



STICHTING RAINFOREST ALLIANCE

Consolidated Annual Financial Report

For the year ended December 31, 2019

With Independent Auditors' Report

STICHTING RAINFOREST ALLIANCE
Consolidated Annual Financial Report
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1.1 General Information

The organization consists of two legal entities: Stichting Rainforest Alliance (the "Foundation" formerly known as Stichting UTZ), founded on 3rd July 2001 (articles amended 1st January 2018) and Rainforest Alliance BV (the "BV" formerly known as UTZ Certified BV), founded on 3rd December 2012 (articles amended 1st January 2018). Both companies registered their office at the De Ruyterkade 6, 1013 AA in Amsterdam, The Netherlands.

At the end of 2012, for technical reasons the Foundation set up as a daughter limited company (in Dutch "BV"). The Foundation is full-owner of the BV and all profits made by the BV (program fees minus expenses) flow entirely back into the Foundation. The organization as a whole remains a non-profit and retains its charity status (in Dutch: "Algemeen Nut Beogende Instelling", "ANBI" status). This status has certain tax advantages and is a pre-requisite for some potential donors considering subsidies or sponsorship. The change of model was a logical step.

The Supervisory Board meets a minimum of three times a year, oversees the Leadership Team and, for a number of important matters, the Supervisory Board's approval is required before the Leadership Team can pass resolutions. The Leadership Team is formed by the Chief Executive Officer (Foundation), Chief Innovation and Technology Officer (Foundation), and Chief Sustainable Supply Chains Officer (Foundation), Chief Financial Officer (RA, Inc.), General Counsel (RA, Inc), Chief External Relations Officer (RA, Inc), Chief Markets Officer (RA, Inc.), Chief Regional Officer (RA Inc.), Chief Program Officer (RA Inc.), who together are responsible for day-to-day affairs.

In 2011 the Standards Committee was set up. Their task is to adopt, on the basis of information and data provided by the stakeholders, new Codes of Conduct as well as revise existing codes. The composition of the Standards Committee consists of representatives of producers or other supply chain actors, NGO's or other experts in the field of specific sustainable subjects (e.g. employees' rights, women's rights, good agricultural practice, and biodiversity), experts in the field of certification and sustainability and the Rainforest Alliance Standards Director (non-voting member) representing the category of employees of the Rainforest Alliance.

Supervisory Board Members 2019

Ana Paula de Sousa Nimpuno (resigned August 2019)

Johanna Wijn

Antonius van der Laan (Vice Chairman)

Anurag Priyadarshi

Dan Houser

Daniel Couvreur

Daniel Katz (Chairman)

Eric Rothenberg

Juan Esteban Orduz Trujillo

Kerri Smith

Labeeb Abboud

Marilu Hernandez de Bosoms

Nalin Miglani

Nina Haase

Peter Lehner

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1.1 General Information (cont.)

Supervisory Board Members 2019 (cont.)

Peter Schulte (Treasurer)
Seth Cohen (resigned January 2019)
Sonila Cook
Stefanie Miltenburg (resigned August 2019)
Tasso Azevedo
Vanusia Nogueira
Wendy Gordon Rockefeller

Leadership Team Members 2019:

Han de Groot, Chief Executive Officer (resigned March 27, 2020)
Daan de Vries, Chief Innovation & Technology Officer (resigned December 31, 2019)
Britta Wyss-Bisang, Chief Sustainable Supply Chains Officer (Director Stichting Rainforest Alliance as of March 27, 2020)
Alik Hinckson, Chief Financial Officer
Leslie Park, General Counsel (Secretary) (resigned February 2020)
Susan Tressler, Chief External Relations Officer
Alex Morgan, Chief Markets Officer
Ria Stout, Chief Regional Officer
Nigel Sizer, Chief Program Officer

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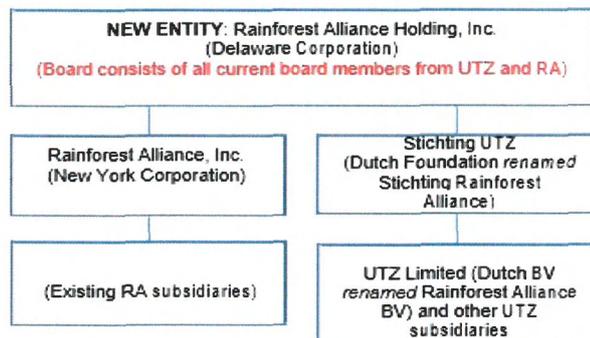
1.2 Board Report

The Merger and Legal Structure

On 1st January 2018, UTZ (hereafter Stichting Rainforest Alliance or the "Foundation") merged with Rainforest Alliance Inc., both consolidated under a newly formed parent company named Rainforest Alliance Holding Inc., a US nonprofit.

The merger is driven by our collective vision to have greater environmental and social impact, and to be a stronger partner to the many stakeholders with whom we work. A new standard, in which a new chain of custody, a new fee structure, and a new labeling policy for companies sourcing certified products, will be developed. The merger will reduce the complexity of the certification process for producers that are now working with both programs and increase efficiency and flexibility. We plan to publish and implement a new combined certification standard by end of 2020, until which time there will be two certification standards and programs (Rainforest Alliance and UTZ).

On 1st January 2018, the structure and Articles of the Foundation and BV were amended to reflect the merger.



The Rainforest Alliance Holding Board is responsible for appointing the Supervisory Board of the Foundation. The Supervisory Board (being equal to and mirroring the Holding Board) is responsible for supervising and advising the Leadership Team, overseeing the general course of affairs, strategy and operational performance of the organization. In 2019, the Supervisory Board met 4 times, in January, May, September and November.

Board Agenda 2019

In 2019, the Board had the pleasure of guiding the Leadership team in the areas of: Strategy Execution, Post-Merger Integration, Standards Development, Re-imagining Certification, Annual Plan & Budget and Technology Strategy among other key strategic topics.

Board Governance

The Board has one permanent (Executive) Committee, which, in between Board meetings, may exercise all powers of the Board that may be delegated in connection with the management of the affairs of the Foundation, except as restricted by law or the Articles of Association. The Holding Board additionally conducts business through several committees: Nominating and Governance, Development, Human Resources, Finance, and Audit & Risk. A summary of the directive of each committee follows:

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1.2 Board Report (cont.)

Board Governance (cont.)

Nominating & Governance (N&G): oversee organizational structure and functioning of the Board as well as policies related to board governance.

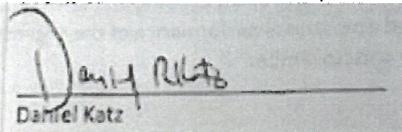
Development Committee: Oversee and review Rainforest Alliance's fundraising program, including foundations, government and multilateral agencies, corporations, individuals, special events, cause marketing, capital campaign, areas of potential growth and any other financial opportunities to support the organization that may arise.

Human Resources Committee: Oversee Rainforest Alliance human resources policies, programs, and practices. Periodically review employee benefit and compensation surveys and assess competitiveness and effectiveness of Rainforest Alliance benefits and compensation.

Finance Committee: Oversees and pre-approves the annual budget, business results, financial statements and reporting, and management of investments. In 2019, the Finance Committee approved the CY2020 budget for the Foundation.

Audit & Risk (A&R) Committee: Oversee the legal and operational risks over the organization, system of internal business controls, including conflicts of interest at board and staff level. The A&R Committee also reviews and pre-approves the audited financial statements of the Foundation. In 2019, the A&R committee, along with the Leadership Team invited the external auditor to review and approve the 2018 audited financial statements. The A&R Committee discussed the financial statements at length, including the relevant reports and the findings of the external auditor. Extensive attention was devoted to the income and risk exposures, in particular IT risk exposures. The Audit Committee concluded that the Leadership Team gave sufficient attention to the findings and recommendations set out in the management letter and that the annual financial report 2018 and the summary budget 2019 are clear and responsible. It therefore advised the Supervisory and Holding Boards to approve the audited financial statements for 2018.

On 13th May 2020, the Board reviewed and approved the report of the Leadership Team and financial results presented in this consolidated annual report 2019.



Daniel Kotz

Chair of the Board
Rainforest Alliance
May 13, 2020

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1.3 Report of the Leadership Team

Mission

The Rainforest Alliance is an international non-profit organization working at the intersection of business, agriculture, and forests to make responsible business the new normal. We are building an alliance to protect forests, improve the livelihoods of farmers and forest communities, promote their human rights, and help them mitigate and adapt to climate crisis.

We achieve this through:

- **Field development:** Enabling producers (farmers and forest communities) to become entrepreneurs
- **Standards & Certification:** Making the improvements visible
- **Traceability:** Connecting parties in a transparent supply chain
- **Market development:** Tell the story and create demand
- Through certification, brands can make credible claims and trace their products back to farms that have introduced better practices, based on the UTZ standard (which remains in place until there is a single Rainforest Alliance Standard in 2020).

In 2018, we developed a new three-year Strategic Plan (2019 – 2021), acknowledging that consumers, companies and governments are increasingly involved in the sustainability agenda, finding new ways to make their contribution to sustainability, and they are looking for trustworthy organizations to work with. The 5 strategic goals 2019 – 2021 are:

1. Producers have the skills knowledge and incentives to adopt sustainable management practices
2. Local Civil Society Organizations (CSOs), producers and governments build capacity to drive systemic change
3. Companies increase sustainability commitments, assess and map sustainability risks
4. Public and Consumers demand improved company sustainability performance
5. Partner with CSOs and the finance sector to influence government and company policies

Stichting Rainforest Alliance (the "Foundation" formerly known as Stichting UTZ) focuses on innovative partnerships with companies, farmers, NGOs, governments and others. In line with this approach, we are proud to have formed a strategic partnership with the Dutch Ministry of Foreign Affairs. Funding for this "Sector Partnership" program entails €18 million over five years, starting in 2016. The program enables us to tackle issues that require a sector wide approach, with a focus on building the capacity of civil society.

Rainforest Alliance BV (the "BV" formerly known as UTZ BV) program fee income consists of UTZ certified coffee, cocoa, tea and hazelnuts and is produced in 42 countries and the UTZ name appears on more than 15,000 products in 130 countries.

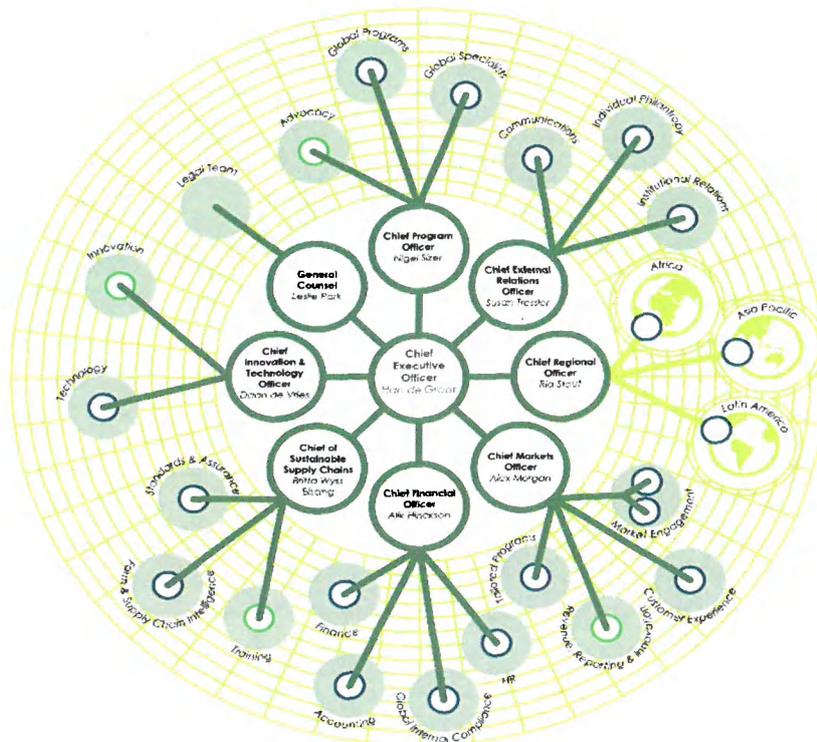
Our presence in origin has been continuously growing, as well as our staff capacity at headquarters in Amsterdam. New markets, such as China have got serious attention and Foundation activities have been started up there. The new programs in hazelnuts and herbs are still promising. The UTZ Academy has been improving our training in the field

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1.3 Report of the Leadership Team (cont.)

and enabling even more partners to work with our concepts. Throughout the whole world a very large number of volunteers contribute to the success of the program.

The internal organization structure is matrixed, allowing for cross-organizational connections between our teams around the globe. There is special attention paid to diversity at all levels of the organization, which is reflected in the Leadership team, which reflects multiple ethnicities, languages and is well balanced from a gender perspective.



Employees

In 2019, the Foundation staff reduced from 211 in 2018 (171 in Amsterdam, and 40 in the Regions) to 185 (156 in Amsterdam and 29 in the Regions). An internal rules of conduct (IRC) applies to all staff during working hours and after working hours while travelling on official Rainforest Alliance business. The term “staff” in this code refers to all Rainforest Alliance employees, associates, consultants, interns, trainees and volunteers. Each member of staff is responsible for ensuring that he/she has read and understood the IRC. Staff members must report any breach of this code to Stichting Rainforest Alliance. The Foundation reserves the right to impose appropriate penalties in respect of employees who infringe the IRC, including the possibility of instant dismissal. Also, Stichting Rainforest Alliance reserves the right to withhold legal assistance in such cases.

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1.3 Report of the Leadership Team (cont.)

Corporate Social Responsibility

Sustainability is part of our DNA and visibly reflected in our daily work. Our premises are furnished with recycled and environmentally friendly materials. Every day, our Netherlands based employees commute by train, bus or bicycle to work. We aim to be a paperless office and when we do have to use paper we make sure it is recycled and chlorine-free and we use environmentally friendly inks for our printing. And all necessary flights to meet with members, supporters, partners and other stakeholders or to attend conferences are compensated via the Green Seat program, meaning that Climate Neutral Group offsets 100% of our CO2 emissions by planting trees.

By implementing the UTZ Code of Conduct, over a million farmers and workers' lives are changed through better crop, better income, better environment, which lead to better lives. Please see <https://utz.org/what-weve-achieved/> for the impact the Foundation has around the world.

Volunteers

On 6th November 2012, the Dutch tax authorities gave their written approval regarding the application of the fundraising deduction for UTZ Certified B.V. (now named Rainforest Alliance BV). With regard to the approval the tax authorities state that based on the received information all the conditions are fulfilled. Especially the recognizability of the activities, the use of volunteers and the run-through- obligation are fulfilled (statement in the written approval: "Uit de mij ter beschikking staande gegevens blijkt dat UTZ Certified B.V. voldoet aan de in artikel 9aWet VPB '69 gestelde voorwaarden. Met name het kenbaarheid vereiste, de vrijwilligerstoets en de doorstootverplichting"). Based on the summary and the additional consultation, the tax authorities agreed that there is a participation of at least 30% volunteers. As long as the activities of the Rainforest Alliance B.V. (and Stichting Rainforest Alliance) are performed the same way as ruled with the tax authorities the criteria regarding the volunteers is fulfilled. This means that it is not necessary to review the precise amount of volunteers each years. Nevertheless it is essential to keep the criteria regarding the "fondswerver"-benefits in mind in case of substantial changes in the activities etc.

Risks and uncertainties

Risks are the consequences of uncertainties on the achievement of objectives. The following five categories can be distinguished:

1. Strategy risks (often external),
2. Operational activities (internal processes, organisation and administration)
3. Financial position (foreign exchange rate, interest rate, acquiring financing),
4. Finance reporting (reliability, allocation issues, subjectivity in valuations, reporting systems), and
5. Rules and regulations (internally) and laws (externally).

Based on these five categories the following selection of risks for the Foundation are disclosed:

- IT disruption of critical business processes may result in non-availability of products for members and stakeholders.
- Therefore, the Foundation continues to maintain and invest in IT related business continuity strategies, management plans and a Business continuity framework.

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1.3 Report of the Leadership Team (cont.)

Risks and uncertainties (cont.)

- There is a risk of currency differences in times of USD exchange rate decreases. Conservative budgeting of USD income and keeping sufficient reserves will be sufficient to absorb the exchange rate fluctuations.
- There is a lot of cash handling in the origin countries. Cash handling is closely monitored and avoided wherever possible. There are yearly audits in origin countries when the yearly expenses are above Euro 50K.
- Accounts receivable needs always extra attention. The risks of overdue payments is always there. Therefore the accounts receivable are daily monitored and monthly evaluated. Reminders are sent and finally members with payments overdue can be excluded from business.

Consolidated Budget 2019 & 2020

	2019 Actuals	2019 Budget	2018 Actuals	2020 Budget
01 Fees	€ 21.977.964	€ 21.274.025	€ 20.934.289	€ 22.217.692
02 Grant & contract revenue	€ 4.195.314	€ 5.744.892	€ 5.778.036	€ 3.529.935
Other income	€ 721	€ 0	€ 450	€ 0
TOTAL INCOME	€ 26.173.999	€ 27.018.917	€ 26.712.775	€ 25.747.627
08 Personnel expenses	€ 12.336.486	€ 12.414.284	€ 11.699.860	€ 14.469.263
Other expenses	€ 10.349.893	€ 12.184.870	€ 9.728.741	€ 12.954.201
Total Operating expenses	€ 22.686.380	€ 24.599.154	€ 21.428.601	€ 27.423.464
EBITDA	€ 3.487.619	€ 2.419.763	€ 5.284.174	€ -1.675.837
Depreciation	€ 1.310.091	€ 1.536.167	€ 1.211.914	€ 1.205.038
EBIT	€ 2.177.528	€ 883.596	€ 4.072.260	€ -2.880.875
TOTAL FINANCIAL RESULT	€ 90.473	€ 0	€ 167.026	€ 0
Donation to RA Inc.	€ -6.676.623	€ 0	€ 0	€ 0
RESULT OF THE YEAR	€ -4.408.622	€ 883.596	€ 4.239.286	€ -2.880.875

Consolidated current year results & future outlook

The consolidated net result for 2019 is (€4.4M) compared to the 2018 result of €4.2M due mostly to a donation made from the Foundation to RA Inc., also an ANBI organization, for the purpose of supporting RA's operations such as mission-driven grants and related work. Total income is €26.1M which represents a 2.2% decrease compared to the 2018 result of €26.7M due to a slight reduction in grant activities. Total operating expenses are €22.7M which represents a 6.1% increase compared to the 2018 operating expenses of €21.4M due primarily to increase in personnel costs of €0.6M, an increase in other expense of €0.6M.

The continuity reserve at the end of 2019 is €15.3M compared to €15.3M in 2018 as no transfer was made from the general reserve during 2019. In 2020, we expect to use some of this reserve to cover losses expected due to investments in aligning methodologies across the merged organization, in investing in a global financial system and aligning our standards.

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1.3 Report of the Leadership Team (cont.)

Consolidated current year results & future outlook (cont.)

In 2020, we expect a decrease in income as compared to 2019 actual income due to a change in pricing of fees as a result of the merger and related fees alignment. We expect operating expenses to increase in 2020 by investing reserves in our strategy in the areas of reimagining certification and advocacy, aligning IT systems and further developments to our traceability software.

Foundation current year results & future outlook

The Foundation net result for 2019 is a loss of €9.5M which is a 28% increase compared to the 2018 loss result of €7.4M due to decreased income. Total income is €3.8M which represents a 34% decrease compared to the 2018 result of €5.8M due to a significant decrease in grant activities. Total operating expenses are €12.0M which represents no increase compared to the 2018 operating expenses of €12.0M.

In 2020, we expect a slight decrease in income as compared to 2019 actual income. We expect operating expenses to increase in 2020 by investing reserves in our strategy in the areas of reimagining certification and advocacy, aligning IT systems and further developments to our traceability software.

At the time of preparation of the annual accounts, the COVID-19 health crisis prevails in the Netherlands and its neighbouring countries, as well as in several parts of the world. Government measures are currently being taken and it is likely that additional government measures will need to be taken to minimize the financial effects of this virus as much as possible. We cannot exclude that, despite aforementioned government measures, serious impediments of the company's business operations may occur for some time which may affect negatively the company's future financial position.



Britta Wyss-Bisang,
Director Stichting Rainforest Alliance
Rainforest Alliance
May 13, 2020

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Consolidated Annual Accounts

2.1 Consolidated Balance Sheet as of December 31, 2019

	2019	2018
ASSETS		
B01 & B02 Intangible fixed assets	€ 1.401.752	€ 1.813.550
B03 & B04 Tangible fixed assets	€ 212.998	€ 251.504
B05 Financial fixed assets	€ 1.304	€ 1.304
Total fixed assets	€ 1.616.054	€ 2.066.358
B06 Accounts receivable	€ 8.711.953	€ 5.022.403
B07 Taxes	€ 0	€ 2.303
B08 Other receivables and prepaid expenses	€ 1.948.201	€ 1.604.248
B09 Cash at banks	€ 10.592.190	€ 17.332.264
Total current assets	€ 21.252.344	€ 23.961.218
Total assets	€ 22.868.398	€ 26.027.576
DISPOSABLE RESERVES AND LIABILITIES		
B10 Paid in capital	€ 3.325	€ 3.325
B11 General reserve	(€ 1.028.139)	€ 3.380.484
B12-14 Continuity reserve	€ 15.300.000	€ 15.300.000
Total disposable reserves	€ 14.275.186	€ 18.683.809
B15 Accounts payable	€ 5.548.512	€ 4.507.176
B16 Taxes and social premiums	€ 345.343	€ 313.522
B17 Subsidies received	€ 1.673.528	€ 1.533.809
B18 Other liabilities	€ 1.025.829	€ 989.260
Total current liabilities	€ 8.593.212	€ 7.343.767
Total disposable reserves and liabilities	€ 22.868.398	€ 26.027.576

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2.2 Consolidated Income Statement for the Year Ended December 31, 2019

	2019	2019 Budget	2018
Fees cocoa	€ 10.001.256	€ 10.042.894	€ 9.549.821
Fees coffee	€ 8.730.654	€ 7.362.968	€ 7.431.255
Fees palmoil	€ 2.681.835	€ 3.303.571	€ 3.508.776
Fees tea	€ 301.979	€ 252.092	€ 224.217
Fees hazelnuts	€ 262.240	€ 312.500	€ 220.220
01 Fees	€ 21.977.964	€ 21.274.025	€ 20.934.289
02 Grant & contract revenue	€ 4.195.314	€ 5.744.892	€ 5.778.036
Other income	€ 721	€ 0	€ 450
TOTAL INCOME	€ 26.173.999	€ 27.018.917	€ 26.712.775
08 Personnel expenses	€ 12.336.486	€ 12.414.284	€ 11.699.860
09 Grants strategic partnership	€ 2.129.294	€ 2.244.046	€ 1.498.666
10 Travel costs	€ 1.657.537	€ 1.741.935	€ 1.669.320
11 Consultancy & professional services	€ 2.569.436	€ 3.493.082	€ 3.249.133
12 IT services & licenses	€ 1.501.761	€ 1.449.652	€ 1.042.352
13 Office costs	€ 908.664	€ 1.055.160	€ 926.301
14 Equipment & materials	€ 141.318	€ 293.682	€ 62.764
15 Marketing & subscription fees	€ 189.381	€ 183.968	€ 166.588
16 Trainings & workshops	€ 992.095	€ 1.640.922	€ 907.628
17 Insurance expenses	€ 58.695	€ 82.423	€ 77.579
19 Bad debt expense	€ 201.713	€ 0	€ 128.412
TOTAL OPERATING EXPENSES	€ 22.686.380	€ 24.599.154	€ 21.428.601
EBITDA	€ 3.487.619	€ 2.419.763	€ 5.284.174
18 Depreciation	€ 1.310.091	€ 1.536.167	€ 1.211.914
EBIT	€ 2.177.528	€ 883.596	€ 4.072.260
20 Exchange result	€ 76.848	€ 0	€ 155.128
21 Interest received	€ 13.625	€ 0	€ 11.897
TOTAL FINANCIAL RESULT	€ 90.473	€ 0	€ 167.026
RESULT Foundation and BV	€ 2.268.001	€ 883.596	€ 4.239.286
Donation to RA Inc.	€ 6.676.623	€ 0	€ 0
RESULT OF THE YEAR	(€ 4.408.622)	€ 883.596	€ 4.239.286
B11 General reserve	(€ 4.408.622)	€ 883.596	€ 4.239.286
Distribution result	(€ 4.408.622)	€ 883.596	€ 4.239.286

Consolidated Annual Financial Report

2.3 Consolidated Statement of Cash Flows as of December 31, 2019

	2019	2018
Operating Income (EBIT)	€ 2.177.528	€ 4.072.260
Depreciation	€ 1.310.091	€ 1.211.914
Accounts receivable	(€ 3.689.550)	€ 1.762.210
Taxes and social premiums	€ 34.123	(€ 177.354)
Other receivables and prepaid expenses	(€ 382.347)	€ 631.137
Accounts payable	€ 1.041.336	(€ 724.790)
Subsidies received	€ 139.719	(€ 1.811.839)
Other liabilities	€ 74.962	€ 60.385
Net Cash Flow from Operating Activities	€ 705.862	€ 5.023.923
Intangible fixed assets	(€ 768.754)	(€ 1.100.418)
Tangible fixed assets	(€ 91.032)	(€ 116.921)
Net Cash Flow from Investing Activities	(€ 859.786)	(€ 1.217.339)
Financial result	€ 90.473	€ 167.026
Donation to RA Inc	(€ 6.676.623)	€ 0
Net Cash Flow from Financing Activities	(€ 6.586.150)	€ 167.026
Net change in Cash / Net Cash Flow	(€ 6.740.074)	€ 3.973.610
Cash and cash equivalents at 1 January	€ 17.332.264	€ 13.358.655
Cash at period end	€ 10.592.190	€ 17.332.264
Net change in Cash / Net Cash Flow	(€ 6.740.074)	€ 3.973.609
Result of the year	(€ 4.408.622)	€ 4.239.286
(= EBIT +/- net cashflow from financing activities)		

Consolidated Annual Financial Report

2.4 Notes to the Consolidated Accounts

Ownership structure

The organization consists of two legal entities: Stichting Rainforest Alliance (the "Foundation" formerly known as Stichting UTZ), founded on 3rd July 2001 (articles amended 1st January 2018) and Rainforest Alliance B.V. (the "BV" formerly known as UTZ Certified B.V.), founded on 3rd December 2012 (articles amended 1st January 2018). Both companies registered their office at the De Ruyterkade 6, 1013 AA in Amsterdam, The Netherlands. At the end of 2012, for technical reasons the Foundation set up the BV as a subsidiary limited company. The Foundation is full-owner of the B.V. and all profits made by the B.V. (program fees minus expenses) flow entirely back into the Foundation. The organization as a whole remains a non-profit and retains its charity status (in Dutch: "Algemeen Nut Beogende Instelling", "ANBI" status). This status has certain tax advantages and is a pre-requisite for some potential donors considering subsidies or sponsorship.

On 1st January 2018, the Foundation (and therefore, the BV) merged with Rainforest Alliance Inc., with both consolidating under a newly formed parent company named Rainforest Alliance Holding Inc., a US nonprofit. Rainforest Alliance as a whole remains a non-profit organization and retains its charity status (in Dutch: "Algemeen Nut Beogende Instelling", "ANBI" status). The financial information of the BV subsidiary has been recorded in the consolidated financial statements of the Foundation. Copies are available at the registered office at the Ruyterkade 6, 1013 AA Amsterdam, The Netherlands. The Chamber of Commerce registration number is 31459275.

Activities

The Rainforest Alliance is an international non-profit organization working at the intersection of business, agriculture, and forests to make responsible business the new normal. We are an alliance of companies, farmers, foresters, communities, and consumers committed to creating a world where people and nature thrive in harmony.

The Foundation focuses on innovative partnerships with companies, farmers, NGOs, governments and others. In line with this approach, we are proud to have formed a strategic partnership with the Dutch Ministry of Foreign Affairs. Funding for this "Sector Partnership" program entails €18 million over five years, starting in 2016. The program enables us to tackle issues that require a sector wide approach, with a focus on building the capacity of civil society.

The BV program fee income consists of UTZ certified coffee, cocoa, tea and hazelnuts and is produced in 42 countries and the UTZ name appears on more than 15,000 products in 130 countries.

Consolidated Annual Financial Report

2.4 Notes to the Consolidated Accounts (cont.)

Principles of consolidation

The consolidated financial statements include all of the assets, liabilities, reserves, income and expenses of all branches and affiliates of the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. Where needed the figures for 2018 have been reclassified to enable comparison with 2019.

Accounting principles

The consolidated financial statements are prepared according to the stipulations in Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving') and in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards. Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet and income statement references are made to the notes.

Financial instruments

Financial instruments are primary financial instruments (such as receivables and debts). The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the 'Contingent assets and liabilities'.

Estimates

The financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial report, and the reported amounts of income and expense during the reporting period. Significant estimates include those required in the valuation of deferred taxes, accounting for provisions and the depreciation and impairment of tangible fixed assets. Accrued results could differ from those estimates. All assumptions, expectations and forecasts used as a basis for certain estimates within the financial statements represent good-faith assessments of the company's future performance, for which it believes there is a reasonable basis. It involves known and unknown risks, uncertainties and other factors that could cause the company's actual future results, performance and achievements to differ from those forecasted.

Leases

The company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis as applicable, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Consolidated Annual Financial Report

2.4 Notes to the Consolidated Accounts (cont.)

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at the transaction dates. The exchange differences resulting from the translation as at the balance sheet date are recorded in the income statement.

Foreign group companies and non-consolidated associated companies outside the Netherlands qualify to carry on business operations in a foreign country, with a functional currency different from that of the company. For the translation of the financial statements of these foreign entities the balance sheet items are translated at the exchange rate as at the balance sheet date and the income statement items at the exchange rate rate at transaction date. The exchange rate differences that arise are directly deducted from or added to group equity and recognized in the translation differences reserve.

Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of the Foundation or the Rainforest Alliance Holding, Inc. parent company and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Principles of valuation of assets and liabilities

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year. For the costs of research and development, a statutory reserve is formed in the amount of the capitalized amount.

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated.

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2.4 Notes to the Consolidated Accounts (cont.)

Financial fixed assets

Where significant influence is exercised, associated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by Rainforest Alliance BV. Associated companies with a negative net equity value are valued at nil. This likewise takes into account other long-term interests that should effectively be considered as part of the net investment in the associated company. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account. Where no significant influence is exercised associated companies are valued at cost and if applicable less impairments in value.

Accounts receivable

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash at Banks

The cash is valued at face value. If cash is not freely disposable, then this has been taken into account upon valuation.

Intercompany accounts

The intercompany accounts represent the balances of amounts payable and receivable between the parent company and the subsidiary company.

Current liabilities

On initial recognition, current liabilities are recognised at fair value. After initial recognition, current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

Income

Income represents amounts invoiced for services supplied during the financial year reported on, net of discounts and value added taxes.

Fees

All fees are based on a price per KG, converted into a EUR price per metric ton (MT) for cocoa and tea or an USD price per MT for coffee and palm oil. The prices differ per product because of the different services provided. For every product the prices are agreed upon with the product stakeholder.

Result of the year

The result represents income minus costs based on accrual accounting during the year minus the payable settlement of funding activities for the Foundation. The result on transactions are recognized in the year they are realized; losses are taken as soon as they are foreseeable.

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2.4 Notes to the Consolidated Accounts (cont.)

Personnel pension plans

Rainforest Alliance has various pension plans. The Dutch plans are financed through contributions to pension providers, i.e., insurance companies and industry pension funds. The foreign pension plans can be compared to how the Dutch pension system has been designed and functions. The pension obligations of both the Dutch and the foreign plans are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account. Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the group and are included in a provision on the balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date.

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet date. If the effect of the time value of money is material the obligation is valued at the present value. Discounting is based on interest rates of high-quality corporate bonds. Additions to and release of the obligations are recognized in the profit and loss account. A pension receivable is included in the balance sheet when the group has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the group, and the pension receivable can be reliably established.

Rainforest Alliance BV has a pension plan for all employees, working in The Netherlands, who are subject to Dutch law. It is a Defined Contribution scheme. These schemes have no influence on the balance sheet for Rainforest Alliance. Also, the cover factor is not relevant in these schemes, because the guaranteed pension capitals do not constitute a right to a predetermined pension pay. On the pension date, the available capital will be used to provide a pension income, based on the prices for pensions at that time. The premium is calculated over the pension income. This is calculated as the employee's gross annual income including vacation pay, lowered by the "AOW-franchise". This franchise is used to correct for the AOW they will receive from the Dutch government when they retire. Part of the premiums from this premium table are used to insure continuation of the pension plan in case of disability. Partner pension and orphan pension are insured and included in the pension plan. The premiums for these insurances are paid on top of the premium table. The employer pays 2/3 and the employee pays 1/3 of the premium.

Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

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2.4 Notes to the Consolidated Accounts (cont.)

Corporate income tax

The activities of the Foundation are exempt from corporate income tax. The result of the BV will be transferred to the Foundation through as a payable settlement of funding activities and therefore the BV is not liable to corporate income tax.

Principles for preparation of the cash flow statement

The consolidated cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash. Cash flows in foreign currencies are translated at an average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement. Interest received are presented under the cash flow from operating activities. Interest paid and dividend paid are presented under the cash flow from financing activities.

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2.5 Explanation to the Consolidated Balance Sheet

B01 Intangible fixed assets	Software	Total
Cost	€ 4.803.020	€ 4.803.020
Accumulated depreciation	(€ 2.989.470)	(€ 2.989.470)
Book value 1st January 2019	€ 1.813.550	€ 1.813.550
Disposals	(€ 1.265.740)	(€ 1.265.740)
Depreciation of disposals	€ 1.265.740	€ 1.265.740
Investments	€ 768.755	€ 768.755
Depreciation	(€ 1.180.553)	(€ 1.180.553)
Changes in the book value 2019	(€ 411.798)	(€ 411.798)
Cost	€ 4.306.035	€ 4.306.035
Accumulated depreciation	(€ 2.904.283)	(€ 2.904.283)
Book value 31st December 2019	€ 1.401.752	€ 1.401.752
Depreciation %	33,33%	

Intangible investments have been in traceability software and some financial software.

B03 Tangible fixed assets	Hardware	Inventory	Office	Total
Cost	€ 631.129	€ 306.131	€ 211.235	€ 1.148.495
Accumulated depreciation	(€ 510.989)	(€ 215.836)	(€ 170.166)	(€ 896.991)
Book value 1st January 2019	€ 120.140	€ 90.295	41.069	251.504
Disposals	(€ 351.784)	(€ 172.304)	(€ 151.004)	(€ 675.092)
Depreciation of disposals	€ 351.784	€ 172.304	€ 151.004	€ 675.092
Investments	€ 91.033	€ 0	€ 0	€ 91.033
Depreciation	(€ 87.292)	(€ 30.694)	(€ 11.552)	(€ 129.539)
Changes in the book value 2019	€ 3.740	(€ 30.694)	(€ 11.552)	(€ 38.506)
Cost	€ 370.378	€ 133.827	€ 60.231	€ 564.436
Accumulated depreciation	(€ 246.497)	(€ 74.226)	(€ 30.714)	(€ 351.438)
Book value 31st December 2019	€ 123.880	€ 59.601	€ 29.517	€ 212.998
Depreciation %	33,33%	20%	20%	

The main investments in tangible fixed assets have been in office acquisitions and extra workspaces.

B05 Financial fixed assets

Shares India	€ 1.304	€ 1.304
B05 Financial fixed assets	€ 1.304	€ 1.304

The share capital is € 1.304 in UTZ Certified India Ltd, which is a 99,98 % subsidiary of the BV. From the 10.000 shares there are 2 shares (0,02%) in hands of two shareholders.

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2.5 Explanation to the Consolidated Balance Sheet (cont.)

	2019	2018
Accounts receivable	€ 5.508.187	€ 3.232.700
Accounts receivable to RSPO	€ 1.874.837	€ 1.305.257
Accounts receivable to RSPO Broker	€ 1.712.248	€ 1.061.453
Bad debt provision	(€ 383.319)	(€ 577.007)
B06 Accountants receivable	€ 8.711.953	€ 5.022.403

The Account receivable includes € 224k which is related to Rainforest Alliance Inc.

Interest to be received	€ 0	€ 7.506
Prepaid expenses	€ 1.300.055	€ 970.149
Advances in Africa	€ 343.145	€ 246.856
Advances in Asia	€ 105.655	€ 69.827
Advances in America	€ 87.923	€ 114.230
Advances strategic partnership	€ 30.277	€ 185.961
Advances to employees	€ 2.973	€ 1.797
Prepaid pensions	€ 70.252	€ 0
Intercompany Rainforest Alliance Inc	€ 0	€ 1.545
Other receivables and prepaid expenses	€ 7.922	€ 7.922
B08 Other receivables and prepaid expenses	€ 1.948.202	€ 1.605.793

The fair value of the receivables approximates the carrying value due to their short-term character and the fact that provisions for bad debt are recognized where necessary.

Bank accounts (free at disposal)	€ 10.592.190	€ 17.332.264
B09 Cash at banks	€ 10.592.190	€ 17.332.264
Balance as at 1st January General reserve	€ 3.380.484	€ 7.641.198
Result of the year	(€ 4.408.622)	€ 4.239.286
To continuity reserve	€ 0	(€ 8.500.000)
B11 General reserve	(€ 1.028.138)	€ 3.380.484

The result of the year is added to the general reserve. The continuity reserve is built from the general reserve to cover risks in the short term.

Balance as at 1st January Continuity reserve	€ 15.300.000	€ 6.800.000
Transfer from General reserve	€ 0	€ 8.500.000
B12 Continuity reserve	€ 15.300.000	€ 15.300.000

The continuity reserve is not subject to expenditure restrictions other than resulting from statutory goals of the Foundation. In 2019, there was no need to transfer funds from general reserve to continuity reserve as a \$7.6M donation transfer was made to RA Inc.

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2.5 Explanation to the Consolidated Balance Sheet (cont.)

Current liabilities	2019	2018
Accounts payable	€ 1.385.945	€ 1.635.228
Payable to RSPO	€ 3.370.051	€ 2.753.636
Rent free period	€ 0	€ 10.193
Invoices to be received	€ 792.516	€ 108.118
B15 Accounts payable	€ 5.548.512	€ 4.507.176
<p>The rent free period is built up in the first 12 months of a 72 months rent contract, during which period no rent is charged by contract. As a result the total rent discount divided over the 72 months.</p>		
Value added tax	€ 55.007	€ 62.653
Wage tax/social securities	€ 7.025	€ 0
Payroll taxes	€ 283.311	€ 250.869
B16 Taxes and social premiums	€ 345.343	€ 313.522
Strategic Partnership received and not yet spent	€ 1.281.848	€ 1.171.040
Other donor funds received and not yet spent	€ 391.680	€ 362.769
B17 Subsidies received	€ 1.673.528	€ 1.533.809
Provision vacation allowance	€ 366.922	€ 344.873
Untaken vacation days	€ 483.422	€ 254.754
Pension accruals	€ 0	€ 3.745
Audit accruals	€ 56.564	€ 106.642
Employees payable	€ 0	€ 115.699
Projects advances received	€ 85.239	€ 163.037
Intercompany RA Inc.	€ 33.682	€ 0
Other	€ 0	€ 510
B18 Other liabilities	€ 1.025.829	€ 989.260

Contingent liabilities

The Foundation office lease contract amounts to € 360K per annum ending 31th March 2024. The total engagement on 31st December 2019 therefore amounting to €1.530K:

< 1 year amount to € 360K

< 5 year amount to € 1.170K

The following bank guarantee has been issued : REAAL De Ruyterkade B.V. in the amount of € 94,294 concerning the rental agreement. The Foundation has to charge reasonable costs to the BV for shared services: usage of office, IT infra structure, reception, administration and services of teams.

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement

Contingent liabilities (cont.)

VAT - For the value added tax the Foundation and the BV are a fiscal unit.

	2019	2018
Fees cocoa	€ 10.001.256	€ 9.549.821
Fees coffee	€ 8.730.654	€ 7.431.255
Fees palm oil	€ 2.681.835	€ 3.508.776
Fees tea	€ 301.979	€ 224.217
Fees hazelnut	€ 262.240	€ 220.220
01 Fees	€ 21.977.964	€ 20.934.289
Fees palm oil	€ 8.167.767	€ 8.030.313
Donations to RSPO	(€ 5.485.932)	(€ 4.521.537)
01 Fees palm oil	€ 2.681.835	€ 3.508.776

Cocoa fees

Total cocoa program fee income 2019 is 5% higher than 2018 actual mainly because of higher volumes.

Coffee fees

The actual income from coffee program fees continued to grow compared to the past years and in 2019 is 17% higher than 2018 actual, mainly because of higher volumes.

Palm oil fees

The palm oil fees are 24% lower than actuals in 2018 and the budget for 2019 was €3.3M. This decrease is the result of substantially lower registered volumes of RSPO Palm Trace and Credit Trade volumes than expected. In 2019, there was less palm oil being purchased for export, primarily driven by a) attacks against use of palm oil b) the move of the European Union away from palm oil (even RSPO) being accepted for biofuels usage. RA does not control drive for demand and only gets a transactional volume.

Tea fees

The total program fee income of € 302K was 35% higher than 2018 actuals because of higher volumes.

Hazelnut fees

The hazelnut program fees for 2019 is 19% higher than actuals in 2018 as this is the second year of this programs and it continues to grow.

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2019	2018
Strategic partnership	€ 2.974.462	€ 3.369.045
Postcode loterij (NPL)	€ 0	€ 765.000
Sat4farming	€ 677.472	€ 509.178
G4AWGC	€ 108.943	€ 124.000
Customized program coffee	€ 173.557	€ 407.300
Customized program palm oil	€ 135.200	€ 370.300
Customized program cocoa	€ 58.000	€ 184.000
Customized program vanilla	€ 3.425	€ 8.085
Other (diverse small donor fundings)	€ 64.255	€ 41.128
02 Grant Revenue	€ 4.195.314	€ 5.778.036

Strategic Partnership (SP)

The Dutch Ministry of Foreign Affairs granted a subsidy of € 18 million for the period 2016 -2020 for the Sector Partnerships (SP) program, which is included in the budget for €3.600K per year was reported to the Ministry. Note the actual subsidy spend in 2019 is €3.592K exclusive the reported €618K prepaid expenses to the Ministry.

The National Postcode Lottery (NPL)

The NPL granted a subsidy of €1.5 million for the period 2016-2018 and has ended.

Other grant revenue

The other grant revenue amount to €1.22M as the Foundation continues to work on existing grants, primarily SAT4Farming and G4WGC. Other new industrial support activities were partly budgeted under contract revenue. €370K of actual 2018 income came mainly from customized (extra) services for palm oil from Unilever, €407K coffee from JDE and €184K cocoa from Mars. Those extra services were substantially

The actual Strategic partnership subsidy can be divided per region and per strategy as follows:

Global	€ 963.778	€ 843.916
Africa	€ 1.684.450	€ 1.928.153
America	€ 531.800	€ 841.656
Asia	€ 412.284	€ 270.049
Strategic partnership prepaid expenses	(€ 617.850)	(€ 514.730)
Strategic partnership (regions)	€ 2.974.462	€ 3.369.045
Monitoring and evaluation	€ 604.547	€ 604.028
Knowledge management	€ 505.738	€ 959.048
Lobby & advocacy	€ 952.202	€ 765.411
Capacity building	€ 1.529.825	€ 1.555.289
Strategic partnership prepaid expenses	(€ 617.850)	(€ 514.730)
Strategic partnership (strategy)	€ 2.974.462	€ 3.369.045

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2019	2018
Gross salaries	€ 7.091.352	€ 6.281.447
Temporary/interim/consultancy	€ 274.211	€ 766.857
Social premiums	€ 1.127.823	€ 1.087.211
Holiday allowance	€ 546.338	€ 507.851
Pension premiums	€ 583.000	€ 564.913
Vacation days reserve	€ 228.668	€ 50.805
Direct personnel expenses	€ 9.851.392	€ 9.259.084
Remote offices	€ 2.128.348	€ 2.038.640
Commute cost	€ 218.887	€ 309.578
Internship cost	€ 10.186	€ 28.040
Lunch/meals & entertainment	€ 187.118	€ 142.591
Other personnel expenses	(€ 59.444)	(€ 78.074)
Indirect personnel expenses	€ 2.485.094	€ 2.440.776
08 Total personnel expenses	€ 12.336.486	€ 11.699.860

Total personnel expenses of €12.3M are €637K or 5% higher than the 2018 actuals of €11.7M. This can be mainly explained by the higher average FTEs in Netherlands and remote offices, offset by a decrease in temporary consultancy that was needed during the 2018 post-merger period.

At year end the total number of FTE (excluding interns) is 141,7 (in 2018 133,9).

Remuneration of (former) directors and supervisory directors

In accordance with article 2:383 paragraph 1 BW, the emoluments of directors are not mentioned because the statement can be traced back to a single natural person as director. Supervisory board members participate on a voluntary basis. They receive no remuneration and are only reimbursed for travel expenses to attend board meetings.

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2.6 Explanation to the Consolidated Income Statement (cont.)

	2019	2018
Grant agreements strategic partnership	€ 1.447.688	€ 1.275.061
Grant agreements	€ 681.606	€ 223.605
09 Grants strategic partnership	€ 2.129.294	€ 1.498.666

Grant agreement expenses in 2019 were €631K higher than in 2018 due to decreased implementation activities.

Regional development (global)	€ 5.867	€ 9.364
Africa	€ 364.682	€ 247.486
Asia	€ 105.369	€ 127.699
America	€ 99.488	€ 188.686
Standards & assurance	€ 353.373	€ 206.528
Training	€ 31.416	€ 48.229
Themes	€ 53.481	€ 16.721
Technology	€ 70.912	€ 44.693
Monitoring & evaluation	€ 58.002	€ 50.171
Communication	€ 21.102	€ 38.084
Partnerships	€ 36.040	€ 44.821
Strategic partnership	€ 186.727	€ 329.010
General	€ 62.065	€ 140.969
Market development	€ 110.503	€ 80.264
Membership support	€ 57.545	€ 58.460
Product management	€ 40.965	€ 38.134
10 Travel costs	€ 1.657.537	€ 1.669.320

Travel costs remained relatively flat in 2019 as compared to 2018 as the organization closely monitors its carbon footprint and strives to further reduce travel in the future.

Recruitment costs	€ 110.014	€ 90.964
Translation costs	€ 76.911	€ 63.529
Auditors costs	€ 40.440	€ 140.085
Tax advise costs	€ 34.841	€ 40.427
Legal costs	€ 57.724	€ 97.224
Admin and salary costs	€ 44.258	€ 5.538
Arbo costs	€ 33.656	€ 19.978
Consultancy & research	€ 2.171.592	€ 2.791.388
11 Consultants & professional services	€ 2.569.436	€ 3.249.133

Consultant & professional services expenses in 2019 were €680K lower than in 2018 due to decreased implementation in the Foundation and post-merger integration activities.

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2019	2018
Technology	€ 1.219.135	€ 879.633
General	€ 100.432	€ 121.042
Customer experience	€ 182.194	€ 41.677
12 IT services & Licenses	€ 1.501.761	€ 1.042.352

IT services & licenses expenses in 2019 were €459K higher than in 2018 due to increased spending on IT systems in line with the strategic plan and alignment of IT systems.

Office rent	€ 274.089	€ 256.284
General & office	€ 36.702	€ 52.607
Service costs	€ 60.810	€ 39.120
Regional offices expenses	€ 332.500	€ 380.452
Cleaning	€ 49.076	€ 36.239
Catering	€ 7.540	€ 2.177
Office materials/maintenance	€ 15.637	€ 25.344
Telephone costs	€ 50.003	€ 48.221
Postage	€ 4.468	€ 3.811
Other general costs	€ 7.761	€ 7.574
Board costs (travel)	€ 5.168	€ 26.072
Bank charges	€ 64.910	€ 48.400
13 Office costs	€ 908.664	€ 926.301

Office costs remained relatively flat in 2019 as compared to 2018.

Africa	€ 20.245	€ 9.732
Asia	€ 1.951	€ 6.577
America	€ 6.125	€ 0
Standards & assurance	€ 8.346	€ 1.172
Training	€ 11.357	€ 12.390
Themes	€ 562	€ 13
Technology	€ 54.585	€ 26
Monitoring & evaluation	€ 7.933	€ 2.728
Communication	€ 7.415	€ 6.214
Partnerships	€ 441	€ 1.058
Strategic Partnership	€ 6.071	€ 7.701
General	€ 2.885	€ 14.544
Market development	€ 12.334	€ 310
Membership support	€ 726	€ 69
Product management	€ 341	€ 231
14 Equipment & materials	€ 141.317	€ 62.763

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

Equipment & materials expenses in 2019 were €79K higher than in 2018 as RA invests in its operations and offices/infrastructure.

	2019	2018
Brand & advertising	€ 74.017	€ 63.473
Membership fee	€ 115.364	€ 103.115
15 Marketing & subscription fees	€ 189.381	€ 166.588

Marketing & subscription fees in 2019 increased by €23K, remaining relatively flat with 2018 due to work in 2018 and 2019 on the new brand launch that occurred in 2019.

Regional development (global)	€ 0	€ 4.674
Africa	€ 211.005	€ 189.071
Asia	€ 62.056	€ 41.464
America	€ 68.209	€ 104.262
Standards & assurance	€ 163.175	€ 50.743
Training	€ 8.070	€ 20.934
Themes	€ 49.789	€ 12.202
Technology	€ 24.967	€ 6.458
Monitoring & evaluation	€ 22.380	€ 17.267
Communication	€ 65.368	€ 13.606
Partnerships	€ 26.989	€ 4.031
Strategic partnership	€ 105.399	€ 200.391
General	€ 32.942	€ 153.860
Market development	€ 140.066	€ 57.437
Membership support	€ 0	€ 26.713
Product management	€ 11.680	€ 4.518
16 Trainings & workshops	€ 992.095	€ 907.628

Training & workshop expenses increased in 2019 by €84K due to increased training activities in Africa, Asia and Standard & Assurance.

Consolidated Annual Financial Report

2.6 Explanation to the Consolidated Income Statement (cont.)

	2019	2018
Bad Debt provision	€ 201.713	€ 128.412
19 Bad debt expense	€ 201.713	€ 128.412
Hardware	€ 87.292	€ 114.120
Inventory and furniture	€ 30.694	€ 30.063
Office	€ 11.552	€ 22.421
Software	€ 1.180.553	€ 1.045.310
18 Depreciation & amortization	€ 1.310.091	€ 1.211.914
Depreciation was €98K higher in 2019 than in 2018 due to continued investments in our certification system as RA aligns IT systems.		
Exchange rate differences	(€ 76.848)	(€ 155.128)
20 Exchange result	(€ 76.848)	(€ 155.128)
Interest received	(€ 13.625)	(€ 11.897)
21 Interest received	(€ 13.625)	(€ 11.897)

Bad debt expense, Exchange result and Interest received were not budgeted.

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Annual Foundation Accounts

3.1 Foundation Balance Sheet as of December 31, 2019

	2019	2018
ASSETS		
B01 & B02 Intangible fixed assets	€ 1.401.752	€ 1.813.550
B03 & B04 Tangible fixed assets	€ 212.998	€ 251.504
B05 Financial fixed assets	€ 200.000	€ 200.000
Total Fixed assets	€ 1.814.750	€ 2.265.054
B06 Accounts receivable	€ 248.024	€ 252.331
B07 Taxes	€ 0	€ 2.303
B08 Other receivables and prepaid expenses	€ 1.908.193	€ 1.588.960
B09 Cash at banks	€ 7.457.640	€ 2.712.880
B10 Receivable from BV	€ 7.183.826	€ 15.406.260
Total current assets	€ 16.797.683	€ 19.962.734
Total assets	€ 18.612.433	€ 22.227.788
DISPOSABLE RESERVES AND LIABILITIES		
B11 Paid in capital	€ 3.325	€ 3.325
B12 General reserve	(€ 1.028.139)	€ 3.380.484
B13-15 Continuity reserve	€ 15.300.000	€ 15.300.000
Total disposable reserves	€ 14.275.186	€ 18.683.809
B16 Accounts payable	€ 1.623.442	€ 1.133.323
B17 Taxes and social premiums	€ 218.658	€ 193.663
B18 Subsidies received	€ 1.666.213	€ 1.533.809
B19 Other liabilities	€ 828.934	€ 683.184
Total current liabilities	€ 4.337.247	€ 3.543.979
Total disposable reserves and liabilities	€ 18.612.433	€ 22.227.788

Consolidated Annual Financial Report

3.2 Foundation Statement of Income and Expenditures for the Year Ended December 31, 2019

	2019	2019 Budget	2018
01 Grant & Contract revenue	€ 3.825.131	€ 5.432.123	€ 5.778.036
Other income	€ 721	€ 0	€ 450
TOTAL INCOME	€ 3.825.852	€ 5.432.123	€ 5.778.486
02 Personnel expenses	€ 10.009.158	€ 10.080.903	€ 9.384.614
03 Grants strategic partnership	€ 2.105.118	€ 2.224.247	€ 1.498.666
04 Travel costs	€ 1.447.976	€ 1.523.850	€ 1.492.416
05 Consultancy & professional services	€ 2.348.585	€ 3.177.885	€ 2.893.846
06 IT services & licenses	€ 1.318.007	€ 1.264.883	€ 1.000.675
07 Office costs	€ 824.996	€ 1.055.160	€ 864.274
08 Equipment & materials	€ 127.917	€ 266.351	€ 62.154
09 Marketing & subscription fees	€ 155.799	€ 150.133	€ 152.493
10 Trainings & workshops	€ 840.349	€ 1.385.681	€ 818.960
Insurance expenses	€ 58.695	€ 82.423	€ 77.579
11 Shared services	(€ 7.188.953)	(€ 6.250.000)	(€ 6.247.237)
TOTAL OPERATING EXPENSES	€ 12.047.647	€ 14.961.516	€ 11.998.438
EBITDA	(€ 8.221.795)	(€ 9.529.393)	(€ 6.219.952)
Depreciation	€ 1.310.091	€ 1.536.167	€ 1.211.914
EBIT	(€ 9.531.886)	(€ 11.065.560)	(€ 7.431.866)
Exchange result	(€ 34.916)	€ 0	(€ 708)
Interest received	€ 289	€ 0	€ 4.438
TOTAL FINANCIAL RESULT	(€ 34.627)	€ 0	€ 3.730
RESULT FOUNDATION	(€ 9.566.513)	(€ 11.065.560)	(€ 7.428.136)
Donation to RA Inc.	(€ 6.676.623)	€ 0	€ 0
Payable settlement of funding activities	€ 11.834.514	€ 11.065.560	€ 11.667.422
RESULT OF THE YEAR	(€ 4.408.622)	€ 0	€ 4.239.286
General reserve		€ 0	€ 4.239.286
Distribution result	€ 0	€ 0	€ 4.239.286

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3.3 Notes to the Foundation Accounts

Ownership structure

The Foundation is full-owner of the BV and all profits made by the BV flow back entirely into the Foundation before corporate income tax in order to support the Foundation's work. Rainforest Alliance as a whole remains a non-profit organization and retains its charity status (in Dutch: "Algemeen Nut Beogende Instelling", "ANBI" status). The financial information of this subsidiary has been recorded in the consolidated financial statements of the Foundation. Copies are available at the registered office at the Ruyterkade 6, 1013 AA Amsterdam, The Netherlands. The Chamber of Commerce registration number is 31459275.

Principles of consolidation

The financial statements include all of the assets, liabilities, reserves, income and expenses of all branches and affiliates of the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Accounting principles

The company-only financial statements are prepared according to the stipulations in Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving') and in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards. Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet and income statement references are made to the notes.

Participations in group companies

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by the BV. If the net asset value is negative, the participating interest is valued at nil. This likewise takes into account other long-term interests that should effectively be considered part of the net investment in the participating interest. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

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3.4 Explanation to the Foundation Balance Sheet

	2019	2018
B01-B04 Intangible & Tangible Fixed Assets: reference is made to the notes to the consolidated financial statements.		
Share capital BV	€ 200.000	€ 200.000
B05 Financial fixed assets	€ 200.000	€ 200.000

The BV is a 100% subsidiary of the Foundation.

Accounts receivable	€ 248.024	€ 252.331
B06 Accounts receivable	€ 248.024	€ 252.331

The amount includes € 224k which is related to Rainforest Alliance Inc.

Interest to be received	€ 0	€ 47
Prepaid expenses	€ 712.204	€ 447.555
Advances in Africa	€ 343.145	€ 246.856
Advances in Asia	€ 105.655	€ 69.827
Advances in America	€ 87.923	€ 114.230
Advances Sector Partnership	€ 30.277	€ 185.961
Other	€ 11.140	€ 9.754
Strategic Partnership prepaid expenses grants	€ 617.850	€ 514.730
B08 Other receivables and prepaid expenses	€ 1.908.193	€ 1.588.960

Cash handling is avoided, wherever possible. There are yearly audits in origin countries in cases where the total yearly expenses are above € 50K.

Bank accounts (free at disposal)	€ 7.457.640	€ 2.712.880
B09 Cash at banks	€ 7.457.640	€ 2.712.880

The increase in the 2019 cash balance is due to the timing of the settlement of the appropriation of results from the BV. The appropriation will be paid to the Foundation by July 1, 2020.

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3.4 Explanation to the Foundation Balance Sheet (cont.)

	2019	2018
Accounts payable	€ 1.329.118	€ 1.015.774
Suspense account payments	€ 0	€ 0
Rent free period	€ 0	€ 10.193
Invoices to be received	€ 294.324	€ 107.355
B16 Accounts payable	€ 1.623.442	€ 1.133.323
Wage tax/social securities	€ 7.025	€ 0
Payroll taxes	€ 211.633	€ 193.663
B17 Taxes and social premiums	€ 218.658	€ 193.663
Strategic Partnership received and not yet spend	€ 1.281.848	€ 1.171.040
Other donor funds received and not yet spend	€ 384.365	€ 362.769
B18 Subsidies received	€ 1.666.213	€ 1.533.809
Provision vacation allowance	€ 288.849	€ 260.205
Untaken vacation days	€ 393.896	€ 202.037
Pension accruals	€ 0	€ 3.745
Audit accruals	€ 56.564	€ 70.642
Intercompany Rainforest Alliance Inc	€ 73.620	€ 2.055
Project advances received	€ 16.005	€ 28.800
Employees payable	€ 0	€ 115.699
B19 Other liabilities	€ 828.934	€ 683.184
Intercompany current account	(€ 4.650.688)	€ 3.738.838
Payable settlement of fundings	€ 11.834.514	€ 11.667.422
B10 Receivable from BV	€ 7.183.826	€ 15.406.260

Receivable from BV is due to be paid before July 1, 2020 due to tax regulations.

Contingent liabilities

The Foundation office lease contract amounts to € 360K per annum ending 31st March 2024. The total engagement on 31st December 2019 therefore amounting to € 1.530K:

< 1 year amount to € 360K

< 5 year amount to € 1.170K

The following bank guarantee has been issued : REAAL De Ruyterkade B.V. in the amount of € 94,294 concerning the rental agreement. The Foundation has to charge reasonable costs to the BV for shared services: usage of office, IT infra structure, reception, administration and services of teams.

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3.5 Explanation to the Foundation Statement of Income and Expenditures

	2019	2018
Strategic partnership	€ 2.974.462	€ 3.369.045
Postcode loterij (NPL)	€ 0	€ 765.000
Sat4farming	€ 677.472	€ 509.178
G4AWGC	€ 108.942	€ 124.000
Customized program coffee	€ 0	€ 407.300
Customized program palm oil	€ 0	€ 370.300
Customized program cocoa	€ 0	€ 184.000
Other (diverse small donor fundings)	€ 64.255	€ 49.213
01 Grant & Contract Revenue	€ 3.825.131	€ 5.778.036

Strategic Partnership (SP)

The Dutch Ministry of Foreign Affairs granted a subsidy of € 18 million for the period 2016 -2020 for the Sector Partnerships (SP) program, which is included in the budget for € 3.600K per year was reported to the Ministry. Note the actual subsidy spend in 2019 is € 3.592K exclusive the reported € 618K prepaid expenses to the Ministry.

The actual Strategic partnership subsidy can be divided per region and per strategy as follows:

Global	€ 963.778	€ 843.916
Africa	€ 1.684.450	€ 1.928.153
America	€ 531.800	€ 841.656
Asia	€ 412.284	€ 270.049
Strategic partnership prepaid expenses	(€ 617.850)	(€ 514.730)
Strategic partnership (regions)	€ 2.974.462	€ 3.369.045
Monitoring and evaluation	€ 604.548	€ 604.028
Knowledge management	€ 505.738	€ 959.048
Lobby & advocacy	€ 952.202	€ 765.411
Capacity building	€ 1.529.825	€ 1.555.289
Strategic partnership prepaid expenses	(€ 617.850)	(€ 514.730)
Strategic partnership (strategy)	€ 2.974.462	€ 3.369.045

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2019	2018
Gross salaries	€ 5.513.878	€ 4.729.987
Temporary/interim/consultancy	€ 268.222	€ 652.224
Social premiums	€ 857.038	€ 815.698
Holiday allowance	€ 439.845	€ 383.468
Pension premiums	€ 469.414	€ 442.495
Vacation days reserve	€ 191.859	€ 44.586
Direct personnel expenses	€ 7.740.256	€ 7.068.458
Remote offices	€ 1.933.179	€ 1.949.340
Commute cost	€ 187.073	€ 275.923
Internship cost	€ 6.800	€ 27.515
Lunch/meals & entertainment	€ 186.171	€ 141.403
Other personnel expenses	(€ 44.321)	(€ 78.025)
Indirect personnel expenses	€ 2.268.902	€ 2.316.156
02 Total personnel expenses	€ 10.009.158	€ 9.384.614

Total personnel expenses of €10M are €625K or 7% higher than the 2018 actuals of €9.4M. This can be mainly explained by the higher average FTEs in Netherlands and remote offices, offset by a decrease in temporary consultancy that was needed during the 2018 post-merger period.

At year end the total number of FTE (excl. interns) in the Foundation is 111,2 (in 2018 109,4).

Grant agreements Strategic Partnership	€ 1.447.688	€ 1.275.061
Grant agreements	€ 657.430	€ 223.605
04 Grants strategic partnership	€ 2.105.118	€ 1.498.666

Grant agreement expenses in 2019 were €606K higher than in 2018 due to decreased implementation

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2019	2018
Regional development (global)	€ 5.868	€ 9.364
Africa	€ 364.682	€ 247.486
Asia	€ 105.369	€ 127.699
America	€ 99.488	€ 188.686
Standards & assurance	€ 353.373	€ 206.528
Training	€ 31.416	€ 48.229
Themes	€ 53.481	€ 16.721
Technology	€ 70.912	€ 44.693
Monitoring & evaluation	€ 58.002	€ 50.171
Communication	€ 21.102	€ 38.084
Partnerships	€ 36.040	€ 44.821
Strategic Partnership	€ 186.727	€ 329.010
General	€ 61.516	€ 140.924
04 Travel costs	€ 1.447.976	€ 1.492.416

Travel costs remained relatively flat in 2019 as compared to 2018 as the organization closely monitors its carbon footprint and strives to further reduce travel in the future.

Recruitment costs	60.243	90.964
Translation costs	54.721	59.138
Auditors costs	76.440	104.085
Tax advise costs	34.841	40.427
Legal costs	50.490	96.629
Admin and salary costs	38.035	5.538
Arbo costs	33.656	19.203
Consultancy & research	2.000.159	2.477.862
06 Consultants & professional services	€ 2.348.585	€ 2.893.846

Consultant & professional services expenses in 2019 were €545K lower than in 2018 due to decreased implementation of grants and post-merger integration activities.

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2019	2018
Technology	1.219.135	879.633
General	98.872	121.042
06 IT services	<u>€ 1.318.007</u>	<u>€ 1.000.675</u>

IT services & licenses expenses in 2019 were €317K higher than in 2018 due to increased spending on IT systems in line with the strategic plan and alignment of IT systems.

Office rent	274.088	256.284
General & Office	21.481	26.048
Service costs	60.810	39.120
Regio offices expenses	331.919	380.302
Cleaning	49.076	36.239
Catering	6.669	2.177
Office materials/maintenance	10.001	25.114
Telephone costs	40.476	45.605
Postage	4.346	3.811
Other general costs	4.947	7.200
Board costs (travel)	5.168	26.072
Bank charges	16.015	16.301
07 Office costs	<u>€ 824.996</u>	<u>€ 864.273</u>

Office costs remained relatively flat in 2019 as compared to 2018.

Africa	€ 20.244	€ 9.732
Asia	€ 1.952	€ 6.577
America	€ 6.125	€ 0
Standards & assurance	€ 8.346	€ 1.172
Training	€ 11.358	€ 12.390
Themes	€ 563	€ 13
Technology	€ 54.585	€ 26
Monitoring & evaluation	€ 7.933	€ 2.728
Communication	€ 7.415	6213,74
Partnerships	€ 441	€ 1.058
Strategic Partnership	€ 6.071	€ 7.701
General	€ 2.885	€ 14.544
08 Equipment & materials	<u>€ 127.917</u>	<u>€ 62.154</u>

Equipment & materials expenses in 2019 were €66K higher in 2018 as RA investes in its operations and offices/infrastructure.

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3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)

	2019	2018
Brand & advertising	€ 48.124	€ 54.186
Membership fee	€ 107.675	€ 98.307
09 Marketing & subscription fees	€ 155.799	€ 152.493

Marketing & subscription fees in 2019 remained relatively flat with 2018 due to work in 2018 and 2019 on the new brand launch that occurred in 2019.

Regional development (global)	€ 0	€ 4.674
Africa	€ 211.004	€ 189.071
Asia	€ 62.056	€ 41.464
America	€ 68.209	€ 104.262
Standards & assurance	€ 163.176	€ 50.743
Training	€ 8.070	€ 20.934
Themes	€ 49.789	€ 12.202
Technology	€ 24.967	€ 6.458
Monitoring & evaluation	€ 22.380	€ 17.267
Communication	€ 65.368	€ 13.606
Partnerships	€ 26.989	€ 4.031
Strategic partnership	€ 105.399	€ 200.391
General	€ 32.942	€ 153.860
10 Trainings & workshops	€ 840.349	€ 818.960

Training & workshop expenses increased in 2019 showed a minor increase of €21K due to increased training activities in Africa, Asia and Standard & Assurance.

Consolidated Annual Financial Report**3.5 Explanation to the Foundation Statement of Income and Expenditures (cont.)**

	2019	2018
Regional development	€ 842.000	€ 947.000
Standards & certification	€ 989.390	€ 603.853
Training and themes	€ 486.000	€ 241.000
Technology	€ 3.289.563	€ 2.020.384
Monitoring and impact	€ 37.000	€ 395.000
Communication	€ 184.000	€ 249.000
Partnerships	€ 382.000	€ 196.000
Sector partnerships	€ 562.000	€ 686.000
General & administration	€ 417.000	€ 909.000
11 Shared services	€ 7.188.953	€ 6.247.237

The Foundation charges reasonable costs to the BV for shared services: usage of office, IT infrastructure, reception, administration, program activities and services of teams. The costs for these services are yearly adjusted based on the yearly budget.

Consolidated Annual Financial Report**3.6 Appropriation of the Result**

RESULT FOUNDATION	(€ 16.243.136)	(€ 7.428.136)
RESULT BV	€ 11.834.514	€ 11.667.422
RESULT OF THE YEAR	€ 4.408.622	€ 4.239.286

The result of the year will be added to the general reserve.

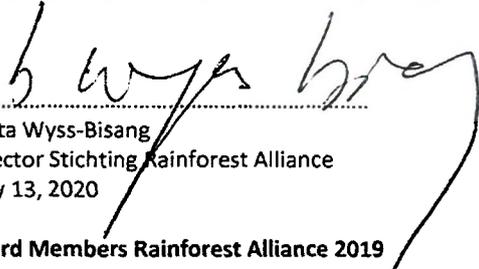
Statutory rules concerning appropriation of result

The articles of association of the Foundation do not stipulate any provisions governing the appropriation of profit. Profits obtained from the proceeds of knowable funding activities will totally or mostly be distributed in accordance with Article 9a, paragraph 3 letter a of the Corporate Tax Act 1969 (Wet op de vennootschapsbelasting 1969), within six months after the end of the year in which

3.7 Other Information**Subsequent events**

The Foundation has evaluated subsequent events occurring after the balance sheet date through the date of the report of the independent auditors. Based on this evaluation, Foundation has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

At the time of preparation of the annual accounts, the COVID-19 health crisis prevails in the Netherlands and its neighbouring countries, as well as in several parts of the world. Government measures are currently being taken and it is likely that additional government measures will need to be taken to minimize the financial effects of this virus as much as possible. We cannot exclude that, despite aforementioned government measures, serious impediments of the company's business operations may occur for some time which may affect negatively the company's future financial position.


 Britta Wyss-Bisang
 Director Stichting Rainforest Alliance
 May 13, 2020

Board Members Rainforest Alliance 2019

Johanna Wijn

Antonius van Der Laan (Vice Chairman)

Anurag Priyadarshi

Dan Houser

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Rainforest Alliance Board Members 2019 (cont.)

Daniel Couvreur
Daniel Katz (Chair)
Eric Rothenberg
Juan Esteban Orduz Trujillo
Kerri Smith
Labeeb Abboud
Marilu Hernandez de Bosoms
Nalin Miglani
Nina Haase
Peter Lehner
Peter Schulte (Treasurer)
Sonila Cook
Tasso Azevedo
Vanusia Nogueira
Wendy Gordon Rockefeller

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4.1 Independent Auditors' Report

The report of the independent auditor is included hereinafter.

INDEPENDENT AUDITOR'S REPORT

To: the Supervisory Board of Stichting Rainforest Alliance

A. Report on the audit of the financial statements 2019

Our opinion

We have audited the financial statements 2019 of Stichting Rainforest Alliance, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Rainforest Alliance as at December 31, 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code and specific in accordance the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards.

The financial statements comprise:

1. The consolidated and stand-alone balance sheet as at December 31, 2019;
2. The consolidated and stand-alone statement of income and expenditure for the year ended December 31, 2019;
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Rainforest Alliance in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten ("ViO", Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants ("VGBA", Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to uncertainty about Corona

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organisations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon are snapshots. The situation changes on a daily basis giving rise to inherent uncertainty. Although at this moment the impact of Corona (Covid-19) virus on Stichting Rainforest Alliance is minor, Stichting

Rainforest Alliance will be confronted with this uncertainty as well. This is disclosed in the report of the Leadership Team and the disclosure about Subsequent events (note 3.7). We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The report of the Supervisory Board;
- The report of the Leadership Team;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations".

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by the Guideline for annual reporting 640 "Not-for-profit organisations".

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Leadership Team is responsible for the preparation of the report of the Leadership Team in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations" and other information as required by Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations".

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

The management (Leadership Team) is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations". Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Waalwijk, May 19, 2020

HLB Van Daal Audit B.V.

Originally signed by

drs. E.W. van der Haar
Registeraccountant