

Annual Report 2023

The past year's global political momentum for the rainforest began to bear fruit in 2023. Deforestation was reduced by 9% compared to 2022, and a total of 44 993 km² of tropical rainforest – an area the size of Switzerland – were put under sustainable management.

This shows that we have the tools we need to save our rainforests – provided there is a political will to use them.

Nevertheless, we still lost 37.000 square kilometers of tropical rainforest in 2023, inching us further toward climate catastrophe and dealing a further blow to our planet's already fragile biodiversity. Now is the time to do everything we can to preserve our remaining rainforests, using the tools we *know work*: supporting indigenous people's rights to manage their own lands and removing economic incentives for deforestation.

In terms of the latter, the European Union's Deforestation Regulation (EUDR), which went into force in 2023, could potentially be a true game changer. If adequately enforced, the EUDR can remove the opportunity to make money from deforestation in Europe. It remains to be seen, however, whether the EUDR can resist private-sector pushback or a political change in the European Parliament. We also have high hopes for the national biodiversity plans that several countries have developed in 2023, setting new targets for protection of rainforests through improved national policies and measures.

Above all, our hope for the remaining rainforests lies with our partners: Indigenous communities, local organizations, and political activists who courageously and tirelessly resist the forces of deforestation. We owe them our gratitude and our support.

RFN collaborates closely with about 60 local and national environmental, Indigenous, and human rights organizations in 6 countries in the Amazon region (Brazil, Peru, and Colombia), Central Africa (DR Congo), and Southeast Asia and Oceania (Indonesia and Papua New Guinea). In DR Congo, RFN has a country office.

Global highlights from RFNs activities in 2023:

- The total global area of rainforests under sustainable management increased by **44 993 km²**.
- RFN **successfully advocated for increased funding** for Norway's International Climate and Forest Initiative (NIFCI), leading to an increase from 3 billion to 4 billion NOK.
- RFN coordinated engagement from **eight investors towards five automotive groups** as part of our 'Investor Working Group for a Deforestation-Free Automotive Industry' push.
- RFN **engaged with Chinese investors** and invited a select group of Chinese investors to Oslo, where they were given tailored presentations by Norwegian financial institutions (FIs), demonstrating best practice sustainable investment practices.

Brazil

In 2023, deforestation in Brazil's Amazon fell by nearly 50% compared to the previous year, which was the lowest recorded deforestation rate in the last five years. Data published by the National

Space Agency INPE¹ showed that 5153 km² of the Amazon were cleared in 2023, down from 10278 km² in 2022.

Yet, the threats in rainforest territories remained. This is particularly the case for illegal mining, drug trafficking, and various forms of organized crime. And while the political leadership has a clear socio-environmental agenda, much of our Brazilian partners' resources go towards rebuilding systems for rainforest protection that had been systematically dismantled under the previous federal Government.

Achievements in 2023:

Political:

- RFN partners mobilized to stop the **Marco Temporal (Time Frame) thesis in the Supreme Court**, which would have been a considerable setback to Indigenous tenure rights.
- RFN partners advocated the implementation of the **National Quilombola Territorial and Environmental Management Policy**. This policy will contribute to the conservation of socio-biodiversity, the protection of cultural heritage, the promotion of public policies, and the guarantee of territorial and environmental rights of Quilombola communities.
- The National Bank of Socio-Economic Development (BNDES) launched new, enhanced measures to **restrict financing to rural owners linked to illegal deforestation**, with RFN partners providing input.

Colombia

In the first nine months of 2023, Colombian deforestation dropped by 70% compared with the same period. Furthermore, a record number and size of Indigenous territories were formalized in 2023: in total, 72 territories and approximately 2,000 km² of tropical rainforests were put under some form of Indigenous management.

On a national policy level, Colombia's Minister of the Environment, Susana Muhamad, expressed Colombia's commitment to protect 80% of the Amazon rainforest by 2025. These developments are momentous achievements for protecting the rainforest and indigenous people's rights.

Under President Petro, ongoing peace efforts with armed groups include environmental protection as a crucial part of the peace negotiations. RFN partners such as FCDS play a key role. So far, at least ten illegal armed groups have agreed to the ceasefire.

Nonetheless, the situation on the ground remains fragile, with conflict and drought threatening to reverse the positive trend. Armed groups continue to challenge the territorial rights of Indigenous Peoples in areas such as Guaviare, Caquetá, Putumayo, Amazonas, and Guainía.

Achievements in 2023:

- RFN's partners presented recommendations that were included in the Colombian Government's four-year National Development Plan, including the consolidation of **72 agreements on environmental and territorial issues** between the indigenous and the national Governments.
- RFN partner Etnollano supported two Indigenous councils in the Guainía region in creating life plans— an important step towards the **formal establishment of Indigenous municipalities**.

- For the first time, **Indigenous representatives from our partners were included** in the Colombian Government's official delegation to COP28 in Dubai.

Peru

There are still no calculations on deforestation in Peru in 2023. The most recent information available is from 2022, through analyses by Global Forest Watch and the University of Maryland. They estimate that Peru lost about 1,620 km² of rainforest in 2022 – an increase of 6.7% compared to 2021- the fifth highest on record.

In 2023, a series of legislative proposals aimed to weaken the institutional framework for isolated peoples and hinder the creation of indigenous reserves. If passed, these would legalize several forms of deforestation, including road construction through indigenous territories. The changes would further allow for weaker regulation around land use change, and at least 300 cases of environmental crimes may be pardoned.

RFN and our partners have led high-visibility pushbacks against these legislations.

Achievements in 2023:

- After years of advocacy work by our partners, ORAU and ORPIO, The Multi-Sectoral Commission on isolated peoples' issues approved the categorization study **for establishing a 5000 km² reserve for isolated peoples** in Ucayali and Loreto. This is the last step before formal creation by a 'supreme decree' by the Minister of Culture.
- In the Wampis Nation's territory in Peru, **a mining company was stopped and expelled from the Wampis Ayambis community.**
- Our partner ORPIO, with technical support from RFN and legal assistance from our partner IDL, won a court case **annulling 24 logging concessions** in the Yavari-Tapiche and the Yavari-Mirim territories.

Indonesia

Indonesia's rainforests faced ongoing threats from commodity-driven deforestation, worsened by the return of El Niño, which triggered drought and forest fires. With these challenges and the rising commodity prices linked to forest clearance, deforestation rates in Indonesia increased slightly from the low levels of 2021 and 2022.

Agriculture, industrial palm oil, and pulpwood expansion pose significant risks to the rainforest. Additionally, policies favoring investments and extractive industries remain in place. Initiatives like the revised Green Taxonomy, biofuel policies increasing the demand for palm oil, and regulations enabling land grabbing for carbon projects also represent setbacks for preserving Indonesia's rainforest.

On the positive side, Indonesia launched its first direct funding mechanism for IPLCs, the Nusantara fund, in May 2023. The fund will start disbursements in 2024.

Achievements in 2023:

- Three clans in Teluk Bintuni, West Papua, were granted **formal collective rights as Indigenous Communities** (*Masyarakat Hukum Adat/MHA*).
- By the end of 2023, around **63,700 km² were recognized under various social forestry schemes**, an increase from 53,000 km² in 2022.
- RFN partner Madani's input on **strengthening mechanisms for the establishment of social forestry** was incorporated in Presidential Regulation 28/2023. This achievement was attributed to Madani's persistent advocacy efforts as a facilitator among stakeholders seeking to protect rainforest areas.

Papua New Guinea

This year, Papua New Guinea (PNG) pledged to end round log exports by 2025 and established a partnership for Forests, Nature in the Climate at COP28. The pledge was a critical government commitment as PNG is the world's largest exporter of tropical round logs, with over three million cubic meters annually in the last years and a significant portion illegally harvested. At the national level, the Government has accepted the Climate Change Regulation and policy on free prior and informed consent.

However, PNG faced a declining economy, intensifying pressures on the forests and the rights of Indigenous peoples and local communities. Despite 97% of lands belonging to local communities, they remain unprotected in many places. PNG's response to economic decline includes promoting "impact projects" and Special Economic Zones, potentially increasing mining, logging, and palm oil activities.

Furthermore, weak governance, lack of accessible data on forests and concessions, corruption, and a decline in the economy continued to hinder the implementation of stronger environmental laws and policies.

Achievements in 2023

- The Government **pledged to end round log exports** by 2025 after a successful public campaign led by RFN partner ACT NOW!, which garnered support through media coverage in a national newspaper.
- A Supreme Court Decision on an Access to Public Information request led by RFN partner CELCOR, set a precedent for challenging government restrictions on public information related to natural resource development.
- Public campaigns against continued exports and actions by the National Forest Board, including a moratorium on new Forest Clear Authority projects, contributed to a **significant reduction in round log exports** in 2023.

Democratic Republic of Congo

The Democratic Republic of Congo's (DRC's) vast tropical forests continue to decline at an average of around 0.3% per year since 2002, recording tropical rainforest loss of 5,260km² in 2023 alone - up from 5,130km² in 2022. In 2023, the DRC was the country with the highest rate of primary forest loss, after Brazil.

Logging, mining, and agriculture remain the most significant contributors to deforestation, with oil and gas concessions in areas overlapping with intact forests and traditional territories of IPLCs, setting the stage for increased deforestation rates in the years to come.

Politically, 2023 was marked by presidential, legislative, and local elections in the DRC, as well as a deterioration of the conflict situation in North and South Kivu. Despite this, the DRC government continued efforts to strengthen its environmental policy within the sectors of land-use planning, land tenure, and forestry.

Furthermore, several laws and policies in favor of forest protection and/or Indigenous peoples and local communities' rights were either passed or came into force.

Achievements in 2023

- RFN and partners achieved important engagement from **148 newly targeted communities** in North Kivu, Tshopo, and Equateur through their free, prior, and informed consent (FPIC) to be accompanied in the community forestry process, an important step in sustainable forest management.
- RFN's partners were able to support two communities in North Kivu (IKA and Batiri Nyabayu-Biruwi) in implementing **basic management plans** (Plan Simple deGestion – PSG).
- In November, the Land-use Planning Law was adopted by the Senate and, as a result of advocacy by RFN and partners, contained several articles **that provide for IPLC consent and participation in decision-making**, the protection of the global environment, and the protection of rights already acquired by IPLCs.

International institutional funding

Rainforest Foundation Norway focused on generating visibility towards prioritized indigenous and local communities-led initiatives at key international arenas including the Amazon Summit in Belém, the New York Climate Week or COP28 in Dubai. This helped further boost funding diversification in 2023 with over 141 million NOK (approximately US\$ 13.5 million) of institutional funds raised in 2023. These funds are to be used in the period 2023 to 2027. In 2023, the share of non-Norwegian institutional funds was 15%, being the double of the share at the start of the 2018-30 strategy period.

In 2023, this international funding base counted 9 philanthropies: Climate Land Use Alliance (CLUA) with Ballmer Group funds, Bezos Earth Fund, Ford Foundation, CLUA with William+Flora Hewlett Foundation funds, Hans Wilsdorf Foundation, Peter Opsvik Foundation, Rainforest Trust, Sobrato Philanthropies and Wildlife Conservation Society (WCS) with Bezos Earth Fund).

This has allowed RFN to scale up strategic programmatic areas, such as securing funding for the long-term protection of two vast corridors of isolated Indigenous peoples across the Peru and Brazil border, incubating an innovative funding mechanism in DRC, governed by Indigenous Peoples (IP) and Local Communities (LCs) to demonstrate how community-based rainforest management can contribute to economic development and poverty alleviation, empowering indigenous peoples and local communities to monitor and engage with emerging carbon markets and finance mechanisms in the Amazon, supporting indigenous management and control of critical rainforest areas in Colombia and Indonesia, halting illegal logging and strengthening civil society in PNG – in addition to general

support towards RFN's work across the 6 rainforest countries, global policy and drivers of deforestation.

Fundraising in Norway (individual and corporate)

In Norway, individual donations reached a plateau, due to a challenging environment for donations with rising inflation and the energy crisis, which impacted regular support from monthly donors through our Rainforest Guardians. Content articles, the "Vi Vokter Regnskogen" and the "La Stå" campaigns, matching donation challenges, a vibrant rainforest mural, screening events, direct marketing, web shop promotional activities together with active and continuous donor management and growing social media activities were part of the arsenal deployed to generate visibility and engagement to both maintain RFN's regular giving program - the Rainforest Guardians - at a high level and stimulate new singular donations.

Corporate funding also suffers from these downward trends. But greater incentives for companies to take action on climate or nature have helped maintain strategic catalytic funding from leading, responsible corporate actors including (and not limited to) Fortum, Norgesenergi (part of Fortum from 2024), REMA 1000, Det Norske Veritas, Unil, Norgesgruppen, HK Norge, Bergen Live, HELP Forsikring, Elis, Dyreparken, Cultura Bank, Jörns Resor, Høiax systems, Glittertind, CLP and Bain & Company Norway.

Social and environmental responsibility

RFN is not engaged in production or other activity that adversely affects the external environment.

RFN programs are designed and implemented to contribute positively to social change, human rights, and environmental protection through rights-based, sustainable rainforest management, together with partners and allies.

In addition to social and environmental progress being integral to RFN's goal, we safeguard against any harm resulting from our work. In 2022, an RFN Environment and Climate policy was adopted to reduce our environmental footprint and negative climate effects, with the aim that both the organization and our operations be environmentally sustainable. This policy outlines how RFN will integrate environment and climate as cross-cutting issues in all areas of our work.

RFN has cross-cutting policies on human rights, gender, anti-corruption, and environment and climate, as well as organizational policies on risk management and protection from sexual exploitation, abuse, and harassment (PSEAH). This provides a policy framework for RFN to integrate these topics in all areas of work, safeguard against any unintended negative effects ("do no harm") and contribute to positive change. For this purpose, we have established an anonymous whistleblowing channel, which is also used for reporting suspected financial mismanagement or corruption.

In 2023, we initiated the roll-out of the PSEAH policy. A consultant was engaged to assist, presenting an inception report December 2023. The inception report provided a review of RFN's current policies and procedures which contribute to PSEAH, how PSEAH is, or could be, implemented fully in the organisation. Recommendations have been structured as short-term, medium-term, longer-term. In 2024, this will result in a virtual training module for all staff as well as training for focal points, who

will be involved in case handling and support to partners. In Brazil, RFN engaged partners in a dialogue on the PSEAH policy. Our partner Instituto Socioambiental (ISA) made a particular contribution by providing input about the context in which the policy was to be observed and implemented. In the DRC, the PSEAH policy was presented to partners, and a discussion was held with their coordinators on what it means for their local- and governance culture.

There were no reported cases of sexual exploitation, abuse, or harassment in 2023.

RFN has taken out an insurance in RiskPoint AS protecting the Board of Directors and the Secretary General against possible responsibilities towards RFN and third parties.

The Transparency Act

RFN is subject to the Transparency Act, which entered into force on 1 July 2022, and welcomes the legislation. In 2022, the work on assessing RFN's accountability was initiated, and RFN has in 2023 and 2024 continued the work of establishing processes and procedures relating to due diligence of basic human rights and decent work conditions. The RFN Procurement Manual, being revised in 2024, ensures that RFN procurements are made according to the requirements defined in the Transparency Act. Furthermore, the organization has started the implementation of the requirements also through the RFN Partner Assessment Tool used for the evaluation of our international project partners. The RFN Transparency Report 2023 will be available at www.rainforest.no by 30 June 2024.

Working environment and human resources

Overall, RFN's total sick leave rate was 7.3%, and the average rate for Norway in 2023 was 5.6% in total. We experienced an increase compared to 2022, where the sick leave rate was 6.71%. The self-declared sick leave rate was 1.22% compared to last year's 1.54 %, and the sick leave rate for medical certificates was 6.07 % compared to last year's 5.18%.

There have been no work-related accidents or serious injuries among RFN during 2023.

As of 2023, the staff members are organized in the union Handel og Kontor (Norwegian Union of Commerce and Office Employees) and Samfunnsviterne/Akademikerne (The Association of Social Scientists/The Federation of Norwegian Professional Associations), Handel og Kontor being the largest union. RFN is a member of the employers' organization Virke (The Enterprise Federation of Norway).

RFN conducts the "Trust Index™", a research-backed employee experience survey each year. Feedback from the survey is translated into an action plan, focusing on areas of improvement for the organization in the year to come.

Gender equality

The gender balance in the organization was 60% female (42 women) and 40% male (29 men) in 2023. At the end of the year, the senior management team consisted of two women and four men.

Among our Team Leaders, there were one man and seven women. The Board of Directors consisted of five women and five men.

RFN is committed to a fair system for salaries and benefits. With assistance from Mercer, RFN leadership developed in 2022 an RFN salary policy and a new RFN salary system.

With regards to the gender aspect of the revised salary system, men and women are paid the same salary within the respective salary categories.

RFN uses the Mercer NGO survey to benchmark salaries against other organizations.

All employees hold 100% positions apart from 2 employees working part-time at their own request. RFN has two employees in temporary positions. One employee was on maternity/paternity leave during 2023.

Our work to promote equality and prevent discrimination

Over the past few years, we have conducted extensive reviews of our routines, policies, and physical work environment. Our goal is to place a high emphasis on identifying and minimizing the risk of discrimination. We conduct an annual employee survey for all staff to combat unconscious biases and promote an inclusive work culture. The 2023 survey showed that 97% of employees felt we treat staff equally regardless of sexual orientation, 83% felt we treat everyone equally regardless of ethnicity, 74% felt we treat everyone equally regardless of gender, and 70% felt we treat everyone equally regardless of age.

Gender Balance and Differences:

We have mapped the gender distribution in both part-time and temporary positions, as well as parental leave uptake. We have found no significant gender differences, and we continue to monitor to ensure full equality.

Involuntary Part-Time:

We have no employees in involuntary part-time positions. We aim to exercise flexibility in accommodating staff needs regarding working hours.

Wage Differences:

A review of salary data shows that there are no significant wage differences between women and men within the same job level. We regularly update our salary structure to ensure fair compensation for all employees, regardless of gender.

Measure and future Plans:

- Continue to focus on equality.
- Aim to have more men in team leader roles for better balance.
- Conduct a new employee survey in October to maintain the focus on unconscious biases.
- Ensure a fair and transparent salary structure.

Risk management

RFN has reviewed the risk tolerance chart for all broad risk areas and maintains the risk tolerance levels approved by the Board in Dec 2021.

In 2023, RFN updated the organizational risk register for the six most important risks to RFN. The register provides an overview of how RFN manages the six key risks. It includes existing control measures, i.e. risk reduction measures taken, and future risk treatment, i.e. planned measures to further reduce probability and consequences.

One of the risks listed in the RFN risk register is "RFN mismanage funds (incl. mismanagement in RFN-supported projects)". One of the mitigating measures is to work with partners on such issues.

In 2023, RFN focused on strengthening risk management with our partners. A key role for RFN is to support partner capacity and organizational development and strengthen and ensure compliance (reduce risk for non-compliance) by identifying and mitigating risks in the partner portfolio. The RFN Partner Assessment Tool (PAT) is a tool for identifying risks. In 2023, RFN established a Partner Portfolio Risk Mitigation Fund.

The fund is dedicated to initiatives to mitigate/reduce risks in the partner portfolio (i.e. risks associated with partners' internal organizational capacity) based on Partner Assessment findings. The purpose is to ensure compliance and strengthen the organizational development of civil society partners.

RFN's administration costs are mostly tied to NOK and the funding of these costs are mainly in NOK. Therefore, RFN's results are only to a limited extent affected by the volatility and changes in the exchange rate of NOK versus USD, EUR and other currencies. In relation to the program-/project costs and transfer of funds to international partners, RFN minimizes its currency risk by applying the NOK value of the budget as a cap on transfers to partners.

Financial highlights

The activity statements for 2023 show a result for the year of NOK -0.5 million (NOK – 1.7 million in 2022).

In 2023, RFN spent NOK 328.5 million (NOK 327.6 million in 2022) on rainforest protection. Special-purpose expenses account for 83% of the organization's total expenditures.

Of total funds at disposal for rainforest protection purposes (NOK 327.9 million), government revenues constituted NOK 236.5 million. In 2023, RFN had NOK 37.9 million in revenue from fundraising and donations from private donors and the business sector in Norway. International institutions contributed an additional NOK 50.0 million, and financial income NOK 3.5 million.

The return on the financial portfolio generates an annual contribution to RFN activities. In 2023, the financial portfolio was limited to bank accounts in Norwegian banks; hence, the financial risk connected to the financial portfolio was very low.

Total changes to liquidity were NOK -0.6 million in 2023 (NOK 47.0 million), consisting of Activity Account loss for the year of NOK -0.5 (NOK -1.7 million), Items in the activity accounts that have no

direct influence on liquidity of NOK 0.3 million (NOK 0.6 million), Investments, divestments and financing of NOK -0.5 million (NOK -0.1 million) and Other modifications of NOK 0.1 million (NOK 48.2 million).

The deficit in 2023 decreases the Operating Fund with NOK 526,386. As of year-end 2023, total equity was NOK 91.3 million (NOK 91.9 million as of 31 December 2022). Total capital was NOK 224.2 million (NOK 225.2 million). RFN has no mortgage debt, and the liquidity is good.

No research and development activities have been performed by RFN in 2023.

In accordance with Section 3-3a of the Norwegian Accounting Act, it is confirmed that the assumptions for a going concern are present. This is based on the revised budget for 2024, the long-term commitments made by several donors (governmental and institutional), the stable and expected increasing private and corporate contributions, and the positive response to RFN's ongoing fundraising activities, all reducing RFN's funding risk.

RFN is in a healthy financial position, and it is confirmed that no significant events have occurred since the balance sheet date that have affected this.

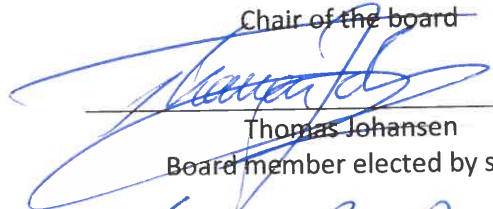
Oslo, 19 June 2024



Marius Holm
Chair of the board



Kari Bucher
Deputy chair of the board



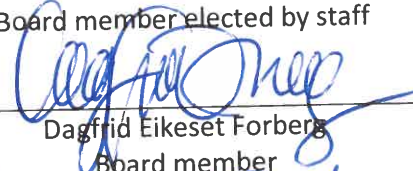
Thomas Johansen
Board member elected by staff



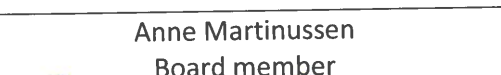
Audrey Plyler
Board member elected by staff



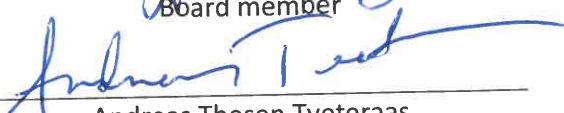
Espen Ruud
Board member



Dagfrid Eikeset Forberg
Board member



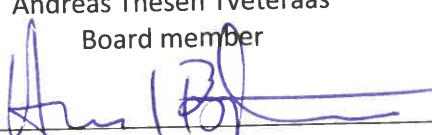
Anne Martinussen
Board member



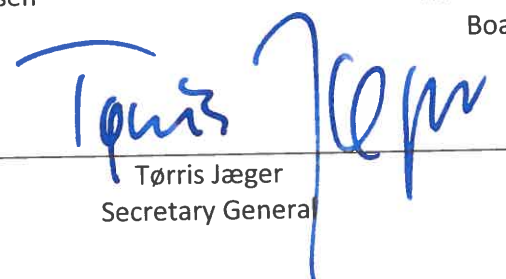
Andreas Thesen Tveteraas
Board member



Sindre Stranden Tollefsen
Board member



Hanne Inger Bjurstrøm
Board member



Tørris Jæger
Secretary General

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