

Annual report from the Board of Directors 2019

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 Mariboegate 8, Oslo, Norway. RFN also has a country office in Kinshasa, the Democratic Republic of Congo. The activities are primarily financed by grants from governments, 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 seven 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 implements 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 2019

The results achieved in 2019 are good and generally in line with plans and expectations in all countries except Brazil, where progress has been less than satisfactory under the current government. Detailed information on results are included in separate reports provided to financial

donors, available to the public on request. In contrast to Brazil, promising policy developments were seen in several other rainforest countries, many of them in response to targeted advocacy by RFN and partners. At the overall level, aggregate data indicates approximately a 3 per cent increase in the loss of primary tropical forest compared to 2018. Deforestation was reduced in 4 of the 7 countries where RFN has direct activities, while Brazil, Peru and Myanmar had an increase.

Organizationally, 2019 was shaped by the successful consolidation of the organization's new structure established in 2018; consolidation of the new office in Kinshasa; and significant expansion of the organization's outreach in terms of communication and advocacy outside Norway.

The fires in Brazilian Amazon in August 2019 dominated much of the organization's activities during the last months of the year. In addition to the dramatic consequences for RFN's and partners' engagement in Brazil, the enormous international attention created both a heavy burden and new opportunities for RFN, including unprecedented international and national media exposure, intense activity in social media, a successful fundraising campaign, and new opportunities for policy and advocacy work. For example, private companies and investors demonstrated much more receptiveness to RFN's advocacy than previously, and many large international commercial actors cooperated with RFN on their response to the events unfolding in Brazil.

Financial status

The financial statement for 2019 is based on the assumption of going concern. RFN's finances are to large degree based on a limited number of grant agreements with public and private agencies, and a stable number of individual contributors. The public grants are generally multi-year agreements, which provide good predictability. Funding from private companies, foundations and funds are generally not based on long-term commitments but are nonetheless relatively predictable. The national NRK telethon 2015 provides funding amounting to about NOK 35 million per year until the end of 2020, when this source of income will end.

The work in 2019 was predominantly financed with 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 9,000 individual 'Rainforest Guardians' (*Regnskogvoktere*); private companies and foundations/funds. Among corporate supporters, the contributions from Fortum and Rema 1000 were the largest in 2019, and the support from foundations/funds came primarily from The Rainforest Fund, the Ford Foundation and the Good Energies Foundation.

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 the case of dramatic general reputational loss for RFN. None of the above is likely in the short and medium term. To reduce risks related to grant funds, RFN pursues a strategy to diversify its donors, including new non-Norwegian public institutional donors, and private companies in Norway.

Events after the reporting year

In accordance with norms regarding reporting of events after the balance sheet date of relevance to going concern, the board of directors refers to the Covid-19 outbreak of 2020. Although the outbreak has not influenced the income of RFN in any substantial way so far, the expenditure of program funds is likely to be affected, which again corresponds to income due to the grant contracts

with major donors. In spite of having received additional funding for covid-19 response programs, we expect the overall turnover to be reduced in 2020. This will lead to reduced income also for the organization non-program costs, which are partly financed as a percentage of program costs.

The operating costs are only to little extent affected by the outbreak. We have upheld normal staffing during the lockdown, only reduced by compassionate and sick leaves. The core functions of the organization have been fulfilled in a close to normal way.

How the outbreak will affect the assumptions of going concern will depend on how long the situation will last, and how the aforementioned expenditures will actually affect the expenditures and corresponding income. However, based on the situation and the information available at present, there are no indication that the covid-19 outbreak changes the assumption of going concern.

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 two meetings during 2019. A staff survey and analysis carried out by *Great Place to Work* late 2019 demonstrated that RFN has a sound working environment.

Around sixty per cent 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 6.69 per cent in 2019. This is 2.65 percentage points more than in 2018 (4.04 per cent). No serious injuries were reported in 2019.

Equality and non-discrimination

RFN aims to be an inclusive workplace and is committed to ensure non-discrimination and equal rights for all. At the end of 2019, the staff in Oslo consisted of 43 women and 29 men. The management group consisted of 2 men and 4 women. The Board of Directors consists of four 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 contributes to social and environmental improvement.

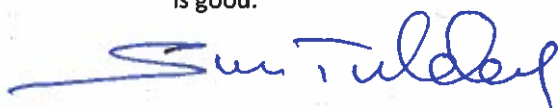
Nonetheless, some of the activities also cause environmental harm. RFN is environmentally certified according to *Miljøfyrtårnet* and adheres to its guidelines. The total waste was calculated to 6348 kg in 2019 and the share recycled is estimated at 57 per cent. The office energy consumption is 97,93 kWh/m². The number of air travels was 296 as opposed to 215 in 2018. The total carbon emissions due to office energy consumption, waste and air travels has been estimated at 1741 metric tons of CO₂ equivalents. This represents an increase from 723 ton CO₂ equivalents in 2018, primarily to

increased use of air travels. For methodological reasons there is significant uncertainty around these calculations.

In addition to the social and environmental advances resulting from the achievement of RFN's mission of saving rainforest, much of the work also contributes to other advances in society, 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

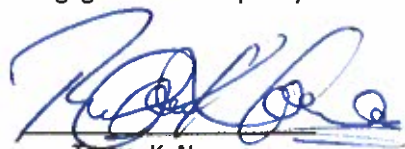
It is the Board of Directors' opinion that the 2019 financial statements with footnotes provide a correct picture of RFN's financial position at the end of the financial year. Total equity is NOK 115,865,235 in 2019 compared to NOK 141,273,034 in 2018. Total capital is NOK 173,060,887 in 2019 compared to NOK 175,697,402 in 2018. The surplus in 2019 increases the project fund with NOK 12,407,418 and decreases the operating fund with NOK 1,341,573. The telethon fund is equity with external restrictions and amounts to NOK 37,918,903. RFN has no mortgage debt and liquidity is good.



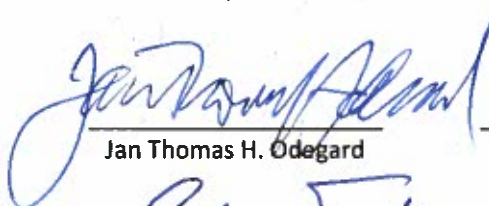
Svein Tveitdal
Chairperson



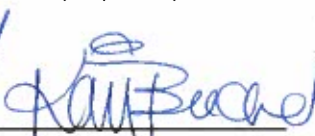
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Deputy chairperson



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Kari Bucher



Tine Larsen



Sindre Tollefsen



Ane Schjolden
Employee representative



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Executive director