

LEGACY LANDSCAPES FUND

Operations Manual



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List of Abbreviations

AC	Advisory Committee
AFD	Agence Française de Développement
AO	Abgabeordnung (German Tax Code)
AuC	Audit Committee
BMZ	German Federal Ministry for Economic Cooperation and Development
CTF	Conservation Trust Fund
ED	Executive Director
ESHS	Environmental, Social, Health and Safety
GBMF	Gordon and Betty Moore Foundation
GC	Grants Committee
HGB	Handelsgesetzbuch
HR	Human Resources
IC	Investment Committee
IUCN	International Union for Conservation of Nature
KfW	KfW Development Bank
LCB	Limited Competitive Bidding
LLF	Legacy Landscapes Fund
MB	Management Board
NTA	Nature Trust Alliance
PCGK	Public Corporate Governance Kodex
RMWF	Rob and Melanie Walton Foundation
SB	Supervisory Board

1 Introduction

This operations manual for Legacy Landscapes Fund (LLF) is intended to serve as a general guide to LLF's governance, office operating processes, and practices for the foundation's internal and external stakeholders interested in its mode of operations. The manual summarizes key provisions of LLF's charter and bylaws, policies, board decisions and grant agreements. The manual covers matters relating to LLF's non-grant making operations.

Supplementing detailed documents are LLF's [charter](#), [bylaws](#), [investment guidelines](#), [grant program guide](#), [grant procedures manual](#), [environmental and social management system](#), [gender policy](#) (partly still under development), as well as Nature Trust Alliance's (NTA) procedures manual and employee handbook. The operations manual is subject to regular review and potential modification.

2 Legacy Landscapes Fund

2.1 Purpose

Legacy Landscapes Fund promotes global nature conservation and the preservation of ecosystem services with and for people. In collaboration with a wide range of partners and funders, LLF operates rigorously cognisant of the rights and needs of local communities and indigenous peoples, human rights standards, and internationally recognized best practices. The goal is to provide long-term financial support to the management costs of globally significant areas for biodiversity conservation, the legacy landscapes.

2.2 Operational Principles

To ensure that LLF's vision and values are reflected in its activities, the foundation strives for the following aspirations:



Lean and Effective Operations: LLF is impact- and results-oriented. It thus strives to keep its overhead costs as low as possible.



Transparency: LLF is committed to high levels of transparency, in particular regarding its governance structure, governing documents, grants and activities, research studies, and financial information.



Diversity and Inclusion: LLF acknowledges the value of diversity in all its aspects and strives for an equality-promoting, tolerant and discrimination-free organizational culture.



Flexible and Agile Organization: LLF is a small, learning organization that constantly evolves, questions, and adapts to new challenges and needs.



Environmental Sustainability: Environmental sustainability with and for people is at the core of LLF's vision and must always be reflected in its operational activities.

3 Governance

LLF is structured in a two-tier board model with a management board (MB) responsible for day-to-day management and decision-making, and a supervisory board (SB) that provides oversight and strategic guidance. The MB may consult experts and set up committees to prepare and inform its decisions. Details on responsibilities, tasks, and resolutions of the MB and SB can be found in the foundation's [charter](#) and [bylaws](#).

LLF operates based on regulations and rules applicable to it as a German charitable foundation ("Stiftung") founded in the German State of Hessen that receives funding from both public and private sources. In addition, the fund follows the requirements of the *Guiding Principles of Good Practice for Foundations*, issued by the Association of German Foundations.

3.1 Management Board

The MB shall consist of a minimum of one and a maximum of three members appointed by the SB. If composed of more than one member, the SB names an executive director (ED) and deputy ED. The ED is responsible for day-to-day management, represents the MB vis a vis the SB, and may be conferred sole power of attorney and representation by the SB. The MB has the legal authority to represent LLF. Members may serve on honorary basis or will receive an appropriate remuneration set by the SB. A member of the MB or SB may not be a member of the other body at the same time.

The MB shall ensure the permanent and sustained fulfilment of the foundation's purpose and is responsible for financial management, organization, programs, and reporting. As a collective body, all MB members jointly bear the responsibility.

The MB meets regularly and documents its meeting decisions. MB meetings are chaired by the ED and are convened as often as necessary, but at least once per quarter, to discuss and agree on resolutions regarding matters of significant importance. Those resolutions are also documented. Matters of exceptional importance or of high economic risk require prior approval of the entire MB. The MB constitutes a quorum if more than half and at least two members are represented and passes its resolutions by a simple majority of the votes cast. MB Bylaws §3.8 specifies transactions that are subject to prior authorization by the SB.

3.2 Supervisory Board

The SB shall consist of two appointed members and up to seven additional elected members. Representatives of public and private donors to the foundation and up to two experts from civil society or a specialized international organization may be so elected. The two appointed members are appointed by BMZ and KfW respectively, with the former serving as chairperson and the latter as deputy chairperson. If both BMZ and KfW waive the right to appoint board members, chairpersons are elected. Up to two representatives of the advisory committee (AC) may be invited to the SB as observers without voting rights.

Institutional representatives are expected to cover their travel and accommodation costs for SB meetings. Observers may claim reimbursement from LLF for their SB meeting expenses.

The SB shall take the foundation's strategic policy decisions, which shall be implemented by the MB. In particular, the SB is responsible for developing and positioning the foundation; supervising and advising the MB; budget approval and the review of the allocation of the funds; and the realization of the foundation's purpose.

SB meetings shall be convened by the chairperson or their deputy as often as necessary, but at least twice a year. The MB participates in the meetings as guests. The SB shall have quorum if more than half of its members are present or represented and take decisions by a simple majority of the votes cast. In the event of a tie, the chairperson's vote is determinative. Minutes of the meetings are to be kept and decisions to be recorded in writing. An executive session might be included in SB meeting agendas. Executive sessions are conducted without the MB and without the AC observers.

3.3 Committees

Advisory Committee

The SB should appoint an advisory committee (AC). The AC provides strategic and technical advice on the foundation's project and should include representatives of the foundation's public and private donors, international nature conservation experts and scientists, and representatives of non-profit organizations and government representatives from countries with which the foundation cooperates in implementing measures. The AC may nominate up to two experts or representatives and their deputies, who are invited as observers to the SB and have the right to speak. The SB determines the details in by-laws.

Investment Committee

The SB has adopted investment guidelines under which it has established the investment arrangements for LLF—a two tiered structure involving (i) an investment committee (IC) which makes the formal decisions on appointment of investment managers, investments in funds, tactical allocations within the overall strategic asset allocation set by the investment guidelines, and the like, and (ii) an investment consultant which advises and supports the IC in implementing its decisions in compliance with the investment guidelines and any more detailed procedures and policies approved by the MB or the IC.

The MB seeks out and appoints the members of the IC (subject to the no-objection of the SB), who shall have appropriate expertise or experience in investment, economics and/or banking to serve together with a member of the MB or a special representative of LLF, as the IC. IC members make themselves available to meet with the investment consultant at least quarterly. They act as unpaid volunteers unless otherwise approved by the SB. The IC and NTA receive monthly reports from the investment consultant. NTA assures that the full MB receives the report on a quarterly basis. An update and report are provided to the SB at least semi-annually.

Further details can be found in the [investment guidelines](#).

Audit Committee

Good governance practice, including under the German Federal Government's Public Company Governance Kodex (PCGK), contemplates the establishment of an audit committee (AuC) at the SB to oversee the audit function, and the SB by-laws require the establishment of such a committee.

The AuC will be composed of at least one member of the SB. AuC members will serve without separate remuneration for their role. The AuC may appoint such advisors and invite such observers to its proceedings as it deems appropriate. Such advisors or observers will also not be remunerated unless otherwise determined by the SB on the proposal of the MB. If there is more than one member, a chair will be appointed who will not be the chair of the SB. The audit committee will meet at least twice per year. Meetings may occur by telephone, video conference, or other electronic means. Attendance of at least 50 percent of the members of the audit committee at a meeting constitutes a quorum.

The overarching role of the AuC is the oversight of the financial statement preparation process,

including the effectiveness of the internal review, control, and risk management systems, and to interact with the external auditors to ensure the integrity of the audit process, including auditor fees and auditor independence. To that end, the AuC will generally meet once near the outset of the audit process to discuss and approve the audit work plan and the auditor's proposed fees. A second meeting will occur immediately prior to completion of the audit to review the audit results and the audit opinion and its conclusions (true and fair view, use of foundation assets in accordance with the purpose, and maintenance of foundation capital).

In addition, based on the audit report and the meetings with the auditors, the AuC will consider whether it is appropriate to make recommendations to the MB and/or SB to improve financial reporting practices and management practices or to strengthen internal controls. At least annually, the AuC reviews its work with the SB, typically in connection with the MB's presentation of the audit results to the SB and as part of the acceptance by the SB of the audited financial statements and its re-appointment of the auditors to conduct the audit of the next financial year.

The SB has for the moment decided to establish a committee of one - the SB member appointed by KfW - as its audit committee.¹ It is anticipated that the time required for this task is approximately two to three days per year.

Grants Committee

To enable informed and efficient decisions about concept notes during the two-staged call for proposal process (to be laid out in detail in the grants guideline), a LLF grants committee (GC) is to be established. On invitation of the MB, and after the submission deadline of concept notes, the GC will meet either in person or virtually. The committee will consist of LLF staff plus invited KfW experts. The Grants Committee will contract IUCN to support in the selection preparation of appropriate concept notes.

3.4 Nature Trust Alliance

LLF is one of the partners that forms the Nature Trust Alliance (NTA), which provides financial and operational support services to conservation trust funds (CTF). The support services provided by NTA directly and indirectly include payment/banking services and cost controlling; procurement management; coordination and administrative support for the investment activities; bookkeeping, accounting, and financial statement preparation; external auditing; tax advice/tax filings and other administrative support (including human resources and IT) or filings and dealings with the Foundation Regulatory Authority.

3.5 Conflict of Interest

Each member of the MB and SB shall immediately disclose conflicts of interest to the SB and inform the other members accordingly. No MB or SB member shall participate in the decision-making process of any matter in which such MB or SB member has an interest. All transactions between the foundation on the one hand and the members of the MB or SB and related persons/organisations on the other must comply with industry standards. Insofar as they are not otherwise subject to approval under charter or the bylaws, significant transactions with the aforementioned persons or organisations require the consent of the SB.

¹ The SB took the following considerations into account in making this determination:

- The PCGK's rule that the SB chair should not be chair of the committee;
- The general familiarity of the KfW appointee, from his roles at KfW Development Bank, with financial and accounting matters;
- The need for the AuC to be able to read German, given the language of the long-form audit report.

With support of the NTA, LLF is currently developing a new Fraud and Corruption Policy.

4 Financial Resources and their Use

Legacy Landscapes Fund has three types of capital assets that are tracked separately as their uses follow distinct rules. Management of each of the different sources is the responsibility of the MB. The financial statements will indicate the balance of each fund source annually.

Investments of the foundation's assets are guided by the [investment guidelines](#) which define the investment strategy, eligible asset classes, and investment processes. The investment management is regularly evaluated by the MB with the support of the investment committee and investment consultant to ensure that the risks assumed are prudent and are designed to maximize consistent long-term returns on investment.

4.1 Foundation Capital (Endowment Fund)

The LLF's foundation capital (endowment) is derived from its founding document. It is to be preserved in perpetuity (in principle) meaning that it must be kept intact as to its amount. Donations expressly designated to the foundation capital serve to increase such. Exceptions are permissible with the consent of the Supervisory Authority for Foundations, insofar as the donor's wishes cannot be implemented in any other way and the foundation's existence is guaranteed for an appropriate period.

4.2 Foundation Reserve (Sinking Fund)

Earnings on the foundation's assets and donations, insofar as these are not designated as an addition to capital by the donor, may be used for operational costs and funding in accordance with the purpose of the foundation.

If donations are linked to a usage obligation ("earmarked") consistent with the charter, the foundation must comply with them. Donations to foundation assets that are expressly designated by the donor as for use (so-called sinking funds), are not added to the capital (endowment) base and are not subject to the principle of capital maintenance. LLF uses the grant and investment earnings (including capital gain, interest, dividend income and other income gained from the grant) to finance grants to executing agents of eligible landscapes and operational costs of the foundation.

According to its charter, the foundation may take on trust management of dependent foundations, if they exclusively and directly fulfil tax advantaged purposes within the meaning of the German tax code. Dependent foundations may be founded to direct funding to selected legacy landscapes.

4.3 Non-Program Reserves

The foundation may set up saving and earning reserves within the scope allowable under the tax regulations. Up to one third of investment earnings and ten per cent of current use donations in any given year may be set aside in non-program related reserves (§ 62.1.3 AO). The reserve fund is included in LLF's equity. Parts of the funds from the reserve fund may be used for any valid foundation purpose or as a permanent reserve based on a decision of the SB.

4.3 Fundraising

To leverage additional funds to fulfill its mission, LLF may raise funds from other public, private, and corporate donors. Contributions of additional foundation capital, foundation and non-program reserves are permitted. Such contributions require special designation in the donor agreement to ensure that

the desired treatment is accorded. All donations or contributions to the foundation capital of any kind above EUR 25,000 require SB approval.

Provided that the funds are used according to the foundation's charter, the MB may – with advice and consent of the SB – agree on specific provisions with third party donors, for example regarding regional or thematic priorities, reporting requirements, investment principles and so forth. It is the responsibility of the MB to determine if a given provision is acceptable and feasible for the Foundation.

Due Diligence Process for Corporate Funders

LLF applies a careful due diligence process to proposed partnerships with corporate funders to identify like-minded partners that reflect the spirit of LLF and match the organization's vision. The process takes account of the exclusion criteria set out in the LLF investment guidelines. It includes an independent research report and analyst assessment of a company's social and environmental performance in line with the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and the Sustainable Development Goals.

5 Budgeting and Financial Management

5.1 Budget

The MB of LLF presents an annual budget forecast that is submitted to the SB for approval. The annual budget includes the planned expenses (budget for grants and administrative expenses) and expected income for the year (pay-outs from foundation capital and foundation reserve, investments earnings, third party donations). Until the approval of the new budget, the foundation can continue to cover running costs based on the previous year's budget and existing planned grant commitments but cannot make new grant commitments. Grant disbursements are also budgeted but are governed by the contracts with the grantees rather than the budget.

During the year, the MB requires the consent of the SB for:

- Non-grant spending that exceeds by more than five per cent the approved budget for non-grant spending.
- Conclusion, amendment, or termination of non-grant contracts which are not budgeted or which, in the individual case, commit the foundation to an amount more than EUR 50,000 per year.

The operational costs (administrative, program development, management expenses) of the foundation cannot exceed eight percent on average of the operational budget.

5.2 Banking and Bank Accounts

LLF maintains separate bank accounts for its current operations (grant-making and operational expenses) and its investments at reputable banks in Germany. Its investment accounts are available to its discretionary managers for trading purposes only, and to its financial advisor for trading (on instruction from the investment committee) and reporting purposes. Withdrawals from the investment accounts (typically for transfers to the current account) always require two signatures of the MB, at least one MB member, and the NTA director or LLF's tax advisor. All external transfers above EUR 50,000 need to be co-signed by the ED and the NTA director/MB member.

LLF applies a four eyes principle, requiring approval of external payments by two separate persons, also reflected in the procedures with its external bookkeepers who can also provide payment services. LLF provides a payment request with the appropriate documentation and the authorisation of the ED. The bookkeeper or NTA director together with another staff member effect the payment. NTA procedures provide that either (i) an NTA employee forward the documentation to the bookkeeper for payment or (ii) if the payment is made directly by NTA (for amounts up to EUR 150,000) via internet banking, the

NTA employee who sets up the payment in the internet banking system is different from the one who effects it.

As a rule, funding for operating/administrative and grant expenses is advanced twice per year, covering six months of budgeted expenses plus a small contingency.

5.3 Accounting

Legacy Landscapes Funds' accounting year is the calendar year. LLF with support from NTA shall ensure that proper books are maintained as necessary to properly record and account for all:

- Assets (including endowment capital, sinking and reserve funds, donor advised funds, current use donations and other contributions or tangible assets)
- Liabilities (including a schedule of committed grants)
- Revenues (including donations and investment gains)
- Expenditures for grants and operations

Bookkeeping and accounting systems are adapted so that they enable the preparation of annual financial statements required under foundation law, the charter, and external audits. NTA supplies back-office support by managing LLF's accounting and financial control functions and the execution of payments. The detailed structure of the accounting system and NTA's processes are described in NTA's procedures manual.

5.4 Organizational Efficiency

The LLF monitors its organizational efficiency by tracking administrative, program and fundraising expenses to support foundation management and guarantee its statutory purposes are fulfilled. Based on a range of expense categories, different efficiency ratios are tracked and provide an internal management tool for MB and SB, such as administrative expense and non-grant expense ratio for organizational efficiency, program delivery ratio for program efficiency and fundraising ratio to track efficiency of fundraising efforts.

6 Reporting

Proper reporting is an essential management responsibility to comply with legal and contractual obligations and to be accountable to all stakeholders and the wider public. LLF aims to harmonize reporting requirements and thus produces multi-functional reports that can be used for different target groups.

6.1 Annual Reports

Annual Report

LLF produces an annual report on its activities and the fulfillment of the purpose of the foundation that will be made available to the public. The annual report presents a broad overview as to the governance, the grantmaking strategy and portfolio, and the financial situation of the foundation.

Donor Report

LLF will produce a harmonized annual donor report, which informs about the foundation's activities, finances, the Environmental, Social, Health and Safety (ESHS) performance and compliance and all

relevant developments and complements the annual report. LLF will also produce semi-annual or technical progress reports as per donor requirement or if developments call for such.

Annual Report to the Foundation Authority (*Bericht über die Erfüllung des Stiftungszwecks*)

The foundation is obliged to submit a report of activities to the German Foundation Authority.

6.2 Audits

Audited Financial Statements

LLF follows standard procedures to report on the financial status of the foundation. Accordingly, LLF with support of NTA will produce annual financial statements under German accounting standards (HGB), including balance sheet and an income statement (including earnings from assets, contributions to the endowment capital, and any donations of third parties). The statement must be audited by an internationally recognized independent auditor, appointed, and approved by the SB.

Fund Procedures

On a regular basis (determined by KfW in consultation with LLF), an audit or agreed upon procedure will be carried out that results in a separate opinion of the auditor that shall explicitly state whether:

- payments have been made in accordance with the conditions of the relevant grant agreements;
- expenditures are supported by relevant and reliable evidence;
- specific deficiencies and areas of weakness have been identified in the internal systems and controls of LLF;
- the LLF operates cost-effectively.

6.2 Other Reporting Requirements

Foundations are obliged to proactively report any changes in board compositions and terms to the relevant authorities. Trusts are also obliged to disclose their beneficial owners in the German Transparency Register. All persons with direct influence on the investment and/or allocation of funds (MB and SB members in case of LLF) must be registered. Members of the IC who are not board members have limited influence and do not have to be reported as they only make proposals that need to be approved by the MB.

Furthermore, LLF MB will annually deliver all necessary information which the foundation is obliged to report to the German federal government as foundation with substantial government involvement to the extent applicable.

7 Communications

LLF makes use of a variety of channels to advocate for global biodiversity conservation, to transport its vision, overarching goals and to facilitate clear and transparent communication with all stakeholders and the public. LLF's main communication channels are its [website](#), social media ([Twitter](#), [LinkedIn](#)) and regular news updates. The foundation only publishes photographic and other copyrighted material with the written permission of the owner and fulfills the branding requirements made by third party donors. LLF will coordinate its funding-related public outreach and funding-related press releases and press releases with political significance with the SB and implementing partners.

LLF's support to projects should be made visible, thus the foundation requires grantees and encourages

partners to reference LLF and use its logo for acknowledgment of support, as appropriate and only in accordance with specifications made in the grant agreement. Rights to use any copyrighted material owned by LLF may be granted on a case-by-case basis.

8 Procurement

Procurement of goods and all other services including consultancies is based on strict ethical principles to ensure transparency, fairness, confidentiality, economic efficiency, and sustainability and shall conform to LLF’s internal procurement policy as described in this section. LLF’s procurement policy is based on best international procurement practices and takes account of the KfW-“[Guidelines for the Procurement of Consulting Services, Works, Plant, Goods and Non-Consulting Services in Financial Cooperation with Partner Countries](#)” (for details see KfW separate agreement) and includes screening on French Sanctions List.

LLF strives for environmentally sustainable procurement of goods and services. The method of procurement is selected according to the following thresholds (see table below). Any deviation from the below mentioned thresholds will need prior no-objection by KfW at program level and by LLF at project level. LLF must maintain a list of goods and services it has purchased with a value above EUR 5,000.

Bidding periods will be fixed in a way that allows the bidders sufficient time to prepare their bids. All procurement-related information is confidential. Only the parties involved shall have access to the relevant information in accordance with their respective right to information. The procurement process will comply with the four eyes principle. At each step of the procurement process and specifically before a procurement decision is made, the procurement needs to be verified by at least two persons.

Procurement method	Contract value	Type of goods or services	LLF procedures
Direct Award	< EUR 20,000	Any type ²	Documentation of suitability of contractor, technical and financial appropriateness
Price Quotation (at least 3 qualified bidders)	≥ EUR 20,000 but < EUR 200,000	Standard goods and non-consulting services	Documentation of award-making decision and suitability of short-listed bidders; LLF is developing standard tender documents and contracts.
Limited Competitive Bidding (LCB)	≥ EUR 20,000 but < EUR 200,000	Consulting services, non-standard goods, and non-standard services	
	≥ EUR 20,000 but < EUR 500,000	Works (construction)	
	> EUR 10,000	Financial services	
International Public Competitive Bidding	> EUR 200,000 ³	Any type (unless financial services or construction)	Tender shall be internationally advertised; documentation needs to be maintained and outside advice on specific rules that apply to it can be obtained

² Exceptions for contract values in excess of EUR 20,000 are possible in line with KfW Procurement Guidelines. LLF may use LCB or price quotation methods where they can be used to advantage even where the contract value allows direct awards.

³ Procurements > 200.000 EUR will be in line with German and EU Procurement law applicable for LLF.

9 Human Resources

LLF will develop detailed protocols on Human Resources (HR) and hiring practices in form of an employee handbook, including employment regulations that will be available to all employees. This document will be based on the NTA employee handbook, to ensure conformity with sound financial and HR practices in compliance with German labour regulations and environmental and social standards. HR management including staff recruitment, contract development, payroll and reimbursement of advanced expenses is supported by NTA. Staff development and performance reviews are the responsibility of the ED.

10 Travel

Travel needs to be authorized by the ED and employees should consider whether their trip is necessary to reduce travel expenditure and environmental impact. LLF has committed to travel economy class and to prioritize rail travel over flights for regional trips and public transportation for local travel to reduce environmental impact. When traveling by plane, LLF offsets carbon emissions.

If employees are working outside their home and first place of work, the costs incurred should be reimbursed. Reimbursement is generally for economy class travel (exceptions apply), local transportation, reasonable hotel costs, for ancillary expenses on a per diem basis (in accordance with German travel law), and for other necessary travel expenses (e.g., conference/visa fees) based on receipts.

11 Privacy and IT Safety

LLF is attentive to its obligations under privacy laws, including compliance with the EU General Data Protection Regulation, and holds any personal or private data in its possession in strict confidence. LLF provides computers and related IT equipment to its employees and the relevant protocols are designed so that data and information storage management are in line with relevant security and accessibility standards and general policies on computer use. NTA supports in ensuring security and accessibility standards for its IT systems.