



The Forest Trust
(a company limited by guarantee)

Registered Number 3842323

Charity Number 1114277

Annual Report
For the year ending 31 December 2014



Contents

Directors and advisors	3
Strategic Report	4
Chairman's Report for the year ended 31 December 2014	6
Directors' Report for the year ended 31 December 2014	7
Independent auditors' report to the members of The Forest Trust	20
Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 December 2014	22
Balance sheet as at 31 December 2014	23
Cash Flow Statement for the year ended 31 December 2014.....	24
Notes to the financial statements for the year ended 31 December 2014	25



Directors and advisors

The trustee directors who were in office during the year up to the date of signing of the financial statements were:

Directors

Brent Wilkinson
Andrew Hewett
Eric Bouchet
Niels Hother Madsen
Maria Cattai-Livanos
Saskia Luutsche Ozinga
David Roth
Michel Troussier

Executive Director

Scott Poynton

Secretary

Trethowans

Registered office

The Pavilion
Botleigh Grange Business Park
Hedge End
Southampton SO30 2AF

Independent auditors

PricewaterhouseCoopers LLP
Abacus House, Castle Park
Cambridge CB3 0AN

Legal adviser

Trethowans
The Pavilion
Botleigh Grange Business Park
Hedge End
Southampton SO30 2AF



Strategic Report

TFT has created a unique model of action to change the way companies interact with nature. TFT firmly believes that deforestation and exploitation must be fought directly – that is in forests, plantations and factories around the world. This is why majority of our staff work on the ground in 15 countries. Our work is diverse and complex which requires us to adopt a particularly dynamic strategy, constantly questioning where we can have leverage for change in global supply chains.

Our strategy has led to a rapid growth in our size and impact in 2014. Our incoming resources increased to \$13.5m, up almost \$2m on 2013. This growth was the result of a significant increase of palm oil members, a significant breakthrough in pulp and paper projects, building upon our diversification in new product areas and a continued strong performance in timber. This rapid expansion has happened despite a significant decrease in restricted funds. Indeed this was consequence of a strategic decision to focus more on member work as well as the end of a large EU grant. We continue to strengthen our reserves, from US\$2,337,619 in 2013 to US\$3,621,324 as at 31 December 2014. The performance of the business has been discussed further in the Directors' report.

To deliver against its strategy in 2014, TFT was organized into three key teams:

The Field Programme Team works on the ground in more than 15 countries, in forests, plantations, quarries, mills and factories, to implement our member and partner projects. This group represents the vast majority of TFT staff and is comprised of foresters, agronomists and social experts who monitor the supply chains of our members and deliver on our donor priorities. They also share their local and regional knowledge through practical workshops and field training sessions.

The Field Support Team is responsible for designing, implementing and supporting field projects which develop and demonstrate techniques for helping companies source their products more responsibly. Composed of project managers, financial and human resources specialists, communication and business development teams, our field support staff work 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.

The Member and Donor Support Team helps TFT's partners to understand 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 a point of liaison with donors to ensure funds are invested effectively, and outputs communicated in a timely and digestible way. The team also communicates progress on the projects they support and in the chain of custody that supply their factories and stores.



Strategic Report (continued)

Principal risks and uncertainties

TFT's senior team and trustees closely monitor key risks for the organisation. TFT has developed systems to monitor and control these risks and mitigate any significant impact they may have. Major risks and measures taken are recapitulated in an annual report validated by the trustees.

Financial risk management policy

Operating in over 15 countries the Charity is exposed to foreign currency fluctuations. To minimize the risk the Charity is continuously seeking to match the currency of receivable and payable.

Working with a large number of members and partners, our three key teams are closely involved in ensuring that all receivables are collected within the period of our payment conditions.

Approved by the board and signed on its behalf by:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Brent Wilkinson

Chairman

September 25, 2015



Chairman's Report for the year ended 31 December 2014

2014 marked TFT's fifteenth year and with it the opportunity to reflect on the very substantial work that has been done over that time. Although there was more than enough to reflect on in 2014 alone, as it marked perhaps the most significant amount of TFT work in a calendar year.

From our wood origins to now being involved in 15 product groups is a testimony to our vision and values – we have scaled up our organisation and impact strongly. Prior to 2013 TFT's only palm oil member was Nestlé. Since Wilmar announced its commitment to No Deforestation and No Exploitation in December 2013 there has been tremendous momentum in this industry, with a succession of brand, producers and traders committing to similar commitments to No Deforestation and No Exploitation. By the end of 2014 around 96% of the entire palm oil industry had made such commitments.

Key achievements during the year were:

- Growing number of new palm oil members – with 10 new members in total in 2014.
- These new palm oil members included Cargill, the biggest palm oil trader in the US.
- Older and more established TFT members began publishing their first progress reports, demonstrating how they were implementing their policy in a transparent manner.
- Collaborating with a number of stakeholders to begin work on the High Carbon Stock (HCS) Approach Toolkit, which will offer practical guidance on how to identify forests for conservation.

These achievements demonstrate the significance of 2014, which was described in the media as a landmark year for forests. TFT believes a tipping point has been reached where palm oil is concerned, whereby the global agricultural industry is going through the beginnings of a revolution, which will see better practices put into place that aim to respect the environment and those working in it. I would like to thank all of our members and business partners. Becoming a TFT member represents many positive things, but it is only the start and not the end of a journey. Much change has already been impacted, but there is still a great deal more to do. Many new TFT members have announced new forest conservation policies – the next step is to begin implementing them out in the field. Lastly, I would like to thank all of TFT's staff for their hard work during 2014.



Brent F Wilkinson
Chairman



Directors' Report for the year ended 31 December 2014

The Directors, who act as Trustees for charitable purposes, present their report and the audited financial statements for the year ended 31 December 2014. The information with respect to Directors and advisors set out on page three forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Principal activities

TFT is a non-profit organisation which transforms supply chains for people and nature. Located between the two worlds of business and nature, it works out in the field and negotiates in the boardroom to help companies and communities bring about change.

TFT is using this approach in a range of raw materials, like palm oil, pulp and paper, stone, charcoal, wood and sugar. Negotiating in the boardroom and 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.

TFT'S highlights in 2014

2014 was as significant a year for growth as 2013 was for TFT. It saw a growing number of new palm oil members – with 10 in total in 2014. They included Cargill, the biggest palm oil trader in the US. This new uptake means 96% of the global palm oil industry is committed to No Deforestation commitments.

As a result palm oil continues to be a big part of our work. The publication of our second annual palm oil paper shared what we have learnt about the industry. While older and more established TFT members began further demonstrating their transparency by publishing progress reports which detailed how they were implementing their new policies.

TFT followed up on its collaboration with Golden Agri-Resources in implementing a pilot on High Carbon Stock (HCS) in Liberia and Indonesia, by starting work on an HCS Approach Toolkit. This will offer practical guidance on how to identify forests for conservation. It is being developed by the HCS Approach Steering Group – established in 2014, it is a further unique collaboration between major plantation companies with commitments to eliminate deforestation and NGOs and TFT. The Toolkit is due to be published in 2015. Much research has been done in the charcoal industry. TFT has shared its approach in forest management, traceability (in raw material, production and delivery) and health and safety conditions with the entire French industry, which now understands what is needed to introduce better practices. To meet the demand from the new growth TFT staff numbers grew from 131 by the end of 2013 to 174 by the close of 2014.



Directors' Report for the year ended 31 December 2014 (continued)

Product Groups

This section summarises the progress made across the different product groups in 2014.

Palm Oil

TFT gained 10 new palm oil members in 2014, who ranged from brands to producers and traders. This momentum in the industry followed on from an announcement in December 2013 by Wilmar, the world's largest palm oil trader, who committed to No Deforestation in its supply chain and became TFT members.

The subsequent commitments made by the 10 new TFT members to No Deforestation and No Exploitation in their palm oil supply chains, includes full supply chain mapping back to the palm oil plantation, irrespective of whether the plantation is certified or not. This is challenging work, but it is the only way to achieve real transparency and therefore transformation in the palm oil industry.

The new palm members are listed below in the chronological order they announced their membership in 2014.

- Vandemoortele
- Delhaize
- Cérélia
- Mars
- Johnson & Johnson
- Danone
- PZ Cussons
- Natures Organics
- Cargill
- Hershey

2014 wasn't just a year of palm oil growth for TFT. It was also a year of shared learning and continued progress, work in the field for our older TFT members. In May, TFT Director Bastien Sachet published his second palm oil paper, which reviews the change that has taken place in the industry over the previous 12 months and shares TFT's vision of how the palm oil industry could become more socially and environmentally responsible. It also tackles the subject of High Carbon Stock (HCS) and how it has been piloted in Indonesia and Liberia.

Ferrero, Mars, Neste Oil and Wilmar all published reports detailing the progress they were making in implementing their new forest conservation policies. These reports can be found in the members section of the TFT website. TFT's work with Ferrero in 2014 demonstrated the importance and effectiveness of its work out in the field.



Directors' Report for the year ended 31 December 2014 (continued)

Ferrero demonstrated its commitment to mapping its supply chain. It targeted to have 100% of the palm oil in its products to be 100% segregated Roundtable for Sustainable Palm Oil (RSPO) certified. This means that the palm oil Ferrero used would be from certified palm oil plantations. However, that approach does not include mapping back to every plantation.

TFT supported Ferrero throughout 2014 to map its entire supply chain. This includes mapping all mills, as well as the plantations which supplies the mills that Ferrero buys from. This work has resulted in Ferrero to reach 92% traceability to plantation. To put this into context, Ferrero works with up to 37 mills and 184 plantations across Brazil, Malaysia and Papua New Guinea. TFT also supported Ferrero in visiting and assessing its Malaysian suppliers, including plantations and mills. TFT used this opportunity to support palm oil growers to meet compliance with Ferrero's forest conservation policy.

Pulp and paper

February 2014 marked the first year of Asia Pulp and Paper's (APP) new forest conservation policy (FCP). It continued to publically report on the progress it had made implementing that policy via progress reports.

APP improved their transparency and stakeholder outreach with the establishment of an online APP FCP Dashboard, creation of a Solutions Working Group (4 international NGOs, 1 Indonesian NGO and APP's advisors are members) and the organization of a number of Focus Group Discussions throughout the concessions to socialize the FCP. APP has invested great energy in increasing its transparency with the international NGO community. In the communities within and nearby the supplier concessions community members expressed a desire for a greater level and more consistent approach to local communication.

The Rainforest Alliance published further, independent evaluation of APP's progress up to August 2014. This was the result of eight months of preparation and field examinations and subsequent analysis of evidence on progress. During the course of the evaluation 21 of the 38 concessions in Indonesia that supply APP with pulpwood fiber were visited.

Rainforest Alliance Senior Vice President, Forestry, Richard Z. Donovan said: "The Rainforest Alliance evaluation found that many building blocks essential for change – policies and standard operating procedures, training and outreach, for example – are in place. There is still work to be done in implementing some of those policies and procedures in the field. This is a gap APP must address as it continues to implement its Forest Conservation Policy."

The Rainforest Alliance evaluation found that APP had:



Directors' Report for the year ended 31 December 2014 (continued)

- halted natural forest clearance by its supplier companies. Natural forest clearance by third parties (not supplier companies), whether due to illegal logging, encroachment or issues of overlapping tenure, is continuing.
- halted new canal development on peatland and established a Peatland Expert Team to provide guidance to APP. Best management practices for peatland management and new Standard Operating Procedures to implement them are yet to be developed.
- mapped social conflicts and established processes to begin resolving these conflicts. A small proportion of the several hundred conflicts mapped are currently moving through the process and of those, only one pilot social conflict resolution project has been completed.
- carried out 38 High Conservation Value and six High Carbon Stock assessments. Some specific recommendations from those assessments have not been implemented. A new process of Integrated Sustainable Forest Management Plans (ISFMPs) will incorporate the information from these assessments, social mapping and other initiatives. One pilot project ISFMP has started in Jambi, Indonesia, covering three concessions out of 38 that supply APP. Others are being planned. The Jambi ISFMP process was in its very early stages. Stopped all transport to mills of mixed tropical hardwood (MTH) for its own pulp supply by August 31, 2013.
- as of August 15, 2014 APP pulp mills in Indonesia are receiving only plantation fiber from its supply sources in Indonesia. 525,000m³ of MTH cut before the February 1, 2013 moratorium, but not transported to the mill before the August 31, 2013 cutoff date, remains in concessions.
- developed measures to assess its global supply chain using a self assessment scorecard approach for future pulpwood suppliers and ensured existing suppliers meet APP's Responsible Fibre Procurement and Processing Policy and APP's Association Procedure. APP has terminated a wood supply contract with one supplier who would not stop harvesting natural forest.
- begun Free, Prior and Informed Consent (FPIC) outreach with communities in the area around the proposed OKI Mill in South Sumatra. APP's current Standard Operating Procedures related to FPIC limit its application to new developments – either new plantation establishment or new mill development. Field evidence, including interviews with numerous local communities and individuals, indicates that more needs to be done to implement the agreements or action plans, or the principles of FPIC with indigenous peoples and local communities in forestry operations. Concerns remain on social, forest tenure and economic dynamics among NGOs (local, national and international) and in affected communities.



Directors' Report for the year ended 31 December 2014 (continued)

Stone

2014 marked a change of focus for TFT's Responsible Stone Programme (RSP). All members were asked to renew their commitments to the aims of the RSP and we used the opportunity to consolidate what we had learnt over the previous years. Our standards were reviewed and re-published and we revised the assessment process and reporting structure.

We moved away from an audit driven approach and focused on building understanding and engagement in the supply chain. Whilst all new sites still receive a 'Baseline Audit,' the focus is now firmly on helping them achieve the required standards. Sites are given detailed advice and information, including templates and factsheets to help them to implement our recommendations. We regularly check progress and go back to sites to monitor improvements and ensure that changes are embedded.

The partnership approach is working and by the end of the year many sites were making good progress. There is much to do but we expect a number of our members' sites to achieve Level 1 in the next 12 months.

Wood

During 2014, TFT supported community forest projects in forests around the world.

Luang Prabang, (Laos)

In 2008, TFT worked with the Government of Lao PDR and teak farmers in Luang Prabang to set up the Luang Prabang Teak Programme (LPTP) to maximise the economic, social and environmental benefits of teak farming.

In 2011 the programme became the first community forest in Laos to achieve FSC group certification. In 2014 LPTP successfully passed its surveillance audit and TFT have continued to support and train the community in responsible forest management and provide support in development of wood sales, improving farmers ability to value their trees and negotiate with buyers. Farmer members have also been supporting in village enterprises to add value to their wood. For example by processes the wood or making furniture.

Punjab & Haryana (Northern India)

In 2010 we began working with farmers in Punjab and Haryana, northern India, to improve their cultivation of shisham wood and link them with international markets for responsibly produced timber. Shisham seedlings have been distributed to farmers and TFT teams have been working to inventory the trees. Farmers are now selling responsibly-produced timber to international markets.



Directors' Report for the year ended 31 December 2014 (continued)

Koperasi Hutan Jaya Lestari (Kostajasa)

The Kostajasa cooperative is a group of local farming families who have banded together to sustainably manage their forests. During 2014 Kostajasa launched their own website to improve their ability to market their wood to potential buyers. TFT developed the website and have trained members of the community in maintaining and updating the website. In September 2014 Kostajasa passed the required annual FSC surveillance audit and become SVLK-LK certified. SVLK-LK is the Indonesian legality assurance scheme that will become mandatory for forests making this an important step for the community. In total 1,131 farmers are members, selling Mahogany and Teak to TFT members factories.

APEHRAL (Asosiasi Petani Hutan Rakyat Lestari) – previously known as Klinik Tani

We first began working with the farmers involved in APEHRAL in 2012 and in December 2013 APEHRAL achieved SVLK-LK certification for 600 farmers. At the end of 2014 there were 1,516 farmer members. During 2014 TFT have worked with the community to establish the association management structure, improve the ability of farmers to value their timber and negotiate a fair price. Training sessions have been held on forest inventory techniques, sustainable forest management, wood legality and Chain of Custody.

Charcoal

2014 was a crucial year for our work on charcoal. The French charcoal market now understands the changes that needed to be made in order to tackle deforestation. Over the first part of the year we created a very robust method for charcoal based on TFT's VT-TV approach. The issue was to offer a real solution to the market in order to make main players move. The approach was to reconnect the market to the product : charcoal, and the links with deforestation. This method called Charcoal Control System relies on a continuous improvement diagnostic to measure the changes made on the ground. Three main points have been taken into consideration: forest management, traceability (in raw material, production and delivery) and health and safety conditions.

We implemented this method in several factories in Latvia and Russia. We then presented some key results on the event with the entire French charcoal industry in October. They understand they need to change their supply of charcoal, and the solution proposed convinced them to make a step forward. Now, many of the key retailers member of TFT (Auchan, Système-U, Leclerc, Mousquetaires) are willing to take strong commitment to act against non traceable charcoal.



Directors' Report for the year ended 31 December 2014 (continued)

Cocoa

In November 2014, TFT Ivory Coast teams started the field work related to Cémoi's membership. Cémoi is a French chocolate manufacturer who buys 3% of the world's cocoa beans, mostly from Ivory Coast. It is estimated that the company sources from a total of around 80 to 100'000 farmers in the country. Their "Transparency" programme was created with the strategic support from TFT France, Switzerland and Ivory Coast's teams and its first step is about knowing who the farmers supplying Cémoi are, collect data about them and their plantation to then be in a position to have enough information to design the transformation phase. By the end of 2014, 7 cooperatives and their farmers had been met by a total team of four TFT field supervisors and 10 field officers. The work will continue in 2015.

Sugar

TFT supported SOSUCAM, the Cameroonian sugar cane company, with the implementation of two actions plans. These plans focussed on stakeholder engagement and labour management.

In total, seven field visits were carried out during the year. With the team in place at SOSUCAM, TFT focused on helping to shape SOSUCAM's policy, putting in place employee and external grievances management, as well as health and safety procedures (PPE management, chemicals handling, etc.), implementing the Environmental Management Plan (example of waste management), improving the internal and external communication. One Centre for Social Excellence student has done her five-month internship in the company and she has drafted the Rural Development Plan with and for the riparian communities.

TFT also carried out a survey on a sample of 392 employees (5% on the total) and 276 local communities. This survey highlighted the perception of SOSUCAM and its activities. It helps the company to indentify the areas of improvement. TFT has suggested this exercise should be conducted on a regular basis to measure progress.

TFT and SOSUCAM still have work to do, but the company has improved in key areas. It has reduced its external grievances by sharing more information (plane spraying schedule, recruitment procedure, etc) with local populations. The workers are today transported in better conditions, and medical teams have carried out specific medical examinations for workers exposed to hazardous risks, etc.



Directors' Report for the year ended 31 December 2014 (continued)

tft SURE Technology

TFT SURE Technology comprises of a number of different modules that support TFT and its members by giving them the ability to record, monitor, review and store data, it also allows commitments and stories to be communicated.

Dashboards – The Golden Agri-Resources (GAR) transparency dashboard was developed and launched in 2014. The Wilmar dashboard was developed towards the end of year and SURE is keen to continue developing these dashboards with the aim of enabling greater supply chain transparency.

SURE Due Diligence System – As part of our ongoing service we continually review the performance of the DDS system and ensure it is in line with the EU Timber Regulation. In 2014 TFT made a number of enhancements to improve its overall usability. By the end of 2014 DDS had 599 users and 9275 products entered into the system. TFT also offers users a mitigation service - during 2014 TFT's in country supply chain experts mitigated 57 Unique Wood Sources.

Wood Control System Report Storage – The TFT Report Storage module was launched in 2014; all TFT WCS reports are now stored in a central and secure repository.

Transparency – Initially the transparency module was developed to support palm oil. We intend to use the learning gained thus far to extend the reach to other commodities. TFT has gathered a lot of data on a number of key product groups, by capturing it in a secure central system it can be analysed and reported on. This will help TFT make informed decisions, show where progress is being made and help focus scarce resources on the parts of the supply chain that produce the biggest transformation.



Directors' Report for the year ended 31 December 2014 (continued)

Social projects

Centre for Social Excellence (CSE Africa)

In 2014, 10 young African graduates from Ivory Coast, Benin, DRC, Central African Republic, Gabon and Cameroon participated in CSE's 10 month long-term training course. This sixth batch of students was named the *Zokwezo*, which in Sango (the Central African Republic second official language after French) means *all human beings are equal*.

During the year, the 10 students of the Zokwezo batch were involved in a participatory mapping exercise among the Bagyeli, a pygmy community located in Akom two, a forest area in the south of Cameroon. In April 2014, as part of their class on Non-Timber Forest Products (NTFP) and forest services, a field visit enabled students to be able to trace the various stages in the value chain of NTFP from the harvesting stage to processing, trading and marketing. After the five months internship period, four students have succeeded in getting employment contracts with logging companies (2), agro-industries (1) and forestry projects of the German Cooperation in DRC (1).

In May 2014, a video directed by TFT audiovisual producer Florian Wiesner in collaboration with current and former CSE students, presented the CSE to potential beneficiaries and donors. In addition, a poster titled 'Their first step into change in Africa' was produced. It shows the 50 trained students of the CSE in six years of long-term training sessions.

At the end of the year, 10 professionals coming from logging companies and agro-industries, or working closely with these actors, attended CSE's short training session for 12 days. The main aim of participants to the training was to strengthen their capacity in the social aspects of natural resource management. The CSE facility proved to be highly conducive for both informal and formal discourse among participants at the short training session, and allowed them to easily socialise. During this short session, companies gave a financial contribution of 200,000 Central African Francs to demonstrate their active sharing of CSE's vision of social excellence in natural resource management.

Education - outreach to schools and universities

We continued 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.



Directors' Report for the year ended 31 December 2014 (continued)

Communication

We finalised the design of a new TFT website, which was scheduled to go live in early 2015. We continued to use our old website to publish the progress our members were making implementing their No Deforestation and No Exploitation policies. We spread this message further by using our various social media accounts as well as re-introducing a quarterly newsletter featuring our latest news which was sent to an ever growing list of TFT subscribers. We re-introduced our quarterly newsletter in response to a growing number of subscribers. This gave us the opportunity and platform to share stories about how real transformation has taken place. TFT founder Scott Poynton gave a very personal and transparent interview to Australian newspaper The Age, which explained Scott's background and how he came to be a forester. TFT also employed film maker Florian Wiesner, whose videos of the work we are doing around the world has really helped us to reach out to a wider audience about the work we are doing.

Future plans

Given the value of the Centre for Social Excellence to companies in Africa, we are now looking to bring the model to Indonesia. Our work in South East Asia has shown us how vital an educational centre like CSE would be for developing the skills to help the region's companies and communities minimise conflicts and enjoy better relationships. We have begun the groundwork that we hope will see CSE Indonesia launched in Autumn 2015.

We anticipate that our work to build traceability and accountability in palm oil supply chains will see us develop more relationships in the industry. We also hope to take time to harmonise our approach across our various members' supply chains and spot further opportunities to help the industry palm oil industry delink itself from deforestation.

Our SURE Technology is growing as we grow, and we are looking forward to developing our transparency dashboard module further to give companies a tailored offering they can use to engage their stakeholders in the company's change journey.



Directors' Report for the year ended 31 December 2014 (continued)

Results for the year

The Statement of Financial Activities shows a net increase in funds of US\$1,283,705 (2013: increase of US\$ 659,086)

Reserves policy

As of 31 December 2014, TFT had a net reserve of US\$3,621,324 (2013: US\$2,337,619). Reserves are held to fund the operations of the charity and The Board of Trustees believes that the TFT should ultimately maintain a level of cash reserves equivalent to at least three months of operating costs. The reserves policy is reviewed annually.

Dividends

As a charitable organisation and a company limited by guarantee, there will be no payment of a dividend.

Governance of the charity

The Board consists of 8 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 2014, 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. A list of Directors can be found on page 3.

The Directors have taken into consideration the Charity Commission guidance on public benefit.

Charitable status

The company has been granted relief from Corporation Tax under Section 478 (onwards) of the Corporation Taxes Act 2010.



Directors' Report for the year ended 31 December 2014 (continued)

Risk management

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.

Statement of Trustees' responsibilities

The trustees (who are also directors of The Forest Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Directors' Report for the year ended 31 December 2014 (continued)

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

Approved by the board and signed on its behalf by Brent Wilkinson



Chairman
September 25, 2015



Independent auditors' report to the members of The Forest Trust

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The Forest Trust, comprise:

- the balance sheet as at 31 December 2014;
- the statement of financial activities (incorporating an income and expenditure account) for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Independent auditors' report to the members of The Forest Trust (Continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
25 September 2015



Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 December 2014

	Note	Unrestricted funds 2014 US\$	Restricted funds 2014 US\$	Total funds 2014 US\$	Total funds 2013 US\$
Incoming resources					
Voluntary income:					
Donations		13,068,356	-	13,068,356	9,971,390
Grants received		-	431,984	431,984	1,548,152
Investment income:					
Bank interest received		2,181	-	2,181	2,490
Other incoming resources		8,255	-	8,255	7,319
Total incoming resources		13,078,792	431,984	13,510,776	11,529,351
Resources expended					
Costs of generating funds:					
Fundraising costs	2	174,389	5,760	180,149	163,502
Marketing and publicity	3	1,040,426	34,365	1,074,791	571,789
		1,214,815	40,125	1,254,940	735,291
Charitable activities	4	8,364,661	462,537	8,827,198	8,813,711
Governance costs	5	2,076,352	68,581	2,144,933	1,321,263
		10,441,013	531,118	10,972,131	10,134,974
Total resources expended		11,655,828	571,243	12,227,071	10,870,265
Net income/(expenditure) for the year	6	1,422,964	(139,259)	1,283,705	659,086
Net movement in funds		1,422,964	(139,259)	1,283,705	659,086
Fund balances brought forward at 1 January		2,109,045	228,574	2,337,619	1,678,533
Fund balances carried forward at 31 December		3,532,009	89,315	3,621,324	2,337,619

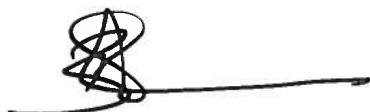
All incoming resources and resources expended are derived from continuing activities. The notes on pages 26 to 38 form part of these financial statements. The charitable company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the net movement in funds for the year stated above and its historical cost equivalent.



Balance sheet as at 31 December 2014

	Note	2014 US\$	2013 US\$
Fixed assets			
Intangible assets	10	543,843	557,244
Tangible assets	9	208,333	270,633
Total Fixed assets		752,176	827,877
Current assets			
Debtors	11	2,208,596	2,053,660
Cash at bank and in hand		2,692,968	875,090
Total current assets		4,901,564	2,928,750
Creditors: Amounts falling due within one year	12	(2,032,416)	(1,419,008)
Net current assets		2,869,148	1,509,742
Total assets less current liabilities		3,621,324	2,337,619
Net assets		3,621,324	2,337,619
The funds of the charity			
Restricted income fund	14	89,315	228,574
Unrestricted income fund	14	3,532,009	2,109,045
Total charity funds		3,621,324	2,337,619

The financial statements and associated notes on pages 25 to 37 were approved by the board of directors on September 25, 2015 and were signed on its behalf by:



Brent Wilkinson
Chairman

Registered Number 3842323
Charity Number 1114277



Cash Flow Statement for the year ended 31 December 2014

	Note	2014 US\$	2013 US\$
Operating expenses			
Net cash inflow from operating activities		1,994,250	572,995
Returns on investments and servicing of finances			
Interest received		2,181	2,490
Net cash inflow from returns on investment and servicing of finance		2,181	2,490
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(93,905)	(79,524)
Purchase of intangible fixed assets		(84,648)	(260,188)
Net Cash outflow from capital expenditure and financial investing		(178,553)	(339,712)
Increase/(decrease) in cash in the year	17	1,817,878	235,773



Notes to the financial statements for the year ended 31 December 2014

1. Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, Charities Act 2011, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

A summary of the principal accounting policies, which have been applied consistently, are set out below.

Basis of accounting

The financial statements are prepared on a going concern basis.

Restricted funds

Restricted funds are funds which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation. These funds may be income only (where the capital must be retained) or income and capital (where the donation and income deriving there from may be utilised).

Accruals basis

The financial statements are prepared on an accruals basis with the exception of donations which are accounted for on a cash basis.

Incoming resources

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Fees for services are recognised as services are performed.

Grants

Grants received and individual grants awarded are accounted for on an accruals basis where there is a constructive or legal obligation.

Resources expended

Direct charitable expenditure in relation to the operation of the activities of the charitable company is accounted for separately from governance costs and any cost in respect of fundraising and publicity.



Notes to the financial statements for the year ended 31 December 2014 (Continued)

1. Principal accounting policies (Continued)

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support for charities. They are allocated to the restricted/unrestricted funds in equal proportion with the allocation of the total restricted/unrestricted resources received.

Direct charitable expenditure is those costs incurred directly in support of expenditure on the activities of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Tangible fixed assets

Capitalisation

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. Any with a cost below \$1,000 are not capitalised.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. Assets are depreciated over three years, five years, or fifteen years on a straight line basis depending on the nature of the asset.

Intangible fixed assets

Capitalisation

Intangible assets represent the capitalised development costs relating to the SURE computer software.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;



Notes to the financial statements for the year ended 31 December 2014 (Continued)

1. Principal accounting policies (Continued)

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measure.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation

Computer software development costs recognised as assets are amortised over their estimated useful lives, between 6 and 7 years.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into US dollars at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in the operating results.

Deferred income

Deferred income represents that portion of income that has been billed to members in advance of the period that the payment relates to, where the period the payment relates to is after the year end.

Accrued income

Accrued income represents income recognised for work performed that was unbilled at the year end. It is accounted for on the basis of work performed that remains unbilled, or in line with contracted agreements with Members. Investment income is recognised on a receivable basis.

Operating leases

Rental under operating leases are charged on a straight-line basis over the lease term.

Pension costs

The company operates 3 defined contributions schemes, the costs of which are included in the SoFA in the year in which they are paid. There are no amounts prepaid or outstanding in relation to the pension schemes at year end (2013: \$nil).



Notes to the financial statements for the year ended 31 December 2014 (Continued)

2. Fundraising costs

As fundraising efforts are undertaken to obtain additional income from all sources, fundraising cost are allocated to the restricted/unrestricted funds in equal proportion with the allocation of the total restricted/unrestricted resources received.

3. Marketing and publicity

	2014	2013
	US\$	US\$
Marketing	1,029,249	501,187
Publications	45,542	70,602
Total	1,074,791	571,789

As marketing and publicity campaigns are generally intended to benefit all donors, marketing and publicity costs are allocated to the restricted/unrestricted funds in equal proportion with the repartition of the total restricted/unrestricted resources received.

4. Charitable activities

	2014	2013
	US\$	US\$
Salaries and social costs	5,346,768	4,799,873
External consultants	666,650	947,405
Operating costs	2,813,780	3,066,433
Total	8,827,198	8,813,711



Notes to the financial statements for the year ended 31 December 2014 (Continued)

5. Governance costs

	2014	2013
	US\$	US\$
Salaries and office costs	1,330,232	733,339
Professional fees	228,109	179,822
Operating costs	586,592	408,102
Total	2,144,933	1,321,263

As the administration of the charity and compliance with constitutional and statutory requirements is essential and benefiting all donors, the non-specific governance costs are allocated to the restricted/unrestricted funds in equal proportion with the repartition of the total restricted/unrestricted resources received.

6. Net income/expenditure for the year

The balance transferred to the general unrestricted income fund and the restricted income fund for the year is stated after charging depreciation and amortisation of US\$190,154 (2013: US\$143,882). Fees to the auditors for the statutory audit amounted to US\$42,042 (2013: US\$39,081), non audit fees amounted to US\$Nil (2013: US\$Nil). The operating lease charge for 2014 is US\$309,700 (2013: US\$247,485). The operating lease charge covers office rentals.



Notes to the financial statements for the year ended 31 December 2014 (Continued)

7. Employee information

The average monthly number of persons employed by the company during the year was:

By location	2014	2013
	Number	Number
Head office	32	32
SE Asia	110	90
Africa	8	7
Latin America	5	5
Total	155	134

Staff costs (for the persons above)	2014	2013
	US\$	US\$
Wages and salaries	6,523,314	5,127,695
Social security costs	798,014	628,684
Other pension costs	229,056	187,763
Total	7,550,384	5,944,142

No directors received any remuneration from the charity during the year (2013: none). US\$3,655 (2013 US\$2,855) of expenses was reimbursed to directors during the year. They received reimbursements of expenses for travel and subsistence costs in connection with their responsibilities as Trustees of the Charity.

The aggregate emoluments of the highest paid employees were:

Aggregate emoluments per annum	2014	2013
	Number	Number
Between US\$100,000 and US\$120,000	4	2
Between US\$120,000 and US\$150,000	2	1
Between US\$150,000 and US\$210,000	3	3
Above US\$210,000 but less than US\$380,000	1	1



Notes to the financial statements for the year ended 31 December 2014 (Continued)

8. Taxation

HM Revenue and Customs in the UK has previously accepted the charitable status of the company and has granted relief from corporation tax under Section 478 of the Corporation Taxes Act 2010.

9. Tangible assets

	Office equipment US\$	Assets Under construction US\$	Total US\$
Cost			
At 1 January 2014	493,783	11,448	505,231
Additions	93,905	-	93,905
Disposals	(173,531)	-	(173,531)
Transfers	11,448	(11,448)	-
At 31 December 2014	425,605	-	425,605
Accumulated depreciation			
At 1 January 2014	234,598	-	234,598
Charge for the year	92,105	-	92,105
Disposals	(109,431)	-	(109,431)
At 31 December 2014	217,272	-	217,272
Net book value			
At 31 December 2014	208,333	-	208,333
At 31 December 2013	259,185	11,448	270,633



Notes to the financial statements for the year ended 31 December 2014 (Continued)

10. Intangible assets

	Computer Software	Assets Under Construction	Total
	US\$	US\$	US\$
Cost			
At 1 January 2014	561,594	62,834	624,428
Additions	77,476	7,172	84,648
Transfers	66,858	(66,858)	-
At 31 December 2014	705,928	3,148	709,076
Accumulated depreciation			
At 1 January 2014	67,184	-	67,184
Charge for the year	98,049	-	98,049
At 31 December 2014	165,233	-	165,233
Net book value			
At 31 December 2014	540,695	3,148	543,843
At 31 December 2013	494,410	62,834	557,244

11. Debtors

	2014	2013
	US\$	US\$
Amounts falling due within one year:		
Trade debtors	1,771,433	1,370,960
Other debtors	294,291	456,862
Amount owed by employees	8,259	16,086
Prepayments and accrued income	134,613	209,752
	2,208,596	2,053,660



Notes to the financial statements for the year ended 31 December 2014 (Continued)

12. Creditors: amounts falling due within one year

	2014	2013
	US\$	US\$
Trade creditors	297,765	457,238
Taxation and social security	24,494	55,725
VAT	31,568	33,856
Amount owed to employees	38,392	40,860
Accruals	96,546	58,586
Deferred income (see note 13)	1,543,651	772,743
	2,032,416	1,419,008

13. Deferred income

	2014	2013
	US\$	US\$
Opening balance	772,743	963,809
Incoming resources deferred in the year	6,069,748	3,834,080
Amounts released	(5,298,840)	(4,025,146)
Closing deferred income	1,543,651	772,743

Deferred income comprises of upfront fees for work to be carried out in 2015.



Notes to the financial statements for the year ended 31 December 2014 (Continued)

14. Analysis of Assets and Liabilities between funds

	Restricted income fund	Unrestricted income fund	Total funds 2014	Total funds 2013
	US\$	US\$	US\$	US\$
Intangible assets	-	543,843	543,843	557,244
Tangible fixed assets	-	208,333	208,333	270,633
Current assets:				
Debtors	21,038	2,187,558	2,208,596	2,053,660
Cash	250,879	2,442,089	2,692,968	875,090
Current liabilities:				
Creditors falling due within 1 year	(182,602)	(1,849,814)	(2,032,416)	(1,419,008)
Balance at 31 December 2014	89,315	3,532,009	3,621,324	2,337,619

15. Funds

	Unrestricted income fund	Restricted income fund	Total funds
	US\$	US\$	US\$
Balance at 1 January 2014	2,109,045	228,574	2,337,619
Net movement in funds	1,422,964	(139,259)	1,283,705
Balance at 31 December 2014	3,532,009	89,315	3,621,324

Funds are considered restricted when they have been donated to the Charity to perform specific tasks and activities.



Notes to the financial statements for the year ended 31 December 2014 (Continued)

16. Financial commitments

Annual commitments under non-cancellable operating leases were as follows:

	2014	2013
	US\$	US\$
Other		
Operating leases due to expire		
Within one year	42,118	100,265
Between 2 to 5 years	127,561	67,966
Total	169,679	168,231
Plant and Machinery		
Operating leases due to expire		
Within one year	17,216	3,504
Between 2 to 5 years	-	-
Total	17,216	3,504



Notes to the financial statements for the year ended 31 December 2014 (Continued)

17. Notes to the Cash Flow Statement

Reconciliation of surplus for the year to the net cash inflow from operating activities

	2014	2013
	US\$	US\$
Surplus for the year	1,283,705	659,086
Interest receivable	(2,181)	(2,490)
Depreciation of tangible fixed assets	92,105	76,698
Depreciation of intangible fixed assets	98,049	67,184
Loss on disposals of tangible fixed assets	64,100	-
(Increase) decrease in debtors	(154,936)	(179,120)
Increase (decrease) in creditors	613,408	(48,363)
Net cash inflow from operating activities	1,994,250	572,995

Analysis and reconciliation of Net Funds

	2014	2013
	US\$	US\$
Cash at bank and in hand beginning of the year	875,090	639,317
Cash Flow movement	1,817,878	235,773
Cash at bank and in hand end of the year	2,692,968	875,090

	2014	2013
	US\$	US\$
Increase in cash in the year,		
being movement in net funds in the year	1,817,878	235,773
Opening net funds	875,090	639,317
Closing net funds	2,692,968	875,090



Notes to the financial statements for the year ended 31 December 2014 (Continued)

18. Capital

The Charity is a company limited by guarantee and consequently does not have share capital. Each member has undertaken to contribute £1 to the assets of the company to meet its liabilities if called to do so.

19. Related Parties

There were no related party transactions in the year and no balances outstanding from or owing to related parties at the year end.

20. Ultimate parent undertaking and controlling party

The directors do not believe there is a single ultimate controlling party. There is no parent company.



Annex 1: Supporters during 2014 (unaudited)

3M	Delhaize Group SA	Natura
ADEO	E-Bony	Natures Organics
Aggregate Industries	Eurosten	NBPOL
Alinea	Everfine	Neste Oil
Anavil Company Ltd.	Ferrero	Nestle
Arctic Kvartsit	Florin AG	NEXT Retail Ltd
ARTE	Gebr Voets	ProFairtrade - Ceres Food
Asia Pulp and Paper	Golden Agri Ressources	PZ Cussons
Auchan	Golden Veroleum Limited	Reckitt Benckiser
B&Q	Hershey's	S2udio PTY Ltd
Betrami	Hoogenburg	Sainsbury's
BNP Paribas	Huilerie Moderne D'Abidjan	Soboplac
Brico depot	Intercement	Sony
Carbonex	Jardiland	Sosucam
Cargill	Johnson & Johnson	System U
Casino	Jysk Group	Sysco Inc.
Castorama	La Forestiere du Nord	TBI
Cemoi	Leclerc	Truffaut
Cerelia	Leroy Merlin	Vandermoortele
Colgate-Palmolive	Les Mousquetaires	Weber
CORA	Maisons du Monde	Weldom
Crate & Barrel	Mars	Wilmar
Danone	M-OB	
Dekker	Mr. Bricolage	

Charitable trusts

Chirac Foundation	Fondation Ensemble	Prince Albert of Monaco Foundation
Synchronicity Earth	Waterloo Foundation	

Organisations

Climate and Land Use Alliance	European Forest Institute
European Commission	Global Green Growth Initiative
KfW	Rights and Resources Initiative
The Nature Conservancy	

