

Annual report from the Board of Directors 2018

The Rainforest Foundation Norway (RFN), legally registered in Norway as *Regnskogfondet* with registration number 985 828 806 in the Central Coordinating Register for Legal Entities, is a non-profit non-governmental organization with its stated mission to effectively save the world's tropical forests, and effectively protect the rights of people living in those forests.

RFN is organized as an association with five members: Norges Naturvernforbund, Natur og Ungdom, Miljøagentene, Utviklingsfondet og Framtiden i våre hender. The head office is in Mariboegs gate 8, Oslo, Norway. RFN also has a country office in Kinshasa. The activities are primarily financed by grants from public agencies, individuals, private companies and foundations.

The operations are organized along three pillars:

- Development of sustainable communities. This is achieved by strengthening the capacity of forest-dependent communities to define and realise their development needs within the framework of rights-based sustainable rainforest management.
- Political and legal framework conditions – sub-nationally, nationally and internationally – to ensure protection of the rainforest and the human rights of forest peoples. This is achieved by influencing relevant public policies, land-use planning, laws and regulations.
- Halt threats to the rainforest and to the rights of indigenous peoples and forest-dependent communities. This is achieved by engaging with companies, banks, investors and development institutions to end their contributions to deforestation and violations of human rights.

The operations are planned and implemented in close collaboration with indigenous peoples and other forest-dwelling people, who are the main agents in managing the forests. Their rights to sustainable management of forests are key to maintaining the ecosystem services that the forests provide both locally, nationally, regionally and globally. Thus, the double mission of protecting the forest and the rights of the people living in the forest, is closely integrated in RFN's practice.

RFN cooperates with around 70 partner organizations in 9 rainforest countries, mostly in the form of long-term collaboration arrangements (partnerships) where the partner implements most of the activities locally and nationally, while RFN provides financial support, technical support, guidance and supervision, overall quality management, monitoring, and overall reporting of results.

RFN also carries out a range of activities directly, especially within policy/advocacy, fundraising, communication and more. As part of a wide range of international forums and processes involving governments, international organizations, NGOs, investors, companies, philanthropists and others, RFN advocates for better understanding of and attention to the value of the services provided by rainforests and the need to protect the remaining half of the world's original rainforest area; and promotes specific suggestions for policy changes for governments and international organizations, policy changes and actions by investors and private companies, and changes in consumer behavior.

Activities and achievements in 2018

2018 was in many ways a year of change in RFN. A major reorganization was implemented, involving the merger of some departments and division of others; a completely new management structure with three levels instead of two; and the appointment of several new leaders including a new executive director. Both the actual process of reorganization, and the subsequent implementation of a new structure, affected most of the organization for a long period of time. Moreover, the first

country office in RFN's history was established in Kinshasa, with a wide range of implications for the organization as a whole.

In the context of these demanding organizational processes, 2018 was also the first year of implementation of the new long-term strategy (2018-2030) and sub-strategies (2018-2022). In addition, a new five-year framework agreement with RFN's biggest donor, Norad, was concluded, with the corresponding introduction of a number of new results management routines and tools. Due to late approval of the grant from the biggest donor Norad, full-scale implementation of many activities was delayed and the actual expenditure on projects were lower than budgeted.

Nonetheless, in spite of these extraordinary circumstances, the results achieved in 2018 are satisfactory and generally in line with plans and expectations. More specific information on results achieved are publicly available in separate reports provided to key donors.

The work in 2018 was predominantly financed with financial support from the Norwegian government through the Ministry of Foreign Affairs and the Ministry of Climate and Environment (most of it managed by the Norwegian Agency for Development Cooperation, Norad); the NRK national telethon 2015; around 7750 individual 'Rainforest Guardians' (*Regnskogvoktere*); private companies and foundations/funds. Among corporate supporters, the contributions from Hafslund Strøm and Rema 1000 were the largest in 2018, and the support from foundations/funds came primarily from The Rainforest Fund, the Ford Foundation, the David and Lucile Packard Foundation, and the Good Energies Foundation.

Going concern

The financial statements 2018 are based on the assumption of going concern. RFN's finances are to large degree based on a limited number of agreements with public and private agencies, and a stable number of individual contributors. The public grants are based on multi-year agreements, which provide good predictability even though the annual grants depend on parliamentary approval and annual amounts are not guaranteed. Funding from private companies, foundations and funds are generally not based on long-term commitments, but are nonetheless relatively foreseeable. The national NRK telethon 2015 provides funding amounting to about NOK 30 million until the end of 2020, when this source of income will end.

The highest risks to RFN's financial income are related to possible significant changes in the access to public grants, or rapid changes in the income from private companies and foundations, or from individuals. The access to public grants may change following policy changes or administrative changes in the relevant donor agencies. Income from private companies and foundations may change following policy or strategic changes within one or more of the respective donors. Income from these, as well as from individual donors, may also change in case of dramatic general reputational loss for RFN. None of the above is seen as likely in the short and medium term.

The main approach to managing these risks is ongoing efforts to diversify income sources, aiming at a broader spectrum of international donors; intensified fundraising from private companies and individuals in Norway; as well as sound management and professional communication work to minimize reputational risk.

Work environment and human resources

RFN has well-established internal systems and procedures for health, environment and safety. The physical work environment in the head office and the Kinshasa office is modern and well-functioning. All staff have signed ethical codes of conduct. Safety and security protocols are developed for travels, with medical and security services provided by International SOS.

The working environment committee (*Arbeidsmiljøutvalget*) held five meetings during 2018. A survey and analysis carried out by *Great Place to Work* demonstrated that RFN has a generally good (above average) working environment, with a number of challenges. An action plan addressing these has been developed by the working environment committee and endorsed by the management group.

Around two thirds of the staff members are organized in the local union under *Handel og Kontor*. RFN is a member of the employers' organization *Virke*.

Overall sick leave amounted to 4.04 per cent in 2018. This is 0.61 percentage points less than in 2017 (4.65 per cent). No serious injuries were reported in 2018.

Equality and non-discrimination

RFN aims to be an inclusive workplace and strives towards non-discrimination and equal rights for all. At the end of 2018, the staff in Oslo consisted of 36 women and 20 men. The management group consisted of 2 men and 4 women. The Board of Directors have five women and four men.

A gender policy guides RFN's project work, taking a broad approach to gender and non-discrimination and calling for action on gender issues also in areas not directly related to RFN's work.

Social and environmental responsibility

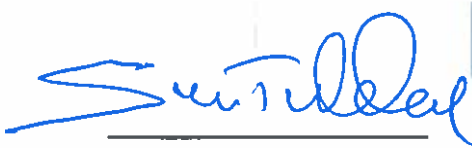
RFN's social and environmental responsibility is a dominant part of all activities since the achievement of its mission directly transforms to environmental improvement and human rights. All the work of RFN, therefore, contribute to social and environmental improvement.

Nonetheless, some of the activities also cause environmental harm. RFN is environmentally certified according to *Miljøfyrtårnet* and adheres to its guidelines. The total waste was calculated to 2,830 kg in 2018 and the share recycled is estimated at 50 per cent. The office energy consumption is 113 kWh/m². The number of air travels was 215, as opposed to 125 in 2017. The total carbon emissions due to office energy consumption, waste and air travels are calculated to 723 metric tons of CO₂ equivalents. This represents an increase from 204 in 2017, primarily to increased use of air travels. For methodological reasons there is significant uncertainty around these calculations.

In addition to the social improvements resulting from the achievement of RFN's mission of saving rainforest, much of the work also contributes to other societal improvements such as civil society development and inclusion of marginalized groups. Anti-corruption is a core part of all project activities, covered by a broad anti-corruption policy with corresponding routines and tools. RFN's human rights policy takes a broad approach and calls for action also on human rights issues not directly linked to RFN's work.

Financial results and financial position

It is the Board of Directors' opinion that the 2018 financial statements with footnotes provide a correct picture of RFN's financial position at the end of the financial year. Total equity is NOK 141,273,034 in 2018 compared to NOK 164,724,546 in 2017. Total capital is NOK 175,697,402 in 2018 compared to NOK 188,975,948 in 2017. The surplus in 2018 increases the operating fund with NOK 3,078,472 and the project fund with NOK 6,941,932. The telethon fund is equity with external restrictions and amounts to NOK 74,392,547. RFN has no mortgage debt and liquidity is good.



Svein Tveitdal
chairperson



Petra Storstein
Deputy chairperson



Torgeir K. Norheim



Arvinn Eikeland Gadgil



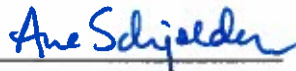
Kari Bucher



Tine Larsen



Julie Forchhammer



Ane Schjolden
Employee representative



Sindre Tollefsen



Øyvind Eggen
Daglig leder