

INTERNATIONAL NGO ACCOUNTABILITY CHARTER

TFT

REPORT 2012



TFT  
4 CHEMIN DES BRUMES  
1268 CRASSIER  
SWITZERLAND

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## **STRATEGY AND ANALYSIS**

This is TFT's first year as a member of the INGO Accountability Charter. As an international non-profit organisation that works with companies to help clean up their supply chains and source responsible products, we demand transparency from our members, and in becoming an INGO member we're asking the same of ourselves. We are here to share, to learn, to be part of this community.

TFT's vision is No Deforestation, No Exploitation: a world where products are created without negative impact on the people in and around global supply chains or on the environment from which commodities are drawn. What drives us is the belief that one day, with enough accountability, enough ownership of responsibility accepted by key actors in global supply chains, deforestation will cease to exist and the people living and working in and around global supply chains will feel the benefit of what surrounds them. Like many other charities, we are driven by a vision that if realised will one day mean we are no longer needed, yet that day is a long way off and there is much work to do.

So in this sense, sustainability, responsibility, is the fabric of our everyday lives at TFT. As such, there is no sustainability strategy or statement because our work with our members is about helping them implement responsible actions to improve sustainability in their supply chains – it's about being in the forests, quarries, factories and in the boardrooms, working to guide the procurement decisions that carry so much impact environmentally and socially. Tackling the issues around deforestation and exploitation head on means getting out in the field, walking side by side with companies and communities to help them make the right decisions. As responsible citizens, we are also careful about our own buying decisions as an organisation. This ranges from using only recycled or FSC paper in all our offices to keeping our energy consumption under control and being as mindful as possible about flights.

A key part of our strategy is focused on the product groups we work in. Having established a strong record of achievement in timber supply chains, we have been largely focused on diversifying our work into new product groups in order to broaden our impact in view of our vision. Our diversification is in response to opportunities to bring about change in areas such as palm oil, pulp and paper, stone and leather. The palm oil industry in particular is a huge driver of tropical forest destruction, and over the past couple of years TFT has been able to formulate an approach for change in palm oil that has at its core No Deforestation and No Exploitation. This approach is working on the ground, being used by some of the world's largest palm oil growers and buyers. Our strategy over the next three to five years is to further build our influence and footprint in palm oil – there is a real opportunity to create transformation there, to encourage those with control to move beyond the status quo and push for greater transparency and deeper meaning. We will also push towards other forest intensive commodities such as soy.

Another part of our strategy is to focus our services effectively right across our global team. An element of agility is always needed to be able to respond to opportunities. We are about to increase our staff numbers by the most we ever have in a short period of time, deploying over a third of our workforce on perhaps our most ambitious challenge yet - to help one of the largest pulp and paper companies implement a No Deforestation Policy across 2.4m hectares of land in Indonesia. This will be a valuable learning experience for us in so many ways, and the changes the company makes in implementation will provide a blueprint for others to learn from.

It may sound unusual, but our strategy is also about being mindful of what we won't do. The area in which we work is abundant with certification - standards, labels and marks that aim to moderate behaviour and give assurance to consumers and others at the buying end of the supply chain. The change TFT encourages companies to set for themselves - the values they must develop from within, the transparency they need to achieve in their supply chains, the transformation they can only bring about once they know what their supply chain looks like, often means we are asked if we too will become a label. The answer is no, and so we must always be clear about what TFT is and does.

At all times we are guided by our values – acting with humility, respecting others, being tough on problems. We believe that if we stick to our values in everything we do, work will come, and it does. The values guide every decision we make, including the decision not to take on a project if we honestly feel it detracts from our vision and our core beliefs. We are finding that companies want to work with us because of this history of consistency and sticking to our values - they know what they

can expect from working with TFT. With too rigorous plans, the plans become the driver of the decisions rather than the values being the driver. If we can make a small impact on a global scale, we'd have done the right thing – this is the model we follow have been following since forming 15 years ago.

Broader factors affecting our work are:

- The shift in balance from governments taking responsibility for stopping deforestation to businesses doing it for themselves. This increases our opportunity to engage.
- Technology development is an ongoing trend and is particularly relevant to us when communicating the stories of members' products to their customers. We are using our SURE Technology here and need to keep abreast of trends in how consumers engage online.
- New legislation such as the EU Timber Regulation and the Australia Illegal Logging Prohibition Act will continue to give us opportunities to help companies improve legality whilst also improving our knowledge of the complexities.
- The rise of China and India as consumer powers – much of our field teams' work in these nations is from the supplier end, with our buying members based mainly in Europe and North America. Economic development here could present vast opportunities.
- The economics of climate change - commodity prices rising and our work with commodities companies means we have to stay mindful of our members' own economies.

2012 has been a good and busy year for TFT. Our financial position is strengthened, with a net movement of funds almost ten-fold on 2011. This has meant we have been able to strengthen our reserves four-fold. After almost 12 months in development, we launched our SURE Technology, which is designed to help companies build supply chain transparency. We intensified our work in palm oil and began to clearly define the approach from what we had learned in the field over the past couple of years. We helped prepare some of the world's leading commodities companies to commit to No Deforestation, and we saw our existing members building on their commitments. The launch of our Responsible Stone Program was another proud moment. It seeks to improve the lives of people working in stone supply chains, and 17 companies across Europe have signed up so far, which means our teams in India, China, Vietnam and Indonesia are working with quarries and factories to help raise standards.

The work of our forest teams helped seven forests achieve FSC certification, including the first in Brazil for a forest concession. On behalf of the European Commission we reached the penultimate year of the Timber Trade Action Plan to help supply chains in developing countries improve legality.

And recognising that our ultimate strength is our people, we set up a number of staff retreats, bringing our people together for personal and organisational development.

I am very proud of the diversity of our staff. We have over 20 different nationalities, and for an organisation that works in a male dominated area like forestry, 44% of our staff are female.

Looking back over what could have been done better throughout the year, it is hard to see any challenge that was not a great lesson from which to learn. Our biggest challenge is not in retaining staff, but finding good staff who share our values and have the specific skills needed for demanding field work and for managing relationships with our members and their suppliers. The work we do is unique and our staff are so integral to this. Today we are 97 people but this is set to increase by around a third in the next year. This is not an organisational growth strategy – what we really care about is growing our impact.

TFT's funding model is much closer to a business model than a charitable model. Most of our funding is based on a concrete work plan with tangible deliverables. We welcome this as we believe it forces a discipline upon us to live up to our ideals of ever greater delivery, integrity and transparency. It's important to remember though that a budget agreed upon one day can become completely irrelevant the next. Having members and donors who understand this reality will be fundamental to us if we

want to maintain our agility and capacity to deliver. Our SURE Technology is a driver for this and we are excited about helping businesses use SURE as a valuable tool to demonstrate transparency in their operations.

Another area we would like to build on is partnerships with other NGOs. This will help leverage our impact and help develop our relationships on a more local level in the countries in which we operate.

We are set for a very busy 2013 in which we are working towards some unprecedented commitments from global companies that our teams will help turn into meaningful reality in the field. I am pleased that TFT is now part of the INGO Accountability Charter - we look forward to sharing and learning.

Scott Poynton  
TFT Executive Director

## **2 ORGANISATIONAL PROFILE**

### **2.1 NAME OF ORGANIZATION.**

In 2012, the charity traded under the name The Forest Trust (TFT).

### **2.2 PRIMARY ACTIVITIES.**

TFT is a non profit organisation that helps companies source their products responsibly. We work on the ground, in forests, farms and factories across the world, to help companies deliver products that are good for people and the environment. Since its founding in 1999, TFT has specialised in designing ways to prevent deforestation while also helping local communities that rely on forests to live. TFT believes deforestation must be fought directly, in the field, which is why most of TFT's staff work on the ground, in over 14 countries, to help manage over 10 million hectares of the world's forest. TFT is now applying this same approach to cover a wider range of issues such as palm oil, sugar, coconut, stone and minerals, shoe and leather, charcoal and pulp and paper. Working on the ground, side by side with our members, TFT's teams find practical and entrepreneurial ways of changing the way products are sourced, made and brought to customers.

### **2.3 OPERATIONAL STRUCTURE OF TFT**

TFT is organised into three key teams:

Our **Field Programme Team** works on the ground in forests, farms and factories to implement projects that fulfil TFT's objectives. It represents the vast majority of TFT staff and is composed of foresters, agronomists and social experts who monitor our members' supply chains and deliver on our donor priorities. They also share their knowledge locally and regionally through practical workshops and field training sessions.

Our **Field Support Team** designs, implements and supports field projects which develop and demonstrate techniques for helping companies source their products more responsibly. Composed of project managers, financial controllers, Human Resources managers, communication and business development teams, the field support programme works to ensure the field team are in the best position to focus on extending TFT's positive impacts on land management and responsible supply chains.

Our **Member and Donor Support Team** helps TFT's partners understand the requirements for sourcing products responsibly. They work closely with members to ensure they are delivering against their commitment to change their supply chains. They also act as point of liaison with donors to ensure that funds are invested effectively and outputs communicated in a timely and digestible way. The team also communicates progress in the projects they support and in the chain of custody that supply their factories and stores.



The support offices are in Europe and North America and field offices in India, China, South East Asia and South America.

## **2.4 LOCATION OF HEADQUARTERS**

TFT's headquarters are located at Chemin des Brumes 4, 1263 Crassier, Switzerland.

## **2.5 NUMBER OF COUNTRIES WHERE THE ORGANIZATION OPERATES, AND NAMES OF COUNTRIES WITH EITHER MAJOR OPERATIONS OR THAT ARE SPECIFICALLY RELEVANT TO THE SUSTAINABILITY ISSUES COVERED IN THE REPORT.**

TFT has offices in 14 countries, and to support our growth in 2013 we are in the process of establishing offices in Luang Prabang in Laos, Abidjan in Ivory Coast, Guangzhou in China and Melbourne, Australia. Our field teams are based in Brazil, Ivory Coast, Cameroon, Congo Brazzaville, India, Laos, Malaysia, Vietnam, China and Indonesia, with field support offices in Switzerland, France, the UK and US.

## **2.6 NATURE OF OWNERSHIP AND LEGAL FORM**

TFT is a company limited by guarantee Registered No. 3842323, Registered Charity No. 1114277. Registered address is Trethowans, The Director General's House, 15 Rockstone Place, Southampton, Hampshire, SO15 2EP.

## **2.7 TARGET AUDIENCE AND AFFECTED STAKEHOLDERS**

TFT works to improve businesses' 'product stories'. A product story is what comes before the product reaches the shelf – such as where and how the raw materials are sourced and who makes the product. We firmly believe that now, more than ever, the story of the product is the story of the business. Our activities on the ground aim to ensure products respect the environment and improve peoples' lives at all stages of the supply chain. Everyone is part of the story, including the producers and retailers putting products on the market to the consumers who are making the final choice to buy or not. As such, we have a strong connection to consumers, to manufacturers, to forest owners, to buyers and the many production staff in global supply chains.

Our members are businesses who embark on a full programme with TFT to identify and manage the key sustainability risks embedded in their products.

Donor support helps us build capacity on the ground in factories and forests to facilitate and promote the trade of responsible products.

NGO partners are local and international NGOs and institutions we partner with to implement projects and to share lessons, expertise and resources.

Business partners are organisations working with TFT on specific projects or supply chain issues on a short-term basis.

At the other end of the supply chain are those working in factories, forests and quarries, extracting the commodities that make up these products. As an example of how we affect forests communities and promote rural livelihoods, in September 2012 we published our community forest handbook, entitled: 'Sustainable Community Forest Management: A Practical Guide to FSC Group Certification for Smallholder Agroforests'. Funded by The Waterloo Foundation, this guide is based on TFT experts' seven years of experience working on the ground with smallholder agroforest communities in south-east Asia.

In addition to these stakeholders, in 2012 we began formulating ideas for an education outreach programme built around environmental and social awareness of the supply chain. Senior TFT staff spent time visiting schools and universities to discuss the many issues around supply chains and how these can have meaning and application to all education audiences, from primary school children to

postgraduate-level students. We also began the framework for an internship programme, and we look forward to developing both these streams in 2013.

## **2.8 SCALE OF THE REPORTING ORGANIZATION**

TFT gained 22 new members during 2012, and at the year-end we had a total of 108 members. In addition, we had the support of 4 charitable trusts and 12 other organizations. To deliver results in the field and to meet our responsibilities to all projects and member companies, TFT's average staff numbers increased from 90 in 2011 to 97 at the end of 2012. There are no volunteers working in TFT.

Of the 97 employees, 28 are in the support offices, 57 in our Asian field offices, 6 in Africa and 6 in South America.

Total income for the year was US\$9,092,333 and net revenue was US\$1,274,322.

Total net assets were US\$1,678,533 of which US\$632,047 were fixed, US\$2,513,857 were current and US\$1,467,371 in liabilities

## **2.9 SIGNIFICANT CHANGES DURING THE REPORTING PERIOD REGARDING SIZE, STRUCTURE, OR OWNERSHIP**

During 2012 there was an increase in members and employees, but no significant changes in structure or ownership.

## **2.10 AWARDS RECEIVED IN THE REPORTING PERIOD**

TFT was runner up in the Timber Trade Journal's Environmental Achievement Award in September 2012.

# **3 REPORT PARAMETERS**

## **3.1 REPORTING PERIOD**

This report is for the calendar year of January - December 2012, which is also TFT's financial year.

## **3.2 DATE OF MOST RECENT PREVIOUS REPORT (IF ANY)**

This is TFT's first report for the INGO Accountability Charter.

## **3.3 REPORTING CYCLE**

TFT will report on a yearly basis.

## **3.4 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT OR ITS CONTENTS.**

Lindsey Malcom  
Innovation Centre, Venture Road  
Southampton Science Park  
Southampton  
SO16 7NP  
UK  
[l.malcom@tft-forests.org](mailto:l.malcom@tft-forests.org)

## **3.5 PROCESS FOR DEFINING REPORT CONTENT**

This is TFT's first report as a member of the INGO Accountability Charter and it is based on the standard recommended indicators of the GRI NGO Level C template. It is believed that this 2012 report will be read mostly by our members, business and NGO partners and donors. It is important to



TFT that we live up to the standards of transparency that we require of those companies we work with. As well as the disclosures of governance and finance, we considered it a priority to emphasise our values and mission, and our engagement with stakeholders at both ends of the supply chain. The information provided is based on TFT's 2012 annual report which is submitted to the Charity Commission and Companies House. The content of TFT's annual report consists of updates on our product group, new organisational developments, and social and educational work, together with financial reporting. This first INGO report also reflects the policies and procedures detailed in the TFT Staff Handbook, which forms an integral part of each employee's contract. This report covers all of TFT's operations.

The profile disclosures and performance indicators answered in this report are those listed in the INGO GRO Reporting Template. Although we cannot give full answers to all criteria, we intend being able to fully disclose these indicators in future reports. We also look forward to receiving feedback from this report to further enhance our transparency and commitment to addressing these issues in future reports.

### **3.6 BOUNDARY OF THE REPORT (E.G., COUNTRIES, DIVISIONS, SUBSIDIARIES, LEASED FACILITIES, JOINT VENTURES, SUPPLIERS).**

This report covers all of TFT's offices around the world and all product groups but with particular emphasis on our forestry operations, including community forests and palm oil supply chains. These areas amount to the largest part of TFT's operations. Apart from showing examples of TFT's work with members, the members themselves are not included in this report.

### **3.7 STATE ANY SPECIFIC LIMITATIONS ON THE SCOPE OR BOUNDARY OF THE REPORT**

TFT has not been able to report on all the environmental issues such as data of greenhouse gas emissions and other measurements, due to not having processes in place to be able to record such data. 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.

### **3.8 BASIS FOR REPORTING ON JOINT VENTURES, SUBSIDIARIES, LEASED FACILITIES, OUTSOURCED OPERATIONS, AND OTHER ENTITIES THAT CAN SIGNIFICANTLY AFFECT COMPARABILITY FROM PERIOD TO PERIOD AND/OR BETWEEN ORGANIZATIONS**

No joint ventures, subsidiaries or outsourced operations are in this report

### **3.9 EXPLANATION OF THE EFFECT OF ANY RE-STATEMENTS OF INFORMATION PROVIDED IN EARLIER REPORTS, AND THE REASONS FOR SUCH RE-STATEMENT**

Not applicable as there are no earlier reports by TFT to the INGO Accountability Charter

### **3.10 EXPLANATION OF THE EFFECT OF ANY RE-STATEMENTS OF INFORMATION PROVIDED IN EARLIER REPORTS, AND THE REASONS FOR SUCH RE-STATEMENT**

Not applicable as there are no earlier reports by TFT to the INGO Accountability Charter

### **3.11. SIGNIFICANT CHANGES FROM PREVIOUS REPORTING PERIODS IN THE SCOPE, BOUNDARY, OR MEASUREMENT METHODS APPLIED IN THE REPORT.**

Not applicable as there are no earlier reports by TFT to the INGO Accountability Charter

### **3.13 EXTERNAL ASSURANCE FOR THE REPORT, E.G. AUDITING**

All of TFT's finances and internal controls are audited annually by Price Waterhouse Cooper. We also have a numerous project audits per year, which again review finances related to a specific project as well as our internal controls.

## **4 GOVERNANCE, COMMITMENTS, AND ENGAGEMENT GOVERNANCE**

### **4.1 GOVERNANCE STRUCTURE OF THE ORGANIZATION, INCLUDING COMMITTEES UNDER THE HIGHEST GOVERNANCE BODY RESPONSIBLE FOR SPECIFIC TASKS, SUCH AS SETTING STRATEGY OR ORGANIZATIONAL OVERSIGHT.**

The Board consists of 4 directors appointed by the member companies with the Chairman and at least one Board member being independent of any member company. All decisions are reached by consensus and only the Chairman holds a veto power. In 2012, Board meetings were held in January, May and September.

The induction and training of directors is based on an assessment of each new director's training needs and briefings are tailored to meet their requirements.

### **4.2 INDICATE WHETHER THE CHAIR OF THE HIGHEST GOVERNANCE BODY IS ALSO AN EXECUTIVE OFFICER**

The Chair of the Board is not an executive officer. The Board consists of 4 directors appointed by the member companies with the Chairman and at least one Board member being independent of any member company. All decisions are reached by consensus and only the Chairman holds a veto power. In 2012, Board meetings were held in January, May and September.

The Board recognises the need to develop sound systems of internal risk control and to implement effective risk management across the organisation and its operations. Risk issues – both internal and external - are discussed at each Board meeting and strategies are enacted to mitigate those risks.

The directors are required by company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for the financial year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the charitable company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with applicable accounting standard and the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Below the Board of Trustees, TFT's Senior Management Team is made up of our Executive Director and three other directors with overall operational responsibility for the following:

- North and South America, Central and West Africa, France
- UK, India, Asia North (Indochina and China), Asia Pacific
- Finance, Staff Development and Communications

#### **4.3 FOR ORGANIZATIONS THAT HAVE A UNITARY BOARD STRUCTURE, STATE THE NUMBER OF MEMBERS OF THE AND/OR NON-EXECUTIVE MEMBERS HIGHEST GOVERNANCE BODY THAT ARE INDEPENDENT AND/OR NON-EXECUTIVE MEMBERS**

The Chairman and three board members are non-executive, independent members of the Board. One member is also a member of TFT.

#### **4.4 MECHANISMS FOR INTERNAL STAKEHOLDERS (E.G., MEMBERS), SHAREHOLDERS AND EMPLOYEES TO PROVIDE RECOMMENDATIONS OR DIRECTION TO THE HIGHEST GOVERNANCE BODY**

All TFT employees are encouraged to voice recommendations or directions, and the process to do this is initially through their immediate line manager, who is the Head of Country. The Heads of Countries are part of a bigger Senior Management Council (SMC), of which our 4 directors are a part and which communicates every month through scheduled Skype calls, and day-to-day through email, telephone and in individual meetings. We consider ourselves to have a very democratic system and a very honest, open way of working. As such, our directors are very 'hands on' and available to staff, and any recommendations and directions that are felt necessary for the Board's attention are discussed with them. Additionally, once a year, all SMC meet together in one venue for a week of discussions. This is a valuable experience for them and their teams.

#### **4.5 LINKAGE BETWEEN COMPENSATION FOR MEMBERS OF THE HIGHEST GOVERNANCE BODY, SENIOR MANAGERS, AND EXECUTIVES (INCLUDING DEPARTURE ARRANGEMENTS), AND THE ORGANIZATION'S PERFORMANCE (INCLUDING SOCIAL AND ENVIRONMENTAL**

There is no linkage between the performance of TFT and compensation for the Directors. No Directors received any remuneration from the charity during the reporting period, however expenses were reimbursed during the year. They received reimbursements of expenses for travel and subsistence costs in connection with their responsibilities as Trustees of the Charity.

#### **4.6 PROCESSES IN PLACE FOR THE HIGHEST GOVERNANCE BODY TO ENSURE CONFLICTS OF INTEREST ARE AVOIDED.**

TFT's Board of Trustees consists of representatives from member companies, and completely independent persons who represent NGO and advisory bodies. This balance is ideal as both the members' point of view and external objectiveness restricts the possibility of conflicts of interest. However, there is a formal process in place to deal with this, should the situation arise. A Board member must absent themselves from any discussions of the Board members in which it is possible that a conflict will arise between their duty to act solely in TFT's interests and any personal interest (but not limited to any personal financial interest).

#### **4.8 INTERNALLY DEVELOPED CODES OF CONDUCT**

Our core working values are described below and guide our employees around the world, our mission and our HR policies:

- **Bias for action and on the ground results.** We all prioritise concrete and immediate action in the field by always supporting our field teams. The impact in the field is the measure of everything we do.
- **Entrepreneurial spirit.** We have a high level of ownership for the tasks we accomplish. We take responsibility for our actions, for the projects and for the clients with which we work. We continuously adapt to the changes we face. We are willing to take risks and innovate to achieve our mission. We rely on everyone's sense of responsibility, adaptability and creativity over the application of rigid rules and structures.
- **Client focused.** We strive to understand and answer the business needs of our members, donors and partners, while supporting them on their journey towards product responsibility. We work with businesses and we understand their supply chains from the raw material to the

consumer and how best to engage with them so that they understand and commit to becoming socially and environmentally responsible.

- **Open collaboration and communication.** We make a point of sharing ideas and learning broadly within TFT. We all talk and act as one team.
- **Respect for each other.** In the same way that we strive to respect and value indigenous peoples and local communities, within TFT, we always respect and celebrate our diverse cultural, religious and social backgrounds, and multifaceted work and ideas. We always communicate with each other with respect and the understanding that everyone's opinion is valuable.

In addition, we have a separate equal opportunities code of conduct which reflects TFT's aim to ensure that all employees and job applicants are treated equally, irrespective of:

- Gender (including gender reassignment)
- Marital or civil partnership status
- Dependant(s) status
- Religious belief or political opinion
- Race (including colour, nationality, ethnic or national origins)
- Disability
- Sexual orientation
- Age

TFT's equal opportunities policy allows all employees to develop to their full potential. We appoint, train, develop and promote on the basis of merit and ability. The talents of each TFT employee will be utilised fully to maximise the efficiency of TFT. All employees have a duty both morally and legally not to discriminate against any other employee. Each line manager and supervisor involved in the recruitment, selection, promotion and training of employees has specific responsibility for the effective implementation of this policy. It is expected that all employees abide by this policy and help to create an environment of equality.

These values are in line with internationally recognised standards, such as the ILO conventions of non-discrimination in the workplace. TFT is committed to respect and enforce all country-specific labour laws and regulations.

Regarding an environmental code of conduct, although we are not directly involved in the extraction and transformation of resources, as a consumer we certainly have responsibilities. Furthermore, in the business world in which we operate, we have to be committed in our attitude and behaviour towards the environment. The environment impact of TFT operations can be analysed primarily through the energy we use, the travel we undertake, the purchases we make, and the waste we generate. It is also important to keep in mind the health and safety implications of our operations.

**Energy and water saving:** TFT employees are encouraged to switch to renewable electricity suppliers (such as hydro, geothermal, wind etc), switch lights off wherever possible, use energy-efficient light bulbs, use electrical equipment efficiently and ensure radiators have adjustable controls, install water saving devices in toilet cisterns, and regularly check for leaky taps, pipes, toilets and repair immediately.

**Travel:** TFT employees are requested to use public transport, cycle or walk if possible, as the preferred form of transport. Where this is not possible, we are encouraged to car share.

**Purchasing:** All purchasing decisions should take account in environmental factors such as production impact, energy efficiency, product life and recyclability. We must buy recycled and recyclable products, shop locally where possible, check if there is a fair trade option, and buy eco-friendly cleaning products and appliances that use minimal energy.

**Waste reduction:** It is most effective to minimise waste at source. We think about disposal of a product before we make a purchase. We buy reusable, refillable or recyclable office products, and avoid using disposable items such as plastic plates, cutlery and cups. We look for products made from recycled materials because purchasing recycled goods ensures the economic viability of recycling and helps create markets for collected material. We recycle all recyclable material to minimise landfill waste.

**Hygiene, health and safety:** TFT employees must strictly follow the office “no smoking” policy, ensure adequate air circulation and invest in “daylight” lighting.

Our economic guidelines recognise that TFT is a non-profit charity and therefore a fair attitude regarding business-related costs is requested and expected of every employee. The guidelines cover international and local travel, travel related expenditure and communications and state that all employees use prudent judgment when travelling in order to keep travel-related expenses as low as reasonably practical.

This code of conduct, including social, economic and environmental criteria, is applied in every office around the world, and is a focal point of the TFT Staff Handbook. It is compulsory for all staff to read this handbook and submit a signed declaration stating they have read and understood it.

#### **4.10 EVALUATION OF THE GOVERNANCE BODY**

To become a member of the Board, a person must firstly be recommended for election by a current Board member. The person will then become a board member if the resolution is passed by the majority of the current Board members. Such resolution is then signed by the trustees and the Chairman of the Board and recorded in the Minutes.

A Board member’s appointment may end if they:

- cease to be a member by virtue of Section 72 of the Charities Act 1993 (or any statutory re-enactment or modification of that provision)
- become incapable of by reason of mental disorder, illness or injury of managing and administering their own affairs
- directly or indirectly involved in any contract with TFT and fails to declare their interest by giving notice at the first meeting at which the contract is discussed or at the first meeting after they becomes involved in the contract
- resign their office by notice to TFT (but only if at least two trustees will remain in office when the notice of resignation is to take effect)
- they fail, without reasonable excuse, to attend three consecutive meetings of the Board
- they are felt, by a majority of the Board members, to be acting in such a way as to be against the best interests of TFT, or which might damage TFT’s reputation.

Board members are also subject to retirement by rotation. Those longest in office since their last election or appointment must retire first; however, they shall still be eligible for re-election. At the meeting at which a Board member retires, TFT may appoint a new member in place of the retiring one. At the meeting where one Board member is retiring, if standing for re-election, they will be re-elected unless at this meeting it is expressly resolved not to replace the retiring member, or a resolution for the re-election of the member has been put to the meeting and lost.

The number of Board members must not be less than three but there is no maximum.

There are no formal processes in place to evaluate the Board’s own performance.

#### **4.12 EXTERNAL CHARTERS OR PRINCIPLES ENDORSED BY THE ORGANIZATION**

TFT endorses the following voluntary and legal standards in environmental and social principles, and these are applied across the whole of the TFT global organisation.

**Forest Stewardship Council:** FSC is an independent, non-governmental, not-for-profit organization established to promote the responsible management of the world’s forests. Established in 1993 as a response to concerns over global deforestation, FSC is widely regarded as one of the most important initiatives to promote responsible forest management worldwide. FSC is a certification system that provides internationally recognized standard-setting, trademark assurance and accreditation services to companies, organizations, and communities interested in responsible forestry. The FSC has developed a widely respected set of forest management standards.

We also recognise the **Rainforest Alliance's** Verification of Legal Origin (VLO) and Verification of Legal Compliance. These are voluntary forest management schemes that demonstrate timber legality. TFT has supported a number of companies to secure these, many on the way to full FSC certification. We view certification as a credible step on the journey to responsibility.

As TFT's roots lie in wood, from 1999 our role has been to give expert assistance to forest managers to help them to achieve FSC's standards, and to go beyond the requirements of certification. Our teams of qualified foresters are currently working in partnership with local forest managers to bring threatened forests under sustainable management as demonstrated by the FSC system for the long-term benefit of people and wildlife. The key objectives of all our projects are to protect and enhance environmental values, provide benefits for indigenous and other local communities, and ensure economical viability so that the environmental and social values have a secure future.

In 2012, TFT delivered FSC certification for seven forests, among them Brazil's first ever FSC for a forest concession. The journey behind each of these achievements demonstrates the tremendous commitment and effort made by the people we are working with, from the small community wood trading business in Indonesia, to the family-owned forestry business in Brazil and the large state-owned forestry company overseeing 2.4 million hectares in Indonesia.

**FPIC:** All indigenous peoples have the right 'to give or withhold their Free, Prior and Informed Consent' to actions that affect their customary and historical lands, territories and natural resources. This is derived from indigenous peoples having the right to self determination. The right to FPIC is established in international law and the United Nations Declaration on the Rights of Indigenous Peoples. FPIC is a decision-making process without pressure and intimidation, which is performed before the activity that affects the community is undertaken. This means that indigenous peoples have possession of full and accurate knowledge about the activity and its' impact on the community, so that the community can either provide or withhold its permission over the activity.

The right to FPIC is a crucial tool in the achievement of social and environmental sustainability. Respect for this right reduced the conflicts that have so often developed between indigenous peoples and those seeking to develop land for agricultural commodities etc. One of the main social aspects TFT has been involved with since its beginning is the development and implementation of FPIC protocols for the companies TFT works with. TFT member companies commit to No Deforestation and No Exploitation policies, including respect for communities' rights to a proper FPIC process.

**International Labour Organization:** ILO is the UN specialized agency which seeks the promotion of social justice and internationally recognized human and labour rights. It was founded in 1919 and is the only surviving major creation of the Treaty of Versailles that brought the League of Nations into being and it became the first specialized agency of the UN in 1946.

The ILO formulates international labour standards in the form of Conventions and Recommendations setting minimum standards of basic labour rights and other standards regulating conditions across the entire spectrum of work related issues. These conventions are ratified by the countries of the United Nations.

TFT bases the majority of the Code of Conduct of its' Responsible Stone Program and timber factory visits on the core conventions of the ILO. These are freedom of association, the right to organize, collective bargaining, abolition of forced labour, equality of opportunity and treatment, abolition of child labour and abolition of worst forms of child labour. Companies who wish to join such product groups agree to voluntarily follow these conventions, by allowing TFT to work in their factories to establish these standards.

#### **4.14 LIST OF STAKEHOLDER GROUPS ENGAGED BY THE ORGANIZATION.**

Members  
Business Partners  
Donors/Charitable Trusts  
Organizations  
Communities

#### **4.15 BASIS FOR IDENTIFICATION AND SELECTION OF STAKEHOLDERS WITH WHOM TO ENGAGE**

With regard to donors and organizations, there are two ways we apply for funding. We either apply for a specific tender to a specific organization, such as the Department for International Development or occasionally we approach an organization for funding with our own project proposal. There is no formal selection process as such. However, we are selective in the sense that it is essential to us to work with a donor that understands our approach and is flexible enough to review objectives and budgets as realities on the ground change. In other words we are looking for donors who truly understand who we are and what we do, that are engaged, pragmatic and flexible.

When approached by companies who wish to become either members or business partners with TFT, we choose to work with those who agree to commit to TFT's model for change in their supply chains. Values, Transparency, Transformation, or VTT for short, is a three-step approach that we believe gives companies the ability to bring about real change in their supply chains. Firstly, we speak with companies about their values - developing these, by establishing what a company wants for its products and business, means companies can define the story they want their products to have. Next comes transparency - only when a company has a clear view of its supply chain can it truly achieve transparency and know what changes it needs to make. With clear values and supply chain transparency, companies can go about transforming their supply chains to deliver truly responsible products. We do not engage with those companies who are not willing to commit to these values. Communities affected by a members' or partners' supply chain are also consulted by TFT in the ways described in 4.16.

#### **4.16 ACTIVE COMMUNICATION WITH STAKEHOLDERS**

**Members and Business Partners:** Within TFT there are Member Programme Managers based in our field support offices in USA, UK, France and Switzerland. The Member Programme Manager maintains a close, working relationship with the members and is their first point of contact in TFT. There is regular and easy contact between TFT, members and people in the member's supply chain and takes the form of written and verbal communication. There are also face to face meetings and these are held when desired and may range from once a month to once a year. Timed interaction may be included in a Memorandum of Understanding between the two parties.

**Communication with communities and other stakeholders** takes the form of formal meetings and workshops. All indigenous peoples have the right 'to give or withhold their free, prior and informed consent' to actions that affect their customary and historical lands, territories and natural resources. One of the main aspects social aspects TFT is involved in is the development and implementation of FPIC protocols for the companies TFT works with. Key steps in implementing FPIC with local communities are:

- Identification of the presence or absence of land-rights claims that have been traditionally recognised, indigenous/local community who lives in the area, forest resources and land used by indigenous and local community that may be affected by the activities of the company, and possible impacts of the activity on cultural sites.
- Preparation of materials for engagement and discussion with the community that includes: the nature of the project, the affected local area, the impacts on social, economic and cultural rights that may arise, the potential risks and benefits of such activities



- Taking steps to ensure that the community village representatives (e.g. formal or informal village leaders) who will be contacted for engagement/discussion can fairly represent the people in that community/village
- Providing the opportunity for the community to receive assistance from a third party of their own choice for discussion/engagement with the company if they chose to do so.
- Providing sufficient time and opportunity for the community's representatives to think and communicate amongst themselves before making decision on the company's proposed activities

The objective of our workshops is to promote a broader understanding of the importance of responsible product sourcing. Most of TFT's initiatives include significant training components to ensure long term results. For instance, through factory visits, building capacity in forest projects, or participating in international conferences and workshops, we provide training and education. These events and presentations are not inclusive of regular training sessions that take place in the forests as part of the process of capacity building in forest managers. These take place on a weekly basis in most of TFT's forest projects.

Some highlights of TFT's education, training and public awareness activities include the following:

- Providing aspects of sustainable forest management, including: forest planning, pre-harvest inventory, environmental responsibility, environmental impact assessments and monitoring, reduced impact logging (RIL) practices, health and safety, GPS and GIS mapping and Chain of Custody.
- Contributing to the development of promotional material for TFT members, including store catalogues, to inform the customer about the importance of sourcing products responsibly.
- Participating in a number of trade fairs worldwide, both through TTAP and our members and NGO partners, to raise industry and public awareness of the importance of sourcing responsibly produced products.
- During the year we also ran a number of EU Timber Regulation-focused workshops for our members' suppliers. This included workshops for Jysk and Crate & Barrel suppliers in China. The aim was to help them understand the requirements of the Regulation and what they needed to do to prepare.

This communication occurred throughout the reporting period and beyond and was not done specifically as part of the report preparation process.

#### **4.17 KEY TOPICS AND CONCERNS RAISED THROUGH STAKEHOLDER ENGAGEMENT, AND ORGANISATION'S RESPONSE**

Through TFT's work with companies in the Congo Basin, we became aware of the need for trained social specialists that could work within companies involved in land developments such as forestry companies and palm oil growers. To fulfil this need the TFT established the Centre of Social Excellence in Cameroon in 2008. The CSE training programme is designed to train the social forestry managers of the future equipping anthropology, social and rural development graduates and professional foresters with the tools necessary to initiate and sustain a constructive dialogue between companies and local communities. The Centre of Social Excellence aims promote and improve the understanding and linkages between forestry companies and indigenous communities living in the forests of the Congo Basin, encouraging dialogue and sustainable forestry management practices, especially by integrating techniques that incorporate the views and rights of indigenous people living in and around the tools necessary to initiate and sustain a constructive dialogue between companies and local communities. The Centre of Social Excellence aims promote and improve the understanding and linkages between forestry companies and indigenous communities living in the forests of the Congo Basin, encouraging dialogue and sustainable forestry management practices, especially by integrating techniques that incorporate the views and rights of indigenous people living in and around forest concessions.

January 2012 marked the start of the CSE's fourth training session. We welcomed the ten new students of the 'Mosambo' promotion (Mosambo means 'negotiation and consensus' in Mbendjele Pygmy language) for four months of theoretical study. Training included a series of field trips to local

logging and agro-industrial companies, as well as to villages, enabling students to understand the relationships between local populations and the companies.

In September 2012, TFT published its community forest handbook, entitled: 'Sustainable Community Forest Management: A Practical Guide to FSC Group Certification for Smallholder Agroforests'. Funded by The Waterloo Foundation, this guide is based on TFT experts' seven years of experience working on the ground with smallholder agroforest communities in Southeast Asia.

With smallholders being the invisible source of wood into global supply chains, the handbook is designed to better equip smallholders with the practical knowledge they need to set up and run viable wood trading businesses, and covers everything from crop development to FSC certification and business management skills including marketing. The handbook has been very well received by the NGO community and by smallholder co-operatives around the world. In response to demand, it is being translated into Lao, Bahasa and Vietnamese

## **5 PROGRAM EFFECTIVENESS**

### **NG01 PROCESSES FOR INVOLVEMENT OF AFFECTED STAKEHOLDER GROUPS IN THE DESIGN, IMPLEMENTATION, MONITORING AND EVALUATION OF POLICIES AND PROGRAMS**

The stakeholder groups that we work with are businesses, NGOs, suppliers and farmers. Our work with different stakeholders is custom - made, depending on the product and what external pressure the company is facing. Taking our work with Nestlé as one example, one of the major stakeholders we dealt with was Greenpeace, who had campaigned for Nestlé to improve its palm oil sourcing. Nestlé and TFT worked together through meetings in Europe and scoping visits in palm oil plantations in South East Asia, to create the values that Nestlé wanted in their supply chains, values that we call 'Responsible Sourcing Guidelines'. These are a set of critical requirements to guide the Nestlé procurement process and to ensure compliance with the Nestlé Supplier Code. Greenpeace were also consulted through meetings with Nestlé and ourselves as to whether these 'Responsible Sourcing Guidelines' were acceptable to them.

Once decided and agreed, suppliers further down the supply chain were asked by Nestlé for their feedback. This feedback is communicated between Nestlé and their suppliers and not through TFT.

Another example is our work with Congolese Industrielle du Bois. CIB is a logging company that manages 1.3 million hectares of forest in Congo-Brazzaville through a government concession, a land area that is also home to approximately 9,000 indigenous semi-nomadic Mbendjele people. Historically, indigenous people in the Congo Basin have been given limited opportunities to consult on land use directly affecting the very resources they depend on. When TFT and CIB started working together we knew that the best way to engage local people and avoid conflict was to involve them directly in monitoring the company's management of the forest. We developed an innovative hand-held mapping tool and worked with social anthropologists to teach the indigenous Mbendjele people how to map resources significant to them, for instance water sources, areas used for hunting and gathering, and sacred sites. The map was used by CIB to locate areas important to the Mbendjele people, and avoid harvesting there.

### **NG02 MECHANISMS FOR FEEDBACK AND COMPLAINTS IN RELATION TO PROGRAMS AND POLICIES AND FOR DETERMINING ACTIONS TO TAKE IN RESPONSE TO BREACHES OF POLICIES**

As with the involvement of stakeholder groups in the implementation, monitoring and evaluation of policies and programs, methods of feedback and complaints differ according to the stakeholders involved. TFT, as a rule, is not a mechanism for grievance, as these are almost always communicated with local NGOs and the buying company. However, we support all communication between parties, and strive with them to reach solutions.

### **NG03 SYSTEM FOR PROGRAM MONITORING, EVALUATION AND LEARNING (INCLUDING MEASURING PROGRAM EFFECTIVENESS AND IMPACT), RESULTING CHANGES TO PROGRAMS, AND HOW THEY ARE COMMUNICATED**

With each company we work with, we start by agreeing a workplan which includes deliverables, timings and costs. This can vary from one company to another, depending on the product and the Responsible Sourcing Guidelines agreed between the company and TFT. The workplan contains a number of agreed categories and we monitor progress through reports and regular meetings with the company. These reports also contain metrics on the percentage of the company's product that is moving in the project, but during the reporting period, we did not have a system of monitoring impact in terms of communities or hectares of forest involved.

In terms of internal learning from projects, these are communicated throughout TFT's offices by the use of Yammer, the social network for companies and organisations, and through our monthly SMC Skype calls. Yammer enables us to communicate easily between our global offices and share ideas, reports and learnings from projects. For example, after visiting dozens of palm oil growers, mills and processors in more than 20 countries, we issued a publication entitled 'An approach for transforming the palm oil industry: Lessons learned and ideas from TFT'. This publication explained the rationale for the strategy TFT and Nestlé have been implementing, and how we believe an approach focused on traceability is the fastest way to ensure the transformation of the palm oil industry. As well as being communicated externally, it was shared internally with all staff.

### **NG04 MEASURES TO INTEGRATE GENDER AND DIVERSITY INTO PROGRAM DESIGN AND IMPLEMENTATION AND THE MONITORING, EVALUATION AND LEARNING CYCLE**

By its nature, and with offices around the world, TFT's respect of equal opportunities is implicit within our operations and also explicit in our policies.

TFT's equal opportunities policy reflects TFT's aim to ensure that all Employees and job applicants are treated equally irrespective of Gender (including gender reassignment), Marital or civil partnership status, Dependant(s) status, Religious belief or political opinion, Race (including colour, nationality, ethnic or national origins), Disability, Sexual orientation and/or Age.

This policy allows all employees to develop to their full potential. We appoint, train, develop and promote on the basis of merit and ability. The talents of each TFT employee are utilised fully to maximise the efficiency of TFT. Each line manager and supervisor involved in the recruitment, selection, promotion and training of employees has specific responsibility for the effective implementation of this policy. This allows, for example, our Muslim colleagues in all our offices to participate in regular daily and weekly prayers.

The projects run by TFT with its members involve at least one field office in Asia and/or South America and one support office in Europe and so there is no formal analysis or measures in place to integrate diversity in terms of program design and implementation, as this happens with each project and within each product group.

### **NG05 PROCESSES TO FORMULATE, COMMUNICATE, IMPLEMENT AND CHANGE ADVOCACY POSITIONS AND PUBLIC AWARENESS CAMPAIGNS**

As TFT is not a campaigning or advocacy organisation, we do not conduct advocacy work or public awareness campaigns. The communications we develop and promote are about our work with our members, so are not designed to inform or change public opinion, more so to communicate progress in the field.

## **NG06 PROCESSES TO TAKE INTO ACCOUNT AND COORDINATE WITH THE ACTIVITIES OF OTHER ACTORS. HOW DO YOU ENSURE YOUR ORGANIZATION IS NOT DUPLICATING EFFORTS?**

TFT has the structure of product groups, which in 2012 were wood, palm oil, stone, pulp and paper, leather, sugar, charcoal and coconut. Globally, we have Programme Managers that oversee these product groups and manage information between people and various clients/members. TFT as an organisation is very organic and we have a good system of communication internally through meetings, conference calls and the internet. By being in constant communication with our other offices, we avoid duplicity.

## **ECONOMICS**

### **NG07 RESOURCE ALLOCATION**

TFTs internal system is set up to assign a specific code to each donor, member or partner. In addition each project has a unique code, enabling us to be able to track projects that are funded by multiple donors.

All funding for the whole organisation is maintained centrally at TFT administrative headquarters in Switzerland. Each cost centre completes a monthly operational fund request. The fund request is broken down by client/donor/business partner and project. The fund request is compared to the budget before funds are released.

The month following the fund request, each cost centre submits their actual expenses. Each expense line is coded as above.

Regular reports are provided to the project managers. These reports show actual funds spent by donor/member/partner and per project. These reports are used for financial reporting requirements. These procedures are used across to board for all our offices worldwide.

### **NG08 SOURCES OF FUNDING BY CATEGORY AND FIVE LARGEST DONORS AND MONETARY VALUE OF THEIR DONATION**

In 2012, our incoming resources were from two sources. These were donations and grants, in the form of membership fees and fees based on agreed projects with business partners. The total income from donations was US\$ 7, 596, 738 and grants US\$ 1, 498, 811.

Our five biggest donors, with monetary value, were:

European Commission US\$ 789,236  
ATIBT US\$ 136,628  
Monaco Foundation US\$ 122,870  
FAO US\$47,374  
Fondation Insolites Batisseurs US\$ 45,896

### **EC7 PROCEDURES FOR LOCAL HIRING AND PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION.**

TFT requires that its staff have particular skill sets, the majority being forestry and agronomy qualifications and experience. Although there is no formal policy, it is common practice for such positions to be advertised in the country where they are needed and also on our website. With regard to employing senior management in these areas, again there is no specific policy and decisions are made by the directors on a case by case basis. In 2012, 40% of the Country Heads were employed from the local community. In this context, senior management are Country Heads.

## **ENVIRONMENTAL**

### **EN16 TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT.**

During the reporting period, it was not possible to record such emissions in all our offices. We hope to rectify this so we will be able to include such data in future reports.

### **EN18 INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS AND REDUCTIONS ACHIEVED.**

Although unable to report on environmental initiatives during the reporting period, we intend to develop an environmental policy based on our environmental impact as a consumer. This impact can be identified in the following 4 areas - Energy, Travel, Procurement and Waste. Energy use and travel will be the biggest contributors to greenhouse gas emissions.

**Energy:** Constantly assessing itself against measurable benchmarks, TFT will aim to drastically reduce its energy consumption whilst actively promoting the use of renewable energy.

**Travel:** The aim of TFT addressing its travel footprint is to empirically reduce TFT's travel and reduce TFT's carbon footprint associated to travel through the use of better communication technologies, whilst always assessing itself against measurable benchmarks. Specific to this, TFT plans to develop a travel tracker on its internal system, 'MyTFT'. This tracker will be vital in quantifying TFT's global travel footprint.

### **EN26 INITIATIVES TO MITIGATE ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES.**

A future environmental policy will outline systems that will ensure that TFT incorporate sustainable practices in its procurement, usage and disposal of all products. These currently include, but are not limited to:

#### Energy:

1. Reducing energy consumption and office wattage
2. Supporting the development of more efficient energy
3. Switching to green energy sources when available

#### Travel:

1. Travelling responsibly, when reasonable in terms of both extra costs and time always choosing the greenest travelling option (train over plane, public transport over private vehicle; etc...)
2. Promoting car sharing
3. Promoting the development of better communication tools
4. Favouring office locations with easy access to public transport

#### Procurement:

1. Reducing the impact of TFT's office appliances and cleaning products by considering factors such as production impact, energy efficiency, product life and recyclability in purchasing decisions.
2. Considering fibre source and type, paper processing methods and recyclability in paper purchasing decisions

#### Waste:

1. Reducing the amount of landfill/incineration waste
2. Reduce paper consumption
3. Recycle all recyclable material

## **EN29 SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS USED FOR TFT'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE.**

The environment impact of TFT operations can be analysed primarily through the energy we use, the travel we undertake, the purchases we make, and the waste we generate. It is also important to keep in mind the health and safety implications of our operations.

**Energy and water saving:** TFT employees are encouraged to switch to renewable electricity suppliers (such as hydro, geothermal, wind etc), switch lights off wherever possible, use energy-efficient light bulbs, use electrical equipment efficiently and ensure radiators have adjustable controls, install water saving devices in toilet cisterns, and regularly check for leaky taps, pipes, toilets and repair immediately.

**Travel:** TFT employees are requested to use public transport, cycle or walk if possible, as the preferred form of transport. Where this is not possible, we are encouraged to car share.

**Purchasing:** All purchasing decisions should take account in environmental factors such as production impact, energy efficiency, product life and recyclability. We must buy recycled and recyclable products, shop locally where possible, check if there is a fair trade option, and buy eco-friendly cleaning products and appliances that use minimal energy.

**Waste reduction:** It is most effective to minimise waste at source. We think about disposal of a product before we make a purchase. We buy reusable, refillable or recyclable office products, and avoid using disposable items such as plastic plates, cutlery and cups. We look for products made from recycled materials because purchasing recycled goods ensures the economic viability of recycling and helps create markets for collected material. We recycle all recyclable material to minimise landfill waste.

By considering the transport requirements of TFT employees, it is apparent that the most significant impact on the environment is emissions caused by air travel, particularly between support and field offices, and this is addressed in TFT's travel policy. 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. This objective will be achieved by:

- Systematically considering and organizing alternatives to travel, such as holding a teleconference instead of a face-to-face meeting;
- Systematically seeking a reduction in the number of travel days by grouping various meetings around a single event or visit
- Always choosing to use the means of transport that emits the least amount of CO2 / km (e.g., substituting rail over air travel whenever possible and feasible) whilst ensuring effective use of TFT staff time;
- Where possible, using travel providers that share TFT's values of respecting the environment;
- Where possible, ensuring that the travel provider also has a clearly stated and well implemented environmental policy..

Currently, quantitative data is not available for the reporting period as it was not formally collected from all of TFT's offices. This was due to the rapid expansion of TFT throughout 2012 and 2013.

## **LABOUR**

### **LA1 TOTAL WORKFORCE, INCLUDING VOLUNTEERS, BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, AND REGION.**

At the end of the reporting period, there were 97 full time employees and no part-time employees. They were divided as follows:

USA and Europe:	28	Field support, member management, business development, communications
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South East Asia:	57	Field operations
Africa:	6	Field operations
South America	6	Field operations

In countries where TFT is registered, all employees are on regular employment contracts. During the reporting period, business registrations were in process for operations in Cameroon (regularized in June 2012), Ivory Coast, India and Laos. There were no volunteers during the reporting period.

#### **NG09 MECHANISM FOR WORKFORCE FEEDBACK AND COMPLAINTS, AND THEIR RESOLUTION**

The Grievance Procedure is available to any TFT employee who believes that he/she may have been unfairly treated or discriminated against. If there is any doubt about appropriate treatment under the Company's Equal Opportunities Policy, employees can first consult the Line Manager and then the Executive Director. The following Procedure is applied to settle all disputes or grievances concerning an Employee or Employees of the Company:

- Employees are encouraged to first have direct contact with the Line Manager in case of any dispute or grievance and with the intention of seeking advice for resolving the problem.
- The Procedure for resolution of grievances and avoidance of disputes is available if the parties are unable to agree a solution to a problem.
- Both parties should accept that it should be progressed as speedily as possible, with a joint commitment that every effort will be made to ensure that such a reference takes no longer than seven working days to complete.
- If the Employee's immediate Line Manager is the subject of the grievance and for this reason the Employee does not wish the grievance to be heard by him/her, it is referred to a Senior Manager or Director of the Company
- Where an Employee has a grievance, he/she shall raise the matter with the immediate Line Manager. If the grievance concerns the performance of a duty by the Company in relation to an Employee, the Employee shall have a right to be accompanied by a fellow worker or trade union official if he makes a request to Where an Employee has a grievance, he/she shall raise the matter with the immediate Line Manager. If the grievance concerns the performance of a duty by the Company in relation to an Employee, the Employee shall have a right to be accompanied by a fellow worker or trade union official if he makes a request to be so accompanied
- If the matter is still not resolved, it is referred to a Senior Manager or Director of the Company. A fellow Employee, if requested, can be present. A statement summarising the main details of the grievance and the reasons for the failure to agree prepared and signed by both parties.
- In the event of failure to agree, the parties can consider whether conciliation or arbitration is appropriate. TFT may refer the dispute to a local conciliation or arbitration service, whose findings may, by mutual prior agreement be binding on both parties

#### **LA10 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY.**

Directors	4%
Senior Managers	16%
Managers	19%
Officers	61%

Categories are determined by each regional office based on annual needs defined during employee annual performance review.

There are no formal records of the amount of hours spent in training employees. Generally, this training is organized in house and is characterized by significant practical hands-on shadowing and mentoring. A new employee on-boarding process is also in place which includes in-house training on global operations. During 2012 a staff development component was added which included off-site residential retreats for the majority of regional offices and run by the Senior Management Team.



## **LA12 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS.**

Of the 97 employees in 2012, 100% were given a performance review in the reporting period. A full performance review is held in November of each year, with quarterly updates.

## **LA13 COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY.**

Implicit in TFT's employment values is the employment of nationals in the countries in which we work. The majority of our workforce are Indonesian and are based in our two Indonesian offices. In India and China 100% of our staff are Indian and Chinese nationals.

The gender breakdown across all of TFT's global offices is 44% women and 56% men.

In terms of age groups, all staff are in the 20 – 60 age range, although further breakdown of age groups are not formally analyzed.

During 2012, the gender/age breakdown of our governing body was as follows:

Male: 90%  
Female: 10%  
Age:  
30-50: 40%  
Over 50: 60%

There are a total of 20 nationalities working in TFT and the governance body consists of French, British, Australian, Swiss and Dutch nationals.

## **SOCIETY**

### **SO1 NATURE, SCOPE, AND EFFECTIVENESS OF ANY PROGRAMS AND PRACTICES THAT ASSESS AND MANAGE THE IMPACTS OF OPERATIONS ON COMMUNITIES, INCLUDING ENTERING, OPERATING AND EXITING.**

During the reporting period of 2012, TFT did not have one formal process in place to monitor the impacts across all our product groups. However, we do continuously monitor and manage the effects on communities of our Community Forest Projects. Involving forest dependent communities in commercial forestry is recognised as one of the most effective ways of empowering this vulnerable group of global society whilst at the same time conserving the forest environment. We have been working in partnerships with community-led forestry initiatives in SE Asia training communities in sustainable forest management techniques, teaching them how to obtain FSC certification and linking them directly to international markets seeking FSC certified wood. These projects have significant socio-economic implications for the people living in and around the forest by legitimising their utilisation of the land and developing secure markets prepared to pay a fair price for wood or wood products produced in a legal and sustainable way. Together with local cooperatives, we have been leading training workshops on multiple topics including how to identify areas with high conservation value, and monitor important environmental indicators such as water quality.

Another example is in India where farmers of south-west Punjab, together with our support, have developed a community agro-forestry project towards sustainable group management and marketing of Shisham wood resources. The project vision is that, under group management, Shisham farmers can share skills and knowledge on best management practices and work towards achieving an internationally recognized management standard to ultimately maximize financial, environmental and social benefits. The project initially focused on two villages and commenced with at least 20 farmers

from both villages. Each farmer typically manages a farm of approximately 10-100 acres in size, with approximately 1-10 Shisham trees per acre. Each village has one or more designated representatives known as Key Farmer(s) who demonstrate leadership within the village to communicate with other farmers and ourselves in order to implement project objectives. During 2012, as part of implementing action plans, we conducted Environmental Impact Assessment; monitored and recorded progress & revised management as specified in the Administration Handbook, recording monitoring and training, review of monitoring results and revising management practices accordingly. In addition, once FSC certification was awarded, the emphasis was on developing a long term management plan to ensure the financial viability of project and maximize the ability up-scale results into surrounding villages and regions of India.

### **SO3 PERCENTAGE OF EMPLOYEES TRAINED IN ORGANIZATION'S ANTI-CORRUPTION POLICIES AND PROCEDURES.**

Of the 97 employees, including the 39% in management, formal anti-corruption training was not provided in the reporting period. However, the TFT General Staff Handbook defines organizational policies on Conflict of Interest, Anti-bribery and Confidentiality. All employees have a copy of these policies and they are required to sign a declaration to confirm they have read and understood them.

### **SO4 ACTIONS TAKEN IN RESPONSE OF INCIDENTS OF CORRUPTION**

Not applicable as there were no such incidences in the reporting period

## **PRODUCT RESPONSIBILITY**

### **PR6 PROGRAMS FOR ADHERENCE TO LAWS, STANDARDS, AND VOLUNTARY CODES RELATED TO ETHICAL FUNDRAISING AND MARKETING COMMUNICATIONS, INCLUDING ADVERTISING, PROMOTION, AND SPONSORSHIP.**

Although TFT is a non-profit organization and is a registered charity in the UK, we operate a business model. This means we are not a fundraising organisation and as such, we do not conduct communications activities to raise funds or campaign. We also do not sell products or advertise.

### **GIFTS IN KIND**

Not applicable as TFT does not utilize gifts in kind.