Feedback from the Independent Review Panel
Review Round April 2014

Berlin, 11 June 2014

Dear Scott Poynton,

Thank you for submitting your accountability report to the Charter's Independent Review Panel for assessment. As in previous years we found that the quality of reports is generally improving, demonstrating greater institutional commitment and more evidence that mechanisms are working in practice. Before providing individual feedback on your organisation's report, allow us however to highlight three areas of general concern:

1.) *Accountability is a pro-active tool to develop and deliver on key value propositions of an organisation (3.5)*
Accountability is all too often perceived as a defensive tool, when it is really a mechanism to pro-actively define what an organisation wants to be held accountable for i.e. delineating key parameter of its identity and drive organisational development accordingly. The profile disclosure 3.5 looks like a rather technical question on how the report is compiled; but it covers a lot more by asking: how do you use the report as an opportunity for a cross functional systematic and critical reflection on how accountability is best implemented and underpins the legitimacy and quality of your organisation's work. Please describe under 3.5 how you use the reporting process to embed accountability into your organisation. Against this background Members are also strongly encouraged to place the Charter logo prominently on their website and to further link to the Charter website, so that stakeholders know what to hold you accountable against.

2.) *Complaints Handling Mechanisms (NGO2)*
Having a fully functioning complaints handling mechanism in place is the only Minimum Standard for Charter Members so far. The Panel is very concerned about rather slow progress by many Charter Members to comply with this. We have therefore decided to ask the Charter Board to look into implementing a timeline policy for compliance. In our view the leeway should be no longer than two to maximum three years after a Minimum Standard has been adopted. You find examples of well-functioning complaints handling mechanisms in the Good Practice document on the Charter website, capturing good examples from this and previous reporting rounds.

3.) *Succinctness and communication quality*
There is a danger that accountability standards develop a life of their own and become increasingly complex and detached. We have noted that Charter reports tend to get longer without necessarily providing more relevant information. It is important however to use these reports to actively communicate internally and externally how accountability is an integral part of your organisation and strengthens the quality of your work. In order for these reports to be read, we suggest that they should have a maximum of 40 pages. For each GRI indicator it is sufficient to report three things:
　　a) Do you have policies and processes in place to address the issue?
　　b) Do you have evidence that it is embedded in systematic practice?
　　c) Is there evidence to show that this has led to improved quality of work?
Sometimes the Panel asks for more information. We are aware of this and try to limit it. But with all questions we encourage you strongly to be as succinct as possible, and take the above three parameters as guidance. Also try to avoid repetition and where illustrations are given, please keep these brief. Plain language and a minimum of acronyms are also welcome. Organisations who wish to merge their accountability report with the annual report are encouraged to additionally provide a separate and more

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reflective addendum relating to the Charter if the annual reports do not embrace that due to a desire to be more promotional.

Organisation-specific feedback to TFT – The Forest Trust:

*This is The Forest Trust's (TFT) first INGO Accountability Charter report and as such very good and very interesting to read. The Panel welcomes TFT's accountability **commitment** to underpin its own credibility and effectiveness in promoting sustainable supply chains. Although TFT operates with a different model to most NGOs by focusing on business partnerships, TFT's objectives and theory of change are founded in a long term, participatory, holistic and empowering model of development equivalent to that of NGOs. Its commitment to lead by example and be accountable for e.g. its own environmental sustainability, working in partnership, being transparent etc. are thus credible and important to achieve its own objectives. Against this background it is important to also use this report as a means of communication with internal and external stakeholders. To that end it could be more succinct and targeted in several passages. In general, this report was clearly written and told the story of what TFT did, why and how, and it was well grounded in their practice and reality as an organisation.*

*Some specific challenges highlighted in the comments to the report below include: how to ensure an effective Board structure (4.1), allowing people to directly feedback to TFT what they think of their activities (NGO2, complaints and feedback mechanism) and looking systematically how to partner with other actors in the same field to leverage its unique contribution (NGO6). TFT is on the other hand particularly commended for a very comprehensive and well laid out description of its key stakeholders (2.7) and strong practices of engaging with stakeholders (4.16) which can both be seen as **Good Practice**. Initiatives to reduce greenhouse gas emissions (EN18) are also particularly comprehensive and the commitment to measure greenhouse gas emissions as soon as possible is noted.*

*The **GAP Analysis Table** at the end of this document provides an overview of the promises made in this accountability report. Please provide an updated GAP Table when submitting TFT's next report. The GAP table should provide a very brief overview of TFT's commitments to improving its accountability in certain areas and capture progress that has been achieved to date.*

Overall, TFT is likely to profit from some exchange with other Charter Members in certain areas of accountability where these are very strong to further underpin their credibility and quality of work. At the same time the Charter is likely to profit from TFT's specific approach to bridging the business and NGO agenda.

Our intention is that this letter, and any response you may wish to provide, is made publicly available on the Charter website, along with your report. You can find the reports that were previously reviewed on the Charter website. However, should there be errors of fact in the feedback above or in the note below we would of course wish to correct these before publication. Please share these comments or corrections by 10 July 2014.

If you have any other feedback or comments on our work, please share with us by sending them to the Charter Secretariat. We would very much like to hear your views.

Yours sincerely,

Richard Manning · Louise James · Wambui Kimathi · Michael Röskau · Janet Kiragu · Rhonda Chapman

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TFT - The Forest Trust

Reporting period: Calendar year 2012

PROFILE DISCLOSURES	
I.	**Strategy and Analysis**
1.1	***Statement from the most senior decision-maker*** *Addressed* The opening statement of the most senior decision-maker in the organisation shows clearly how accountability is central to achieving The Forest Trust's (TFT's) mission. Helping organisations to become more transparent and sustainable leads to a necessity of leading by example for TFT. As a consequence, a number of environmental responsibilities are reported. It is important to note, however, that leading by example should extend beyond sound environmental management to also incorporate e.g. mindfulness to effects on local communities, ethical fundraising practices, good governance practices, partnership modalities or managing human resources responsibly. Some of these issues are covered later in the report, but the strategic link to TFT achieving its key objectives is less clearly delineated. TFT reports an impressive growth in the scale and scope of its work. This is based on seizing opportunities where they arise and where they fit well with guiding values of the organisation. Too rigorous plans are perceived as potentially counter-productive. While this approach is acknowledged, the entire section of this report would profit from a more succinct layout of how senior management balances the inherent tension between being a responsive, flexible, dynamic organisation responding to change and opportunities with the need to ensure organisational improvement by learning from their practice, consistency with the theory of change, values, strategic direction, and accountability for their actions.
II.	**Organisational Profile**
2.1	***Name of the organisation*** *Fully addressed*
2.2	***Primary Activities*** *Fully addressed* TFT provides a very good overview on its primary activities and how these are linked to achieving its mission.
2.3 – 2.6	***Operational structure / Headquarter location / Nature of ownership*** *Fully addressed*
2.7	***Types of stakeholders*** *Fully addressed* A very good overview is provided on the various types of key stakeholders ranging from *members* (businesses who engage with TFT for their complete

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sustainability management), *business partners* (with whom TFT works on a specific or short term sustainability issue only), donors, NGO partners, local communities and those working in factories, forests and quarries producing the goods. Although no specific names of companies or organisations are listed, this can be regarded as **Good Practice** in the clarity it is laid out.

2.8 – 2.10	***Scale of organisation / Significant changes to previous reporting / Awards received*** *Fully addressed*

III.	Report Parameters

3.1 – 3.4	***Reporting period / Date of most recent report / Contact person*** *Fully addressed*
3.5	***Using the reporting process to mainstream accountability*** *Addressed* It is acknowledged that TFT addresses this report not only to the Panel, but also to members, business and NGO partners and donors. It would be interesting to understand how TFT supports the dissemination of the report to these audiences. This indicator further asks for some clarification on how TFT uses the reporting and vetting process to ensure accountability is established as a key quality assurance and learning tool across all functions and regions of TFT's work.
3.6 – 3.11	***Report boundary / Specific limitations / Basis for reporting / Data measurement techniques for the report*** *Fully addressed*
3.13	***Reporting parameters*** *Fully addressed*

IV.	Mission, Values, Governance, and Stakeholder Engagement

4.1	***Governance structure*** *Partially addressed* TFT describes its Board structure. More information on the procedures for appointment, responsibilities and term limits is given under 4.10. The total number of Board members is not limited. The terms of individual Board members are also not limited. Those longest in office since their last election have to retire first. Overall, it is not clear how TFT ensures the right capacities and capabilities in the Board to constantly and productively drive organisational development, and how TFT ensures representation on the Board. How does TFT ensure the independence of the Board Chair?
4.2 – 4.3	***Relationship of Board and Management*** *Fully addressed* The division of responsibilities between Board and management is well laid out. Duplication of information with 4.1 is unnecessary. The need to develop and implement a sound risk management system is noted.
4.4	***Internal stakeholder feedback*** *Fully addressed*

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	TFT describes very good processes for interaction among senior management level staff in all 14 country offices and TFT International. It is less clear, however, how governance and management interact, how normal staff is informed about Board discussions and how their feedback informs good Board decisions.
4.5	***Compensation of governance body and executives*** *Fully addressed*
4.6	***Managing conflicts of interest*** *Fully addressed*
4.8	***Internally developed Codes of Conduct*** *Fully addressed* TFT reports on a number of core organisational values and some according policies and practices. This supports a statement earlier in the report on being value driven. At the same time several issues reported upon here should really be placed in the sections which ask specifically for e.g. environmental policies and practices or human resource management. The section would profit from being more succinct.
4.10	***Evaluation of the Governance Body*** *Not addressed* The TFT Board does not evaluate its performance.
4.12	***External charters / principles endorsed by the organisation*** *Fully addressed* TFT subscribes to numerous standards in particular with regard to good environmental management as well as HR practices. It would be interesting to know how TFT manages to harmonise the diversity of reporting needs this entails.
4.14	***List of stakeholders*** *Fully addressed*
4.15	***Criteria for stakeholder selection*** *Fully addressed* TFT reports on a selection process for businesses to work with based on a substantial overlap in their values. It would be interesting to understand in how far this is based on formal processes and written agreements. Communities are selected as stakeholders if they are affected by TFT business partner supply chains.
4.16 – 4.17	***Stakeholder communication*** *Fully addressed* Comprehensive and strong processes are reported for engaging with business members/partners, communities in which production is located and the general public. Two-way communication is seen as a central element of succeeding to establish responsible product sourcing. This can be regarded as a **Good Practice** approach. Some evidence is given on how this has led to positive management response. An external evaluation on how local communities experience their interaction with TFT could be a good next step.

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PERFORMANCE INDICATORS	
I. Programme Effectiveness	
NGO1	**_Involvement of affected stakeholder groups_** _Fully addressed_ It is acknowledged that TFT's engagement with businesses and suppliers/local communities is customised and two concrete examples are provided where this interaction has led to positive management response. Some more generic processes for stakeholder engagement are reported under disclosure profile 4.16 as well.
NGO2	**_Mechanisms for feedback and complaints_** _Not addressed_ It is reported that grievances about certain product sourcing activities usually do not go to TFT but to the producing company or a local NGO. Nevertheless, TFT activities directly affect local communities, which should therefore have the possibility to also feedback or complain about TFT specific activities, where appropriate. Having a functioning complaints handling mechanism in place, is the only minimum standard for INGO Accountability Charter Members and the Panel advises the organisation to look into this. Good feedback mechanisms have led to substantial improvements in the quality of work for many Charter Members. The Charter Secretariat would be happy to connect TFT with Charter Member organisations which already have solid complaints handling mechanisms in place.
NGO3	**_Programme monitoring, evaluation and learning_** _Partially addressed_ Clear deliverables, timelines and indicators are agreed on an individual basis with each member organisation or business partner. It is not clear however how TFT measures overall progress towards the attainment of its mission. The Panel would further like to see how TFT incorporates lessons from their approach to partnership which prioritises relationships and flexibility in order to inform ongoing practice.
NGO4	**_Gender and diversity_** _Partially addressed_ TFT reports on policies and practices which encourage and safeguard diversity in the workforce. Numerous potential reasons for discrimination are identified in this regard. There is less convincing evidence that inclusion is actively practiced in their activities. While it is acknowledged that programmes are developed in collaboration with field offices, this does not ensure that potential discrimination is actively identified and acted upon.
NGO5	**_Advocacy positions and public awareness campaigns_** _Not addressed_ It is acknowledged that TFT is not a campaigning organisation. At the same time they actively engage in public discussions at the local, national and international level to promote sustainable sourcing. As such it is also important that training materials, documentations and handbooks with an influencing ambition are well evidenced in their findings, consistent in their messaging and potentially corrected as new evidence or research appears.
NGO6	**_Coordination with other actors_** _Partially addressed_

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Good processes for internal communication among the various national entities of TFT are described. This indicator is broader, however, and it also asks for effective coordination with external actors in the same field. These range from governments (to ensure a good fit with national development plans) to other NGOs with similar objectives etc. How does TFT leverage its unique contribution through effective partnering with others is the key issue at question here.

II.	**Financial Management**

NGO7	**Resource allocation** *Fully addressed* A robust resource allocation and tracking system is reported. Please provide a link to TFT's annual financial report in the next Charter report and identify the auditing standards used.
NGO8	**Sources of Funding** *Fully addressed* The Panel would welcome a clearer distinction/description between donations and grants in TFT's understanding.

III.	**Environmental Management**

EN16	**Greenhouse gas emissions of operations** *Not addressed* TFT estimates that energy use and travel will be the biggest contributors to greenhouse gas emissions. To underpin TFT's credibility it is important that greenhouse gas emissions of its own operations are carefully monitored. The Panel notes that TFT plans to collect these data and would have welcomed a precise timeline for its implementation.
EN18 EN26 EN29	**Initiatives to reduce emissions of operations** *Addressed* Very relevant initiatives to reduce emissions in the operations, services and travel are reported. Some of them can be seen as **Good Practice** approaches. It will be important however to integrate all of this - as already envisaged by TFT - into a comprehensive environmental policy and track progress against identified benchmarks.

IV.	**Human Resource Management**

LA1	**Size and composition of workforce** *Fully addressed*
EC7	**Procedure for local hiring** *Fully addressed* A practice – if not a formal policy – of local hiring is reported. It would be good to have an explanation why despite of this only 40% of Country Heads were recruited from local communities.
NGO9	**Mechanisms to raise grievances** *Fully addressed* TFT is asked to provide links to the mentioned policies in its next report.

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LA10	**Workforce training** *Fully addressed* Evidence on how TFT ensures that workforce training is successful would be welcome in the next report.
LA12	**Performance reviews and development plans** *Fully addressed* TFT can be commended for giving all staff members a performance review in 2012.
LA13	**Diversity of workforce and governance bodies** *Fully addressed* It would be good to have an indication which groups of people TFT seeks to have in its governing body and if changes e.g. to greater representation of females or candidates from the Global South are envisaged for the future.
	V. Responsible Management of Impacts on Society
SO1	**Managing the organisation's impact on local communities** *Partially addressed* Good examples are provided where empowering local communities to actively and commercially manage e.g. their Community Forests was integral to TFT's success. Additional information on how TFT systematically assesses and manages impacts on local economies, labor markets or human rights will be appreciated.
SO3	**Anti-corruption practices** *Partially addressed* TFT seems to have a high standard of anti–corruption policies in place. Can TFT also provide evidence that they are well known by staff (do the employees only have to sign the policies once they start working with TFT or also again at a later point?) and applied in practice. Besides, there is no evidence that TFT systematically assesses and manages risks of corruption, bribery and fraud in their projects and what the Board's role is in these assessments.
SO4	**Actions taken in response of corruption incidents** *Addressed*
	VI. Ethical Fundraising
PR6	**Ethical fundraising and marketing communications** *Not applicable*

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Gap Analysis Table – Areas of Commitments and Progress achieved

Accountability is a process of continuous improvement. Each year Charter Members in their accountability reports identify and prioritise areas for improvement and corrective actions they plan to take. As of reports submitted in 2014, Members are asked to capture these commitments in this Gap Analysis Table. The Independent Review Panel may suggest the Member to add further issues when reviewing the Member's report. Each year following, the table shall be submitted along with the accountability report and will then be used as a basis to demonstrate progress. The table will be published on the website along with the accountability report and the feedback from the Panel. Please note that the rows where commitments cannot be identified can be deleted from the table.

GRI – Performance Indicators	Reporting year 2012	Reporting year 2013	Reporting year 2014	Reporting year 2015
Programme Effectiveness				
-				
Economic				
-				
Environmental				
EN16: Total of direct and indirect greenhouse gas emissions.	*"We intend to rectify this in future reports when we have established records for travel, waste and energy use throughout our global offices. We anticipate being able to have these figures in reports of 2014 onwards."*			
EN18: Initiatives to reduce greenhouse gas emissions.	*"TFT aims to reduce the environmental impact of its annual business travel per kilometre and per employee and will monitor its business travel to ensure continuous progress is achieved through reduction in its indicator of CO2 emissions / km /employee."* **"**TFT plans to develop a travel tracker on its internal system, 'MyTFT'."* TFT will develop an environmental policy.			
Labor				
-				

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Responsible Management of Impacts on Society				
-				
Ethical Fundraising				
-				