, and the technical implementation unit of the Department of Environment and Natural Resource (DENR) to develop agroforestry systems suited to the local conditions:

**Second phase:** will extend protection activities beyond the agroforestry plots, to broader protection and sustainable use zones within the Heroica plantation and other community areas.

This two-phased approach is intended to enable the project to access performance-based support for agroforestry activities that are planned/already started, while allowing sufficient time for developing the capacity of the HACC management to implement forest protection activities that are effective over a wider and inclusive area.



## F. Identification of Any Non-Eligible Activities

### F1 Additional activities supported/implemented by the project

- How these additional activities relate to the project objectives

**HACC Eco-Tourism:** extending our existing Ranch House/eco-tourism offer with new eco-pods where kindred spirits can share/learn/participate in HACC key events, climate mitigation, experience Kalingan/coffee enterprise experience

**HACC Academy:** our way of recognising, motivating, developing, rewarding HACC people – farmers, land owners, partners, families – who are so important and make HACC inclusive, different, caring:

- **farmer/land owner engagement, capacity building**
- focused on instilling **increased pride, ownership**
- **dedicated to** enforcing farmers/families/land owners **inclusion**
- **motivating best land practice**

**HACC Philanthropy:** we evolved from establishment of House of the Heroes; supporting those less fortunate is embedded in HACC DNA; our values/ambitions are to support Kalingan families/communities achieve major, sustained life, education, health, well-being opportunities/ improvements by creating right spiritual landscape, strengthening community values, supporting establishment of new **local school** and **education/training programmes**.

**Friends of HACC:** creating a **wider community** of enthusiasts/aficionados, who care for the empowerment of disadvantaged communities, believe in importance of regenerating beautiful neglected/abused natural landscapes, focused on our Social Enterprise - education, health, well-being – objectives, share our role & responsibility for environmental governance/best practice.

### HACC Social/CSR Awards

Within our various social & local commitments, these Social/CSR Rewards reflect HACC's model of **rewarding & valuing** our **local farmers**, our **landowners/partners**, their **communities**.

This is our way of **recognising, motivating, developing, rewarding** our people landowners, farmers, partners, families – who are so important, to making Heroica **inclusive, different** and **caring**.

HACC has evolved from House of the Heroes (HoH) established by Founding Partner/CEO, Craig Johnson. This commitment to **support those less fortunate** is embedded in HACC DNA.

What are these Awards?

- Farmer/landowner engagement & capacity building programmes to instill increased local pride & ownership
- Surplus seedlings from Kalinga Nursery awarded to local farmers/landowners/communities
- This equates to **8-10,000 seedlings**; an amount enabling **5 Ha** to be planted
- Delivered through training to enforce the value and importance of farmers/families/landowners in HACC's operations & success

### The Impact?

- This is an important HACC initiative to **support & motivate**, to achieve greater **input & pride**, to enable **increased achievement**, to deliver **new rewards & opportunities**

## European Space Agency

This European Space Agency (ESA) Project consists of monitoring coffee plantation trees, and other trees/assets within the HACC project, in the field utilising satellite earth observation and a map-based service, TRADEMAPS.

This key data on the coffee/trees is overlaid onto a Project Management map with blockchain readable output – giving data and statistics on:

- land coverage
- tree management
- yield estimation
- evidence-based support in achieving certification of crop species
- evidence for total-loss insurance
- verification of supply contracts

For the Project's Carbon Contribution, this will enable HACC to provide major management benefits:

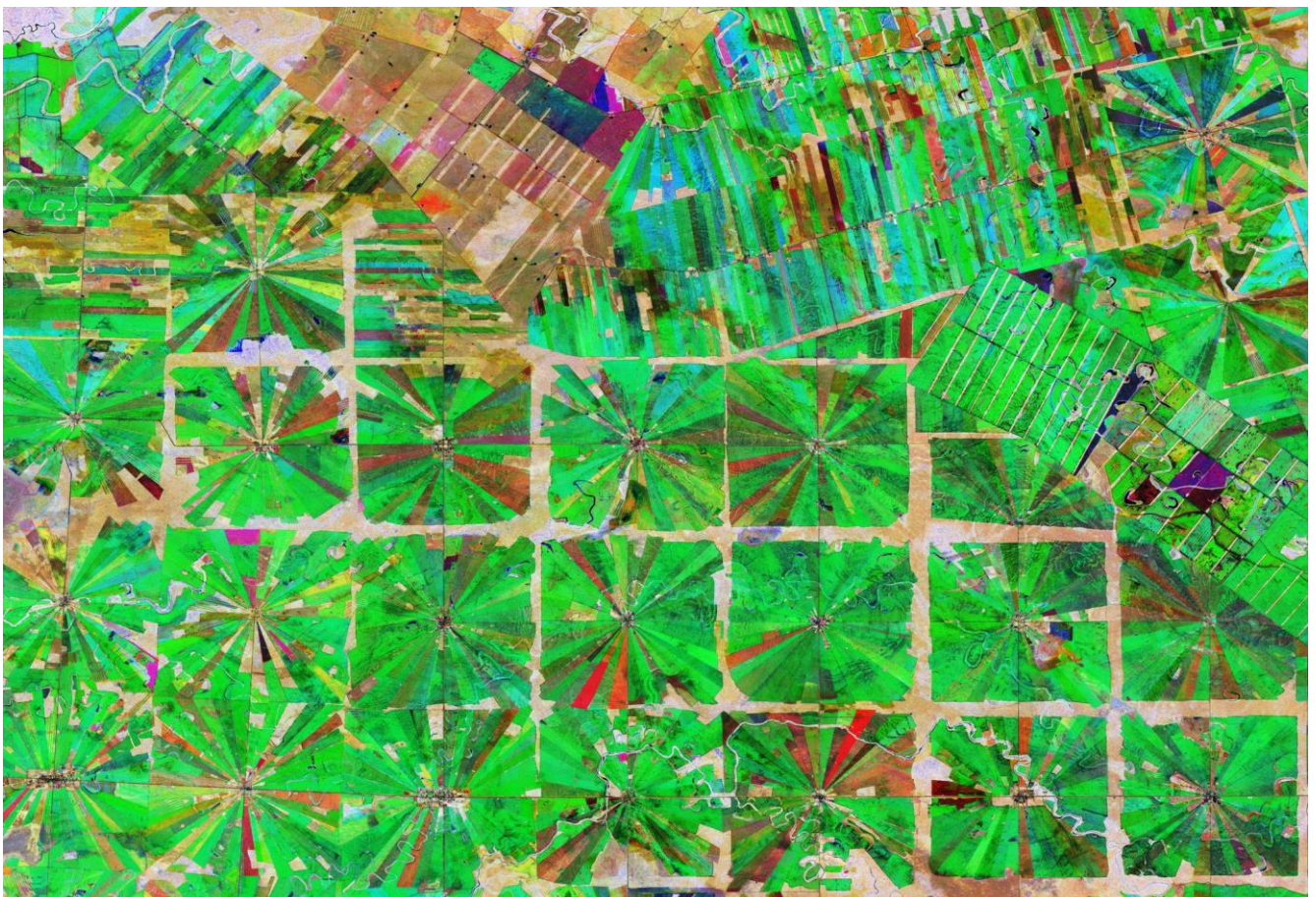
### 1. Environmentally/Commercially

- Forest and other natural area protection
- Proof and verification of tree/crop management standards and certification
- Minimise the risk of shortage – input and output - and extreme price volatility and ultimately safeguarding against food insecurity
- Optimum market timing and positioning
- Transparency and auditability within supply chains.

### 2. Technically

- Record on blockchain as a trusted, verifiable source (Oracle)
- Provide regulatory assessments/evaluation/end user knowledge

Example imagery of deforestation in Bolivia Spied From Space Satellite



## G. Long-Term Sustainability Drivers

### G1 Project design to ensure it's self-sustaining after carbon/PES revenues cease

HACC enter 2021 with strong and mutually respectful relationships with our AFMA Partners and Landowners **covering 19 agreements, 11 areas and extending to c30Ha.**

The ambitions in Kalinga are to grow this land regeneration and management into new areas, with both existing and new landowner partners, growing the "total Kalinga estate" to **c125Ha.**

This project is about 2 components:

1. **Our HACC Project** with local landowners and farmers is indeed the Pilot/Core; it is the critical component in making this project sustainable, as will be fully detailed and validated in our robust Financial Models and Projections – which are in place/the core of our business model – and shared at PDD.
  - In addition to directly expanding **this component to 125Ha and 540,000 trees** – a model and status that we now confidently expect to realise within 5 rather than 10 years as additional funding is secured (since submitting our PIN application we have already developed a further 1.5Ha).
  - we are also committed to ensuring our Core Project landowners and farmers participate with their back yards and other non-HACC lands.
    - We project this could achieve a further **75Ha and c400,000 trees**
2. **The wider Kalinga community and landscape** – both for coffee, other crop and currently neglected/abused lands.
  - The non-urban/developed lands within Kalinga extend to over 250,000Ha!
  - It is true that HACC is indeed the core, the coordinator, the catalyst of this project.
  - If we can catalyse the achievement of just 1% of these lands would **extend the project to an additional 2,500Ha!**

In addition to this substantial improvement of the socio-economic conditions of our low-income landowners/farmers/communities and delivering major environmental benefits/CO2 sequestration, this new land enhancement and plantation growth will achieve project resilience and minimises the risk of the project being dependent on a single site and the inherent potential for irrigation, disease or climate damage.

After some difficult years, the project now has a strong operational model and a robust landscape management system; disciplines and structures that HACC have deliberately, and very meticulously, established with our landowners and partners.

This is particularly important to them and our local communities, offering real hope, opportunity, employment and income in very challenging times for rural populations in the Philippines.

The project sustainability drivers are multiple and complimentary:

- **Managing & Maintaining**, our existing coffee trees
- **Growing & Nurturing**, our Nursery Seedlings
- **Planning & Developing**, the new plantation and inter-planting areas
- **Establishing & Operating**, the on-site Heroica Coffee Mill
- **Targeting & Delivering**, real/significant Revenues for HACC and the landowners
- **Structuring & Implementing**, a new Marketing and Promotion programme
- **Positioning & Presenting**, the HACC Eco-Tourism proposition presenting excellent new access to the Kalingan culture, artisan crafts, beautiful natural landscape and delivering new social, job and economic impact
- **Extending & Applying**, the existing HACC Education propositions with Kalinga/Other University relationships to offer new placements, collaboration, sharing of knowledge, practices and facilities
- **Developing & Extending**, the existing commercial collaborations to make HACC and Kalinga a more inclusive, multi-dimensional, sustainable market and coffee industry supply chain partner
- **Strategically & environmentally committing**, to replicate this Kalinga project as an inclusive, sustainable, Carbon-focused model for the Philippine coffee bean production and supply base; to make this a benchmark within a sector and rural population that desperately need new stimulus, support and validation



## H. Applicant Organisation & Proposed Governance Structure

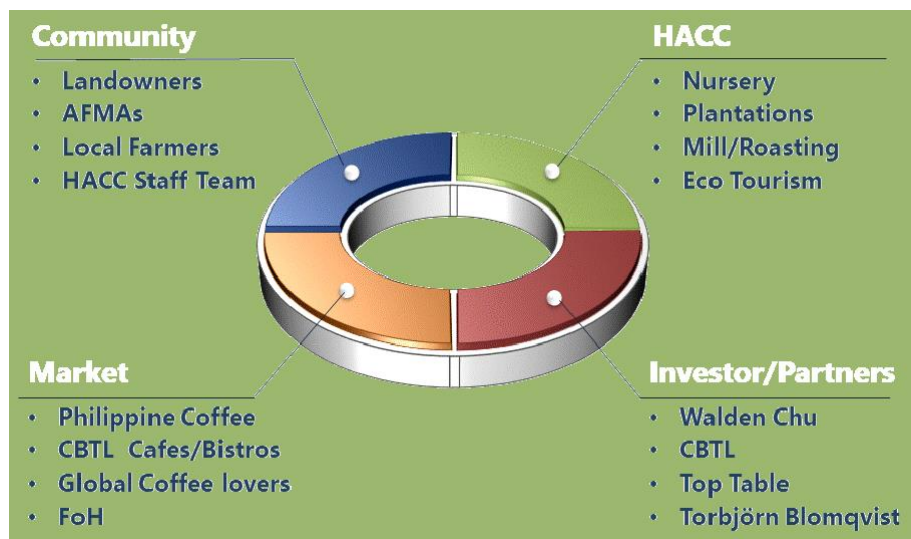
### H1 Project Organisational Structure

**Project Coordinator**, body responsible for project governance – HACC

**Legal Status:** structured as follows:

- Heroica International Limited (Company Number 09248925), UK Company registered 2014
- **H**eroica **A**rabica **C**offee **C**ompany (SEC Registered CS201420245) a Philippine Corporation
- Heroica & HACC established by Co-Founders/Directors, Craig Johnson and Alastair Clyne

### Enterprise Structure & Relationships



### Capacity and experience

Our landowner partners and friends have worked these lands for many, many generations. Their knowledge of the land, the soil, the seasons is invaluable!

HACC co-founders are very much hands-on, passionately involved in every aspect 24x7; supported by our highly experienced and expert Managers (Eian and Frank) and our Plantation Supervisors (Murphy, Dam-Ay, Capt. Benson).

### Social functions

Social functions are a combination of Tribal Festivals, Community Events at the HACC Ranch House and relationships that are open, trusting, strongly based on values and friendship. This is at the very core of HACC beliefs, values and local engagement.











### Additional partnerships

HACC will be collaborating with Kalinga State University (KSU), the Department of Agriculture, PRDP and the Department of Environment and Agri culture.

In addition, HACC are looking to external experts within Scotland/UK to guide them through the carbon benefit process.

## Roles and Responsibilities: technical functions, admin, management functions

This is a partnership of shared values, spirituality, ambition; however, all partnerships must equitably allocate roles and responsibilities. For many of the formal roles HACC are substantially more experienced than our Kalingan AFMA partners and landowners<sup>2</sup>.

	Lead by	Enabled by
<b>Administration &amp; Reporting</b>		
Reg/recording plan vivos & sales agreements		
Coordinating, recording, monitoring		
Reporting to Plan Vivo		
<b>Management &amp; Finance</b>		
Managing Plan Vivo project finance/producer payments		
Negotiating Plan vivo Certificate sales		
Managing project data		
<b>Technical, Evaluation, Monitoring</b>		
Evaluating/monitoring plan vivos		
Technical & support/training: project planning/implementation		
Developing, reviewing, updating forestry/agroforestry systems		
Contracting project validation, verification		
External Technical Support/Project Development Services		
<b>Community/Social</b>		
Supporting groups/individuals to demonstrate land-tenure		
Gathering socio-economic information		
Facilitating community discussions/workshops		
Mobilisation, bank accounts, dispute resolution, etc.		
<b>External</b>		
Specialist input, design, development		
Developing carbon/ES modelling, technical specifications		

This is a structure which looks with great anticipation to the opportunity of applying its inherent commitment, dedication, knowledge, experience with experts like Plan Vivo to deliver what our people, our project, our community, our planet needs and deserves.

<sup>2</sup> Currently and collectively they are **Gadil, Canao, Elias, Damian, Balansi, Sanadan, Donguis, Gaano and Logoy**

## H2 Applicant organisation

### Brief history/achievements

Jan 2008	Craig & Elizabeth Johnson moved to Philippines to start orphanage - House of the Heroes
June 2013	Coffee opportunity presented by French-Canadian coffee entrepreneur
May 2014	Craig & Alastair introduced by mutual faith friends
Oct 2014	Heroica Coffee Limited created, UK
Nov 2014	HACC created, Philippines
June 2017	First Kalinga AFMA agreed
Jan 2018	Kalinga nursery established, Directors own funds
Jan 2018	50,000 seedlings planted Kalinga nursery
Sept 2018	HotH celebrated its 10 <sup>th</sup> Anniversary
Oct 2018	Planting started sat Kalinga
Mar 2019	Coop/commercial agreement at Piddig
May 2019	Heroica's traditional ranch house completed at Kalinga
May 2019	Purchase agreement signed with Kalinga tribe for Tribe coffee co.
May 2019	Initial roasting started at Piddig
July 2019	Planting started at Kalinga
July 2019	Planting/management started at Piddig
Oct. 2019	New partnership/collaboration with CBTL
2020 -	Major growth progress, new land developed, first harvests

### Current activities and long-term (10 Year) objectives

1. Plantation Development – Kalinga Pilot: Pilot/Core (Expansion), an amazing base
2. Plantation Development – Balbalan: Exciting new plantation areas started 2020
3. Nursery Development – Kalinga; Huge success; 100,000-plus healthy seedlings per season
4. Mill Development/Education/Eco-tourism: All initiated and key parts of future strategy

	2021	2023	2025	2030
Landowner/Partner AFMA	9	12	15	20
Total Plantation Area	36Ha	50Ha	70Ha	125Ha
New Coffee Trees Planted <sup>3</sup>	50,000	25,000	30,000	30,000
<b>Total New Coffee Trees</b>	<b>100,000</b>	<b>150,000</b>	<b>210,000</b>	<b>360,000</b>
New Inter-planted Trees <sup>1</sup>	50,000	12,500	15,000	15,000
<b>Total Inter-planted Trees</b>	<b>50,000</b>	<b>75,000</b>	<b>105,000</b>	<b>180,000</b>
<b>Total New Trees Planted</b>	<b>150,00</b>	<b>225,000</b>	<b>315,000</b>	<b>540,000</b>
New Seedlings (Nursery):	100,000	100,000	100,000	100,000
Business Phase	Development Major Growth	Development Profit/Surplus Generating	Mature Profit/Surplus Generating	Mature Profit/Surplus Generating

<sup>3</sup> In-Year 2021 includes increasing coffee tree planting density in existing areas

Our **10 year, 10-point** plan is to:

- 1** Ensure environmental protection, focus, management, maintenance of coffee/other trees
- 2** Improve the impoverished highland community lives through inclusion, growth, job creation poverty reduction
- 3** Improve the skills, training and farming/land management best practice
- 4** Create public-farmer-private cooperation and collaboration
- 5** Stop farmers abandoning coffee production to focus on other cash crop
- 6** Revitalise Kalinga's coffee industry
- 7** Establish Kalinga Arabica coffee as a top quality product
- 8** Substantially raise low productivity: major constraint hampering land/coffee development.
- 9** Remove input issues: seedlings<sup>4</sup>, transport, fertiliser, pesticide, processing
- 10** Remove output issues: such as crop/land management, quality control, packaging and storage, operational compliance, bean consistency, logistics, market/price uncertainty

### **HACC skills and experience**

The outline profiles are as follows:

#### Founders/Directors:

- **Craig Johnson:** over 15 years' experience in creative companies and non-profit organisations across the UK, Norway and the Philippines. Founder, House of the Heroes
- **Alastair Clyne:** over 25 years' International experience; extensive rural & agri-food/enterprise (Far East, Central Asia, East Africa, CEEC, Eurasia), Government/Donor (EU/DFID/USAID/ADB/World Bank), voluntary/non-profit & NGO expertise

#### Management:

- **Michael Eian Medrana,** General Manager: over 13 years' experience working in various agricultural projects related to coffee distributions and operations
- **Franklin Cadizal,** Plantation Manager: over 8 years' experience in coffee production operations: coffee nursery establishment, plantation development, tree maintenance

Together with our highly valued and included Kalinga Supervisors/Workers (who apply invaluable years' experience in vegetable and fruit production/maintenance/skills within Arabica coffee growing), HACC is a highly dedicated, focused, cohesive unit which is ready to move onto the next phase of what has already been an amazing journey!

#### Advisors/Associates

- **Benedict Paguyo,** A skilled agricultural Specialist at DENR, Benny is a highly respected and experienced expert in land and forestry management. His input and support is very highly valued by HACC/the Project.

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<sup>4</sup> Coffee enterprise under DA-PRDP launched in MP

"One of the issues intimated to me by the farmers is the lack of planting materials. However, with the support of the Secretary of Agriculture through the DA Regional Office, you are now given materials to use in your nurseries where you could produce coffee seedlings," the governor said.



# I. Community-Led Design Plan

## I1 Community participation/ongoing consultation (target groups/producers)

### Participatory project design

Project design/success (development and implementation) is totally founded/reliant upon the full belief, trust and inclusion of our local communities.

HACC's natural land improvement and coffee plantation development ensure the village communities have a sense of ownership and commitment:

#### i. Concept development:

The first trees were planted in 2018; however it took 4 years to get a shovel in the ground. The starting 2014 model was presented to various groups/locations before finding suitable partners and environments.

- |                          |   |
|--------------------------|---|
| <b>Success criteria:</b> | <ul style="list-style-type: none"><li>• United small holder community</li><li>• Who understand the value of long-term crops like coffee</li><li>• Willingness to work and organize themselves</li><li>• Desire to restore their natural surrounding</li></ul> |
|--------------------------|---|

Kalinga is a region committed to organic farming; our AFMA agreements (AFMAs) show the shared dedication of HACC and our community/partners.

#### ii. Scoping phase:

From Project coordinator and technical partners' multiple visits to initial project sites.

- |                          |   |
|--------------------------|---|
| <b>Success criteria:</b> | <ul style="list-style-type: none"><li>• Participatory land-use mapping: remote sensing images as base map</li><li>• Representative groups of Magsilay/Balenshagaou community members produced detailed maps describing current land use</li><li>• Village survey: since recent information on socioeconomic conditions/livelihoods in Magsilay/Balenshagaou incomplete</li><li>• Series of focus group discussions, key informant interviews</li><li>• Idle lands/areas subject to slash &amp; burn practice mapped as potential sites</li><li>• Engagement, community 'discovery' meetings: leaders and small holders</li><li>• Full needs understanding of local area</li><li>• HACC commitments and benefits clearly presented/shared.</li></ul> |
|--------------------------|---|

#### iii. Project development (historically and from 2021)

##### Planning:

- Project coordinator works closely with local communities to develop management plans to restore "forest", and prevent further deforestation/degradation
- Resource requirements and timelines discussed/detailed to deliver project
- Communities, landowners, partners have complete understanding of Plan Vivo system/support
- Full awareness/commitment to greenhouse gas emission reduction objectives/expectations
- Agreed support/collaboration for all project implementation
  - Plantation areas
  - Landowners own/other lands
  - Other farming/producing/tree planting areas
- Community-led process for development project activities, inc. FPIC (see table below)

#### Monitoring:

- Project coordinator works with community partners to develop activity-based monitoring plans
- Evaluate whether activities in management plans are being carried out
- Assess benefits achieved – carbon/PES, social, jobs, training etc.

#### Implementation:

- Management, financial, monitoring plans revised, updated, incorporated into new Plan Vivo activities/agreements
- Clear model/understanding of:
  - Plan Vivo certificate sales
  - Benefit distribution to landowners/partners

#### **iv. FPIC Process**

<b>Sustainable forest management</b>	Agreed, understood, committed
<b>Conservation partnerships</b>	HACC-Kalinga, partnership of respect, support, delivery – all finance conditional on compliance
<b>Performance-based finance</b>	Training/understanding of performance-based finance sources that could fund their project activities: ecosystem services, climate change mitigation, projects' contribution, external party payment basis
<b>PES/carbon markets</b>	Markets for ecosystem services/emission reduction certificates; associated monitoring/reporting requirements.
<b>Implementation</b>	Positioning participating community members as ambassadors for approach; template to replicate with other villages

## J. Additionality Analysis

### J1 Project Eligibility

HACC have worked closely, and in synergy, with all legal and land tenure agencies and interests; we can confirm that the project is not the product of a legislative decree or of a commercial land-use initiative which could have been economically viable in their own right.

### J2 Project Additionality

HACC have shown incredible resilience, perseverance, a total commitment to “our” lands and people to have established what we have, surviving, entering 2021 with a very “worthy” project.

However, for the project to realise its potential - alleviating poverty, creating opportunities for local Kalingan people, regenerating neglected or abused land, planting and returning this land to environmentally and economically beneficial use - will not be possible without additional inputs.

The project is currently resourced only to continue “surviving” with possibly a modest increased growth in terms of trees planted, new areas regenerated - not the ambition of HACC’s Founders or our local landowners, farmers, families.

In addition to HACC’s **new planting goal of 540,000 trees**, the carbon/PES finance additionality is that HACC would **extend the project scope** to our **landowners own, non-HACC lands and “back yards”, to other non-coffee farmers, growers, producers** in our valley.

Additionality of this project could extend to **c1million** new trees being planted, hundreds of hectares of new land areas being regenerated, reinstated & sensitively managed over the next 10 years!

As demonstrated in last 3 years with our Kalingan communities, and hopefully 100% evident within this application, HACC’s not driven by power, greed, profit; our drivers are to establish a project that:

- **Changes lives.**
- **Returns these amazing lands to profitable use.**
- **Respects nature & positively contributes to our planet’s future.**
- **Contributes to the resurgence of Philippine coffee production.**
- **Brings land management/carbon-commitment front and centre of Philippine rural and agricultural developments/strategies.**
- **Catalyses other such initiatives.**
- **Creates a legacy for future generations.**

The additionality is major; all that we HACC propose is accompanied by training and education, new jobs and income, stimulation of the local and wider economy, supply and logistics chain, improved land and land management, best practice skills.

The implementation of the HACC project will enable HACC, in conjunction with local tourism agencies and authorities, to **position and stimulate Eco Tourism and Conservation**.

This will bring significant benefits to the amazing landscape of Kalinga.

Further, during Q2 2021, HACC will establish their own milling operations and for this to also be a showcase of all that the HACC community stand for and all that HACC aspire to achieve within Kalinga to benefit our local landowners, supervisors, workers, suppliers and partners.

Due to the twin challenges, we propose a **Twin Centre/Development Solution**.

### **Development One**

Create the major mill, warehouse, and training/education and information resource in Tabuk.

### **Development Two**

Establish a bean collection & drying centre, with local training and meeting facilities, at Balbalan or adjacent to another HACC plantation area.

Our goal and commitment for additionality is to:

Sensitively & enviro-friendly develop Kalinga,

Invest more in Kalinga,

Create more jobs in Kalinga,

Collaborate & operate with more local Partners

Create more opportunity for Kalingans, and

Play a key role in regenerating coffee growing, land regeneration and climate-focused land management/governance in the Philippines

## **That is the additionality we believe that carbon/PES finance will enable!**



Further “bi-products” of a successful application would be:

- The stimulus and “resource” it would provide enabling the project to position carbon, climate, environmental governance as the core, founding principles of all future growth, development, strategy, policy.
- Enabling HACC to **collaborate and benefit from new technical inputs/perspectives** – hugely exciting for previously “bootstrap” project; moving our approach from **“survival on good eco and social principles”** to **“growth facilitated by a carbon culture”**.



## K. Notification of Relevant Bodies & Regulations

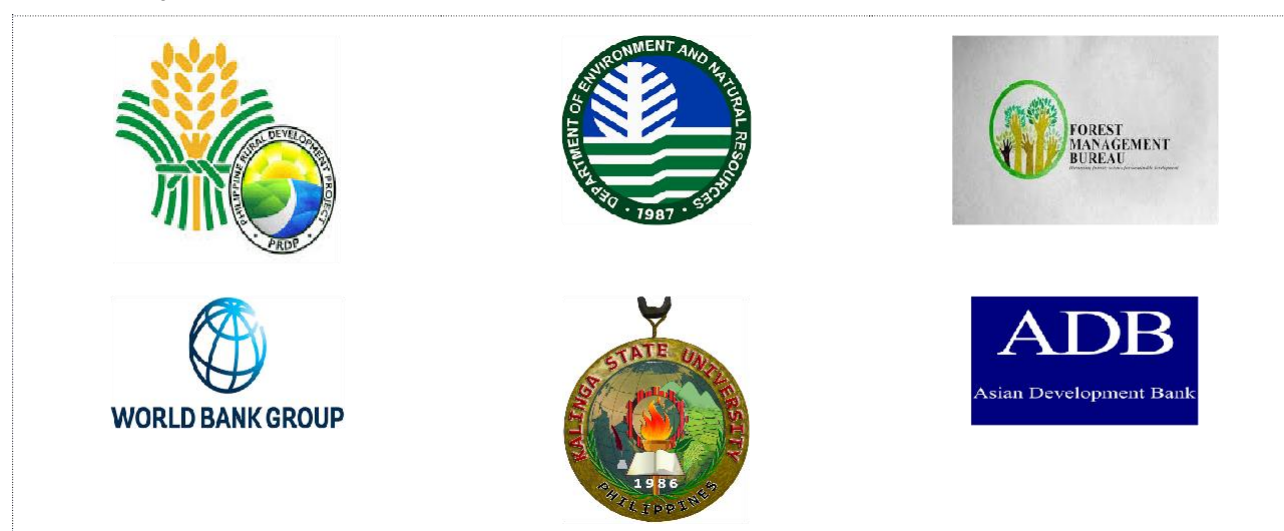
### Regulatory Bodies: Relationship Matrix

Jocelyn Beray, Senior Agriculturist, DA-AMAD Head IREAP RPCO CAR	Leny Garcia Pecson Philippine Rural Development Project (PRDP) Department of Agriculture	Rocalyn Gayagay, Business Development Officer of IREAP RPCO CAR
Eliazar Tinio Bamgat Farmers Association, Pasil	 & 	Jovelyn Tinio, Bamgat Farmers Association, Pasil
Imelda Balaoing, Agriculturist II of DA-AMAD RPCO CAR		Marion Damian, Balbalan Community Association

### Project Partners



### HACC Project Enablers and/or Supporters



## Political Enabling

The HACC model and approach is always to fully engage with our tribes, communities and political enablers/organisations. By ensuring their inclusion and understanding we create a strong foundation on which to deliver our projects.

The letter below is an example of our communications, generally and PIN specific, to the local tribes and land owners.

Similar communications and engagement have been structure with the key Government Agencies and Authorities, including:

- Leny Garcia Pecson, Philippine Rural Development Project (PRDP), DoA
- Jocelyn Beray, Regional Director, DoA
- Rocalyn Gayagay, Business Development Officer, IREAP RPCO CAR
- Imelda Balaoing, Agriculturist, DA-AMAD RPCO CAR



Date: February 22, 2021

To: Mr. Delfino Balangui  
Tribe Chieftain – Gubang Tribe  
Balbalan, Province of Kalinga

From: Eian Medrana  
General Manager  
Heroica Arabica Coffee Company Inc.

Re: Heroica Coffee Development Project in Kalinga Province

Dear Mr. Balangui,

We are reaching out to you to develop collaboration with our company, Heroica Arabica Coffee Company Inc (HACC).

HACC is an Inclusive and a Fully Integrated coffee company established here in the Philippines. As you know, our objective is to have an fully inclusive business model that supports the revival of the depressed coffee industry here in our country.

In addition we are looking to deliver a huge social impact and the environmental focus so badly needed – through our proposed carbon credits project.

Our priority is to provide jobs, livelihood opportunities, sustainable coffee production and environmental regeneration to rural areas, particularly in the upland communities of the Province of Kalinga.

As of the first quarter of this year (2021), our company has already managed to develop and operate a total of 29 Ha coffee plantations (rising to 36Ha shortly) in the Province of Kalinga, within the Municipalities of Pasil and Balbalan.

Despite the current global pandemic challenges, we are confidently aiming to expand our projects, and tree planting, not only for this period, but also in the coming years ahead.

We are still very optimistic on the outcome of our existing projects; that's why we are planning to extend our operations with you within your community. Through our engagement and building strong relationship with the various stakeholders - particularly in the tribe community where our projects are located – we can together achieve major impact.

To progress our discussions we look forward to further sharing our plans with you and agreeing how we can work together provide new livelihood, job and land management opportunities to your people and your community.

Thank you and looking forward to our next meeting.

Sincerely,

  
Eian Medrana  
General Manager



**HEROICA ARABICA COFFEE COMPANY, INC.**  
RM 1929 Regus, 19<sup>th</sup> Floor, Marco Polo Ortigas, Ortigas Center, Pasig City  
[www.heroicacoffee.com](http://www.heroicacoffee.com)



A communications extract from key Government contact, Leny Garcia, received 27<sup>th</sup> April is provided below.

From [Leny Garcia <lenskigarcia@gmail.com>](mailto:lenskigarcia@gmail.com)  
To [Alastair Clyne <alastair@heroicacoffee.com>](mailto:alastair@heroicacoffee.com)  
Copy [jocelyn beray <jocelyn.beray@yahoo.com.ph>](mailto:jocelyn.beray@yahoo.com.ph),  
[Siah Badua <jmb.ireapluzona@gmail.com>](mailto:jmb.ireapluzona@gmail.com),  
[Anddie Clavel PSO A <mac.prdpireapluzona@gmail.com>](mailto:mac.prdpireapluzona@gmail.com),  
[Angela Alabo <angela.alabo@gmail.com>](mailto:angela.alabo@gmail.com),  
[Roxan Alcantara <roxanalcantara.rca@gmail.com>](mailto:roxanalcantara.rca@gmail.com)  
Date Today 13:43

**Message Body**

Dear Alastair,

Thank you very much for keeping us updated on the accomplishments of HACC and all of your initiatives in helping the coffee farmers in Kalinga and the local communities in the province.

My apologies for not the late response to your email; the previous weeks had been very challenging to us especially with successive office lockdowns due to covid 19 pandemic. But we are glad to learn of your new project on carbon prints and the ESA grant.....

With regards to your inquiry on the carbon rights of the Kalingan landowners.....this is under the jurisdiction of the Department of Environment and Natural Resources (DENR). However, PRDP definitely supports any initiatives that would protect welfare of the farmers and the environment in general.

The output of the meeting of our regional colleagues with Eian and HACC farmers partners in November last year is a good take-off point in providing technical assistance and other support services to HACC and the coffee farmers.....

Same as you, we are looking forward to a continuous partnership with HACC in supporting local coffee farmers.

Thank you and I hope you are keeping safe.

All the best.

Leny

**HACC/the Project's** collaboration with **High Schools and Universities** could also catalyse an amazing tree and climate program.

New Filipino law/legislation passed by the House of Representatives requires all high school and college students to plant at least 10 trees each before they can graduate.

Philippines' Magdalo Party representative Gary Alejano, principal author of the legislation:

"With over 12 million students graduating from elementary, nearly 5 million students graduating from high school, almost 500,000 graduating from college each year, this initiative, if properly implemented, will ensure that at least 175 million new trees would be planted each year".

This formalises a tradition of planting trees upon graduation, and also hoped to simultaneously **combat global climate change** and result in **525 billion trees** planted in a generation.

**That is the context within which HACC and carbon/PES finance will deliver!**

## Compliance Statement



### Heroica Arabica Coffee Company

660 Sacred Heart Street

Manila

Metro Manila

Philippines

1<sup>st</sup> March 2021

To whom it may concern

This is to confirm that HACC (Heroica Arabica Coffee Company - a Philippine Corporation, SEC Registered CS201420245 – declares as follows.

That HACC and all its activities, representatives and agents, will comply with all relevant national and international regulations in relation to its operations, current and new, in relation to coffee growing, coffee production, tree/soil maintenance and protection, watershed management, land productivity improvement and biodiversity.

This compliance also extends to HACC's stated values and obligations with regards to indigenous property rights, land tenure improvement, environmental governance and carbon/CO2 related procedures and initiatives, job creation and poverty reduction.

Yours,

.....  
Craig Johnson  
Co-Founder/Director

.....  
Alastair Clyne  
Co-Founder/Director



## L. Identification of Start-Up Funding

### L1 Provide details of how the project will be financed in the development phase, before full project registration

Project has emerged through Start Up to now be an established, but modest entity.

Management/operational procedures and policies	✓
Motivated local management/staff	✓
Training programmes	✓

Project is now "ready" to:

- Build on this excellent base
- Achieve its potential - making major, sustained contributions within our environmental and social commitments/objectives

HACC plan to launch a Crowd/Social funding campaign to not only raise funds but to broadcast:

- PV Project
- Inherent Climate message
- Importance of projects such as this
- Profile of the Kalingan landscape
- Value and quality of Philippine coffee production
- HACC journey, values; social & enviro ambitions

Our planet and Carbon/PES finance is **Number One priority**; in 2021 HACC enters a phase where we're positioned to deliver so much more, benefit so many more, to show/profile the **new future for mitigating climate change, alleviating poverty, delivering major biodiversity enhancements/governance**.

In our own humble way – **leading by example!**

## Glossary

AFMA	Agriculture & Forestry Management Agreement
AMAD	Department of Agriculture & Fisheries
CAR	Cordillera Administrative Region
DA	Department of Agriculture
DENR	Department of Environment and Agriculture
HACC	Heroica Arabica Coffee Company
HOTH	House of the Heroes
IREAP	Investment in Rural Enterprise and Agriculture and Fisheries Productivity
PFI	Private Finance Initiative
PPP	Public Private Partnership
PRDP	Philippine Rural Development Project
RPCO	Regional Project Coordinating Office
SEC	Securities Exchange Commission
TiS	Trade in Space

## HACC clarifications/responses to PIN Review

This "final" PIN presentation incorporates the HACC responses to the Plan Vivo Project Idea Note (PIN) Evaluation.

