

SPECIAL FOCUS:

CLIMATE CHANGE

2012 annual report



IN JUST TWO AND A HALF DECADES, THE RAINFOREST ALLIANCE HAS EMERGED AS A CONSERVATION LEADER.

Since 1987 we have certified hundreds of millions of acres of working forests, farms, ranchland and hotel properties according to rigorous sustainability standards. And we have fostered the principles of sustainability along the entire value chain, connecting sustainably managed businesses with conscientious consumers through our Rainforest Alliance Certified™ seal and Rainforest Alliance Verified™ mark. Our comprehensive approach to sustainability means that climate change mitigation and adaptation are inherent to our work. We collaborate with governments, businesses, agricultural cooperatives and indigenous and community groups to advance climate-smart practices that bring us closer to our vision of a healthy planet.



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CLIMATE CHANGE, FRONT AND CENTER







A LETTER FROM THE BOARD CHAIR AND PRESIDENT

Greenland's unprecedented ice-melt. Prolonged drought across the US greenbelt. Hurricane Sandy. Typhoon Bopha. The year 2012 delivered the message, loud and clear: climate change is a reality we cannot afford to

Deforestation and forest degradation lead to 17 percent of the greenhouse gas emissions that contribute to climate change—more than the emissions from all of the world's cars, trucks and buses combined. Every year, the planet loses about 35.8 million acres (14.5 million hectares) of forest to reckless agricultural conversion and irresponsible logging. It doesn't take a scientist to understand the imperative for a wholesale transformation of our untenable production methods and consumption levels.

The Rainforest Alliance was founded on the premise that the mainstreaming of sustainable land use is essential to the survival of our most precious ecosystems and the communities and wildlife that depend on them. We chose climate change as the theme for the 2012 annual report to highlight the climate benefits inherent to the Rainforest Alliance approach. Our sustainability paradigm continues to gain momentum among companies, farmers, NGOs and forward-thinking government leaders, so it's no surprise that we are seeing increased demand for our expertise and services.

The following pages offer a glimpse of the Rainforest Alliance's phenomenal growth in 2012, from training and certification to responsible sourcing and major new company commitments. Because we work with hundreds of thousands of farmers, cooperatives, foresters, tourism businesses, community-based organizations and indigenous groups around the world, this report can only showcase a few of the projects we've worked on this past year.

After 26 years, we have many accomplishments to celebrate. As of 2012, the Rainforest Alliance has:

- certified 185.3 million acres (75 million hectares) of forests to the Forest Stewardship Council™ standard, widely considered the "gold standard" of responsible forestry;
- certified 3.78 million acres (1.53 million hectares) of farmland to the rigorous Sustainable Agriculture Network standard;
- promoted rigorous standards—including worker protections, decent wages, housing and health care—that have benefitted nearly 1 million full- and part-time workers, as well as their families;
- employed innovative methods to achieve scale of impact, including farmer field schools, online training modules and public-private collaboration;
- and fortified our training and certification programs, policy work and growing climate change mitigation efforts with an operating budget of US \$48 million.

The methods we promote in forestry, agriculture and tourism curb climate change and help farmers adapt to changing growing conditions. We also collaborate with regional governments, banks, farmer cooperatives and local community organizations to strengthen voluntary carbon markets and advance climate-smart policies and practices around the world.

At the core of everything we do is the principle that the success of any environmental conservation effort is inextricably linked to the well-being of those who depend on the land for their survival. We are honored to be part of a vibrant movement that unites farmers, foresters, community organizations and indigenous groups with companies and consumers all over the world in the mission of sustainability.

PROTECTING THE LUNGS OF THE PLANET



Today, voluntary carbon markets are emerging as an important tool in the global fight against climate change. Businesses and individuals can offset their greenhouse gas emissions by purchasing carbon credits, thereby generating revenue that supports reforestation projects and other initiatives that curb global warming. As one of the world's leading auditors of forest carbon projects, the Rainforest Alliance quantifies their impacts—providing impartial, thirdparty evaluation that reinforces the integrity and credibility of carbon offsets. We are collaborating with governments, businesses, nongovernmental organizations, farmers and foresters around the world to strengthen these markets and ensure the long-term success of climatesmart land management.



"Change starts with us and the way we approach forestry."

GUUJAAWPRESIDENT OF THE
HAIDA NATION

CONSERVING ANCIENT FORESTS

The archipelago of Haida Gwaii is famous for its majestic landscapes: snow-topped mountains, temperate forests shrouded in mist and dramatic fjords that plunge into the blue expanse of the Pacific Ocean. Located off the coast of British Columbia, Haida Gwaii is known as the "Galapagos of the North" for its bounty of rare plant and animal species, many of which are found nowhere else in the world, such as the saw-whet owl and the Queen Charlotte ermine.

Haida Gwaii is the ancestral home of the Haida Nation, an Aboriginal group whose history on the archipelago dates back more than 10,000 years—and whose future is inextricably linked with sustainable forestry. In November 2011, the Rainforest Alliance awarded FSC certification to a group that includes Taan Forest, a Haida-owned forestry company that manages 884,884 acres (358,100 hectares). It took just 11 months for Taan Forest to

achieve certification—a testament to the Haida's dedication to the highest social and environmental standards.

"Change starts with us and the way we approach forestry," says Guujaaw, president of the Haida Nation. "We know that we can maintain our culture, respect nature and still derive a livelihood from the forests."

Given rising sea levels and the sharp increase in extreme weather events over the past several years, the island communities of Haida Gwaii are on the front lines of the fight against climate change. As the leading FSC certifier of indigenous forestry enterprises, the Rainforest Alliance is deeply committed to supporting sustainable forestry management among Native enterprises.

PACKAGING A BRIGHTER FUTURE

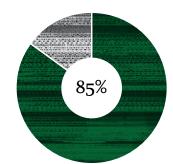
Monster High students, Barbie and an army of Polly Pockets have been moonlighting as conservationists, thanks to Mattel's commitment to sustainable sourcing. As part of its sustainability efforts, the largest toy company in the world unveiled new sourcing principles in 2011 for the procurement of fiber and wood used in its products and packaging. Just one year later, Mattel is well on its way to meeting its ambitious targets, which include sourcing 85 percent certified sustainable and/or recycled materials for its toy packaging by 2015 and halving its carbon emissions by 2020.

To develop its sustainability strategy, the company worked with the Rainforest Alliance to analyze its supply chain. We assisted Mattel with the development of its sustainable sourcing principles for paper and packaging, which are designed to prevent

deforestation and encourage partners in the supply chain to do the same. The result is a clear purchasing policy to maximize the use of post-consumer recycled fiber content, avoid controversial sources of virgin fiber and increase the use of sustainable wood and fiber that have been certified by a credible third party—giving preference, when feasible, to FSC certified material.

The Rainforest Alliance also supported Mattel's efforts to implement the principles in the Asia-Pacific region by developing data collection and analysis tools. In just one year, the company has achieved impressive success in its efforts to ensure that suppliers comply with the sustainability principles. By making major commitments like this, companies large and small can reduce deforestation and its effect on our planet.

MATTEL PAPER PACKAGING CONTENT BY 2015



recycled material or sustainably sourced fiber





The rugged coastal terrain of Alaska's Afognak Island is home to the Roosevelt elk, more than 160 species of birds and abundant wild salmon runs. The island's 500-year-old Sitka spruce temperate rainforest is also the native habitat of the largest grizzly species in the world—

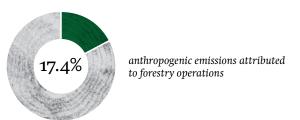
To protect this pristine landscape from logging, the American Land Conservancy and the Rocky Mountain Elk Foundation acquired 8,200 acres (3,330 hectares) and related timber rights from a privately held company on Afognak. They created the Afognak Forest Carbon Project (AFCP), which the Rainforest Alliance validated and verified in a 2012 audit. The project represents our first Improved Forest Management validation and verification according to the Verified Carbon Standard, a major carbon accounting standard used in both forest and non-forest

Afognak is part of a growing movement of land trusts, nonprofit conservation groups and foundations that use carbon verification to support the protection of high-value ecosystems. The AFCP permits no timber production or harvesting, a model that has raised its carbon sequestration to impressive levels in comparison to the clear-cutting scenario that would likely have occurred without protection.

From January 1, 2006, through December 31, 2011 (the period covered by our verification), the project removed from the atmosphere 413,000 metric tons of carbon equivalent (tCO₂e)—equal to the annual emissions of nearly 69,000 compact cars. The revenue generated by the sale of the carbon offsets is used to support the continued monitoring required to maintain the integrity of the project, as well as ongoing



GREENHOUSE GAS EMISSIONS ATTRIBUTED TO DEFORESTATION



CARBON & CULTURE: AN INDIGENOUS VISION FOR A SUSTAINABLE FUTURE

The Paiter Suruí people of the Brazilian Amazon have found themselves at ground zero of tropical deforestation since 1969, when they first made sustained contact with the rest of the world. Since then, illegal logging and agricultural deforestation have destroyed much of the Brazilian rainforest, threatening the Paiter Suruí's ancestral home and their very existence.

Rather than allow others to wrench their destiny away, the Paiter Suruí developed a 50-year plan to preserve the rainforest and protect their way of life. A central element of this plan is the Suruí Forest Carbon Project (SFCP), designed to provide financial benefits to the Suruí community in return for their commitment to protect and restore large areas of the tropical forest.

"Without the forest, our entire culture would disappear. And without our culture, the forest would have disappeared a long time ago," says Chief Almir of the Paiter Suruí. "It's important to live in a sustainable way and to strengthen those whose

livelihoods depend on a healthy ecosystem."

In 2012 the Rainforest Alliance and Brazilian

partner group IMAFLORA validated this ground-

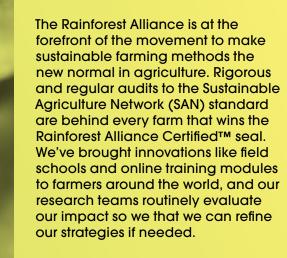
breaking venture—the first indigenous Reducing Emissions through Deforestation and Forest Degradation (REDD) project in Amazonia—against two rigorous, globally recognized standards: the Climate, Community and Biodiversity Alliance Standard and the Verified Carbon Standard. The Suruí are the first indigenous group to achieve this distinction and benefit from the credibility that comes with an independent, third-party assessment of their project design. To prevent the exploitation of indigenous populations, it is vital that communities give free, prior and informed consent throughout the development of a carbon project. In the case of the SFCP, the Suruí truly led the process, making the project a beacon for other indigenous groups seeking to protect their land and cultures.

"Without the forest, our entire culture would disappear. And without our culture, the forest would have disappeared a long time ago."

ALMIR PAITER SURUÍ CHIEF

AGRICULTURE

OUR VISION FOR EARTH-FRIENDLY FARMING



In addition to the inherent climate benefits of implementing the SAN standard on farms, a growing number of farmers are taking additional steps to mitigate and adapt to climate change by implementing the SAN Climate Module, developed by the Rainforest Alliance and the SAN to promote methods that reduce greenhouse gas emissions, remove carbon from the atmosphere and help farmers adapt to the effects of climate change on the ground.

THE SUSTAINABLE AGRICULTURE NETWORK

Rainforest Alliance Certified farms are regularly audited to ensure that they meet rigorous environmental, social and economic criteria developed and managed by the Sustainable Agriculture Network (SAN), the oldest and largest coalition of NGOs striving to improve commodity production in the tropics (the Rainforest Alliance is a founding member). The Rainforest Alliance and our partners in the SAN are leaders in the global movement to promote the interests of workers, communities and the environment.

A GREEN DILEMMA

Palm oil's ubiquity has long presented green shoppers with a difficult quandary. The nutrient-rich oil is a critical source of calories for many people around the world, an increasingly popular biofuel and a key ingredient in most household products. At the same time, oil palm cultivation has destroyed millions of acres of rainforest and peat land—releasing massive quantities of CO₂ into the atmosphere, displacing indigenous peoples, and threatening jaguars, orangutans, tigers and other rare wildlife species around the world.

The Rainforest Alliance is working to engage farm owners in Indonesia, Guatemala, Honduras and other countries where oil palm expansion has had a severe impact on biodiversity. The largest palm producer cooperative in Honduras, Hondupalma, has been working diligently toward Rainforest Alliance certification since 2011, in collaboration with ICADE, our SAN partner in Honduras.

"In the beginning, workers resisted the requirements of certification, but with time they have begun to see the amazing fruits that the program brings," observes Marco Lanza, a member of Empresa Asociativa Campesino Santa Rosa, a Hondupalma member. Today, the workers insist on strict adherence to the best practices required for certification, including composting and reforesting degraded areas. In addition to increased yields and climate benefits, Lanza has observed improved morale. "We have higher salaries, we're happier

and we're enjoying better health due to regular check-ups required for certification. We are deeply grateful to the Rainforest Alliance and the Sustainable Agriculture Network," says Lanza.

With 15 years of experience in greening other major crops, the Rainforest Alliance and the SAN tackled the palm oil sector in 2009. By 2011 the SAN had expanded its standard to address environmental and social challenges related to palm oil. We also supported the development of the Roundtable on Sustainable Palm Oil

standard, a multi-stakeholder initiative based on our shared determination to control the rampant deforestation caused by new palm oil plantations.

Unilever, Marks & Spencer and Nestlé are among several major brands that have made commitments to purchase certified sustainable palm oil. These commitments will support sustainability on the ground. Says José Alfredo Torres of ICADE, "Groups like Hondupalma understand that in order for them to be in business in 10 or 20 years, they need to work within the principles of sustainability."

PALM OIL IMPORTS TO THE UNITED STATES SINCE 2002

1485%

BREAKING SUGAR'S CORROSIVE CYCLE

"The issues will only become more serious as we begin to see the effects of climate change on farms in the tropics."

GUILLERMO BELLOSO
SALVANATURA FARM
MANAGEMENT
SPECIALIST IN EL
SALVADOR

In recognition of sugar's notoriously bitter environmental impact, the Rainforest Alliance is working to make sugar cane production more sustainable. The Rainforest Alliance has seen promising results in a pilot project in El Salvador, where we have been collaborating with our SAN partner, SalvaNatura, and the ATAISI cooperative to implement new requirements under the SAN standard for sustainable sugar cultivation. The requirements are designed to change destructive practices, such as intensive water and pesticide use and massive discharge of polluted wastewater, as well as the traditional practice of burning cane fields before harvest. Although burning eliminates the razorsharp cane leaves that make harvesting so treacherous, it also generates greenhouse gas emissions, sullies watersheds with soot and ash, and threatens local wildlife.

ATAISI workers are already benefitting from the regular medical checkups and hydration protocols required by the SAN standard. These specific provisions are meant to check the epidemic of

kidney disease that has killed tens of thousands of sugar cane workers in the past couple of decades—a consequence, many doctors believe, of sustained exposure to heavy pesticides combined with dehydration in fields as hot as 104 degrees Fahrenheit (40 C). The cooperative has also achieved promising results with a new cane hybrid that drops its leaves before harvest.

These protections are crucial to helping workers adapt to global warming. Says Guillermo Belloso, SalvaNatura's farm management specialist in El Salvador, "The issues will only become more serious as we begin to see the effects of climate change—particularly increases in temperature—on farms in the tropics."

Two hundred farms are now undertaking technical training to prepare for eventual certification. Belloso observes, "That means the industry and the sugar producers see the importance of good practices. There are many tough issues to tackle, but we are paving the way."



DEFINING SUSTAINABLE CATTLE RANCHING

The grazing pastures of Fazendas São Marcelo bear little resemblance to those of conventional cattle ranches. Plentiful trees provide cows with generous shade and shield them from wind and rain. Herds roam free on pastures bordered by dense Amazonian rainforest and the biologically rich *cerrado* (savanna)—the habitat of jaguars, ocelots and several species of monkeys. The ranch, which spans 79,000 acres (32,000 hectares), includes a 32,000-acre (13,000-hectare) reserve in the Amazon, providing a refuge for rare primates like the Brazilian bare-faced tamarin.

In June 2012 Fazendas São Marcelo became the first cattle ranch to receive the Rainforest Alliance Certified seal under a rigorous tropical cattle standard developed by the SAN; the certification was awarded by our SAN partner in Brazil, IMAFLORA. "[Rainforest Alliance certification] represents the sum total of the work we have done in sustainability on the farms over the past ten years," says Arnaldo Eijsink, directorgeneral of the ranch.

"It is possible to produce [cattle] the right way in the Amazon."

ARNALDO EIJSINK, DIRECTOR-GENERAL OF FAZENDAS SÃO MARCELO

With the new cattle standard, the Rainforest Alliance aims to limit the industry's negative impacts, which have destroyed more than three-quarters of the rainforest in the Brazilian Amazon. The reforestation of degraded lands and a natural grass diet for the cattle to reduce methane—livestock are responsible for 18 percent of the world's greenhouse gas emissions—are requirements of the new standard.

Certified farms must also provide all of the worker protections and community benefits central to the farm-management methods endorsed by the Rainforest Alliance. At Fazendas São Marcelo, the wives and partners of ranchers (the vast majority are men) receive training in crafts and artisanal cooking to boost economic opportunities. The company also supports local public schools through teacher-training subsidies. In an industry ripe for change, Fazendas São Marcelo is providing an enlightened example of true sustainability.



SECURING THE GLOBAL **COCOA SUPPLY**

school, including planting shade trees

to shield cocoa crops from the sun—a method that both mitigates climate

change and helps farmers adapt to rising

COCOA PRODUCTION PER HECTARE (LBS)



NET INCOME PER HECTARE (USD) IN CÔTE D'IVOÌRE



Cocoa farmer Assande Alle Ambroise has dramatically increased his yields since joining a Rainforest Alliance pilot project in Côte d'Ivoire. After implementing Rainforest Alliance-endorsed methods, including composting, pruning, weeding and the phasing out of chemical pesticides, Ambroise says, "Certification is helping me to give a second life to my farm." Similarly, cocoa farmers from Nkranfuom, a small village in central Ghana, report they have doubled their productivity since adopting the practices they learned at the Rainforest Alliance farmer field

temperatures. Improvements like these are crucial to the survival of Côte d'Ivoire's cocoa-farming communities, which bore the brunt of violence and uncertainty during the country's 2010–2011 civil war. Facing intense pressure to produce cheap

beans, producers ravaged the trees and land by failing to replant

and replenish. Over-farming and lack of support for these farmers have diminished yields in Côte d'Ivoire, which produces 40 percent of the world's cocoa, and contributed to volatility in the \$5 billion global crop during a period of soaring demand

The Rainforest Alliance has responded to these challenges with a massive expansion of our training and certification work in

Côte d'Ivoire, bringing the total number of Rainforest Alliance Certified cocoa farms to nearly 85,000, spanning more than 1 million acres (410,000 hectares).

> Major companies are turning to Rainforest Alliance certification to create sustainable landscapes that will safeguard supply chains against the effects of climate change. The demand for sustain-

able cocoa is growing at breakneck speed, with commitments from brand giants Mars, Unilever, Mondelez and Hershey to source their cocoa from Rainforest Alliance Certified farms—welcome news for Ivoirian farmers who are working diligently to secure their futures.

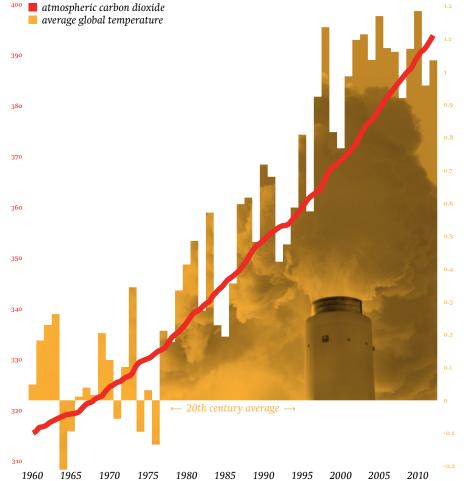
"Certification is helping me to give a second life to my farm."

ASSANDE ALLE AMBROISE COCOA FARMER IN CÔTE D'IVOIRE

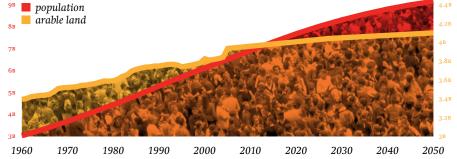
OUR PLANET IN PERIL

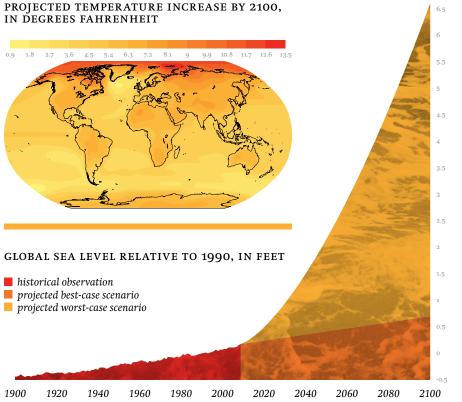
Arctic ice melt. Rising temperatures. Hurricanes, tornadoes, droughts and drowning island nations. The effects of global warming can no longer be ignored. The data are alarming, to be sure, but for us they represent a call to action rather than cause for despair.

ATMOSPHERIC CARBON DIOXIDE, IN PARTS PER MILLION VS. GLOBAL TEMPERATURE ANOMALY, IN DEGREES FAHRENHEIT



GLOBAL POPULATION VS. ARABLE LAND, IN ACRES





sources for all infographics on inside back cover

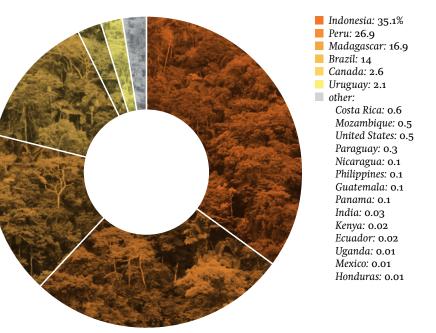
CURBING CLIMATE CHANGE

The Rainforest Alliance's efforts to halt climate change reach far beyond the climate-smart methods we promote in forestry, agriculture and tourism. We also work with partners in the public and private sectors to strengthen voluntary carbon markets, which grew 11 percent to reach a record value of \$576 million in 2011 (the last year for which data is available). As one of the world's leading auditors of forest carbon projects, the Rainforest Alliance works with governments, businesses, nongovernmental organizations, farmers and foresters around the globe to incentivize the conservation and restoration of high-value forests.

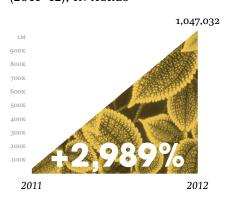
Validation: third-party evaluation that confirms that a project uses recognized and reliable methods for reducing greenhouse gases or demonstrating a community and biodiversity benefit

Verification: third-party confirmation of the greenhouse gas reductions and community and biodiversity benefits that have already occurred

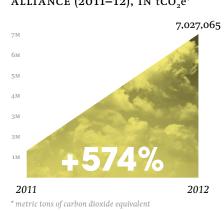
AREA OF RAINFOREST ALLIANCE CARBON VALIDATIONS BY COUNTRY



AREA OF RAINFOREST ALLIANCE-VERIFIED CARBON PROJECTS (2011–12), IN ACRES



CARBON EMISSIONS REDUCTIONS VERIFIED BY THE RAINFOREST ALLIANCE (2011–12), IN tCO₂e*



RAINFOREST ALLIANCE CARBON PROJECTS AS OF 2012

The Rainforest Alliance audits forestry and agroforestry projects with a demonstrated ability to sequester carbon dioxide and reduce greenhouse gas emissions. The Rainforest Alliance is accredited by the American National Standards Institute and evaluates carbon projects operated by companies or communities against the six leading carbon standards. Projects that have earned the Rainforest Alliance Verified trademark can sell carbon credits on voluntary markets and earn revenue to support their conservation goals.

CUMULATIVE VERIFIED EMISSIONS REDUCTIONS AS OF 2012, IN METRIC TONS



PROJECTED EMISSIONS REDUCTIONS FROM VALIDATIONS OVER PROJECT LIFETIMES, IN METRIC TONS



TOTAL AREA OF VALIDATED AND VERIFIED PROJECTS, IN ACRES



VERIFIED EMISSIONS REDUCTIONS (OF CO_2 EQUIVALENT) THROUGH 2012, (1 = 1 MILLION CARS):

8,293,617 metric tons (equivalent to taking 1.5 million cars off the road for one year)

PROJECTED EMISSIONS REDUCTIONS (OF CO₂ EQUIVALENT) FROM VALIDATIONS OVER PROJECT LIFETIMES:

229,706,618 metric tons (equivalent to taking 41.7 million cars off the road for one year)

RAINFOREST ALLIANCE CARBON CERTIFICATES

country where Rainforest Alliance is active
 Rainforest Alliance Validated and/or
 Verified carbon project

AFOGNAK FOREST CARBON PROJECT

location: ALASKA, UNITED STATES type: FOREST MANAGMENT avoided emissions (of CO₂ equivalent):

413,117

A joint effort by the American Land Conservancy and the Rocky Mountain Elk Foundation, this project has saved a 500-year-old temperate rainforest from clearcutting. See p. 7 for more.

PAX NATURA PROJECT

location: CARTAGO & LIMÓN, COSTA RICA type: AVOIDED DEFORESTATION area:

29,700 ac (12,000 ha)

This multi-site project involves 100 individual landowners and connects three national parks, forming an important biological corridor.

TREES FOR GLOBAL BENEFIT

location: BUSHENYI, UGANDA type: AFFORESTATION sequestered emissions (of CO_2 equivalent):

50,000₁

This 20-year project is designed to restore the region's native highland tropical vegetation cover through treeplanting on 138 farm plots.

location: LUZON, P

location: LUZON, PHILIPPINES type: REFORESTATION

PHILIPPINE PEÑABLANCA

REFORESTATION PROJECT

SUSTAINABLE

7,260 ac (2,940 ha

The project, which involves reforesting degraded lands over 30 years, is home to many threatened species, including the national bird, the Philippine eagle.

SURUÍ FOREST CARBON PROJECT

location: RONDÔNIA & MATO GROSSO, BRAZIL type: REDD/AVOIDED CONVERSION avoided emissions (of CO₂ equivalent):

,423,806

This pioneering initiative is intended to improve the quality of life for the Paiter Suruí and preserve their culture while implementing a strategy for forest conservation. See p. 9 for more.

ULU MASEN ECOSYSTEM

location: ACEH, INDONESIA type: AVOIDED DEFORESTATION area:

1,853,000 ac

Protecting one of the largest contiguous forest blocks in Indonesia, this project features a redesigned concession system, a temporary logging moratorium and community-based forest management.

The six projects detailed on this map are a representative sample of our 61 active projects. Detailed information on more carbon projects can be found at rainforest-alliance.org/climate/projects/forest-carbon

ALIGHTER FOOTPRINT, AGRENER JOURNEY



"Working with the Rainforest Alliance

helps set us apart

service to the ecomovement and

gives us credibility."

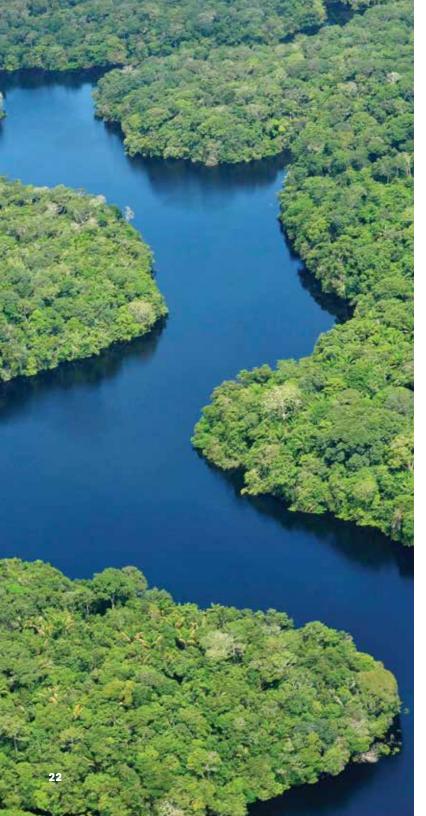
MARTIJN PRIESTER

GENERAL MANAGER

OF TOTOCO

from those who

pay mere lip



FOREST DWELLERS PREPARE FOR BIG **CHANGES**

The rainforest surrounding Brazil's Baixo Rio Negro is an Amazonian storehouse of biological treasures, including endangered hyacinth macaws, caimans, capybaras and even jaguars. Traditionally, the abundance of the land surrounding the world's largest black-water river sustained nearby communities, but today rural families are struggling to get by on meager earnings from fishing and agriculture, and many have resorted to illegal logging.

As Brazil prepares for a huge influx of visitors for the 2014 World Cup and the 2016 Summer Olympics, the Rainforest Alliance is working with Baixo Rio Negro forest communities near the Anavilhanas Archipelago National Park to develop their sustainable tourism infrastructure as a defense against the environmental threats associated with heavy tourism. We are providing training, in collaboration with local NGOs belonging to the

Community-Based Tourism Forum of Baixo Rio Negro, to help community enterprises raise their business practices to our sustainable tourism verification standard and turn profits that will diminish the need to engage in destructive logging.

We want tourism that will help us preserve our pink dolphins and our forests," say María Silvana and Trico Evangelista Cruz, participants in the program. "Tourism that will contribute to the development of our community, improve our lives and generate income for our families. This workshop has helped us learn from each other how to better manage our tourism activities."

The Baixo Rio Negro initiative is one example of the Rainforest Alliance's proven sustainable tourism strategy, which has enlisted 35 local communities in protecting an estimated half a million acres (more than 202,000 hectares) of valuable ecosystems. By providing an economic alternative to logging, sustainable tourism creates incentives for conservation and contributes to climate change mitigation by alleviating stresses on the forests and conserving valuable carbon stocks.



helps set us apart from those who pay mere lip service to the eco-movement and gives us credibility." Totoco's success offers a snapshot of our efforts to

foster the growth of sustainable tourism around the world. In September 2011, the Rainforest Alliance launched Tour Operators Promoting Sustainability (TOPS), a global network of tour operators committed to conserving valuable ecosystems by supporting businesses like Totoco.

TOPS members—now 21-strong—are working with the Rainforest Alliance to green their tours, as well as the destinations where they operate, by giving priority to Rainforest Alliance Verified™ enterprises in their tour packages. TOPS members also participate in international activities to communicate their commitment to sustainable tourism development in the marketplace. The impressive vitality TOPS has demonstrated in its first year promotes integrity in the sustainable tourism industry and nurtures the long-term success of businesses like Totoco Ecolodge.

When three friends came together a few years ago to build the Totoco Ecolodge, they envisioned a business that would thrive in harmony with the verdant wetlands, cloud forests and other precious ecosystems of Ometepe Island, a volcanic landmass that rises from the middle of Lake Nicaragua. They installed gray-water recycling, composting systems and solar panels, and they launched local community education and health programs.

To prevent carbon emissions and protect the abundance of migratory birds and monkeys that have helped earn Ometepe its status as a UNESCO Biosphere Reserve, they avoided deforestation entirely when constructing the buildings. Thanks to these and other environmental, social and economic initiatives, Totoco Ecolodge received the Rainforest Alliance verification mark confirming the ecolodge's commitment to sustainability. It is now one of more than 40 hotels in Nicaragua that receive our assistance in green marketing.



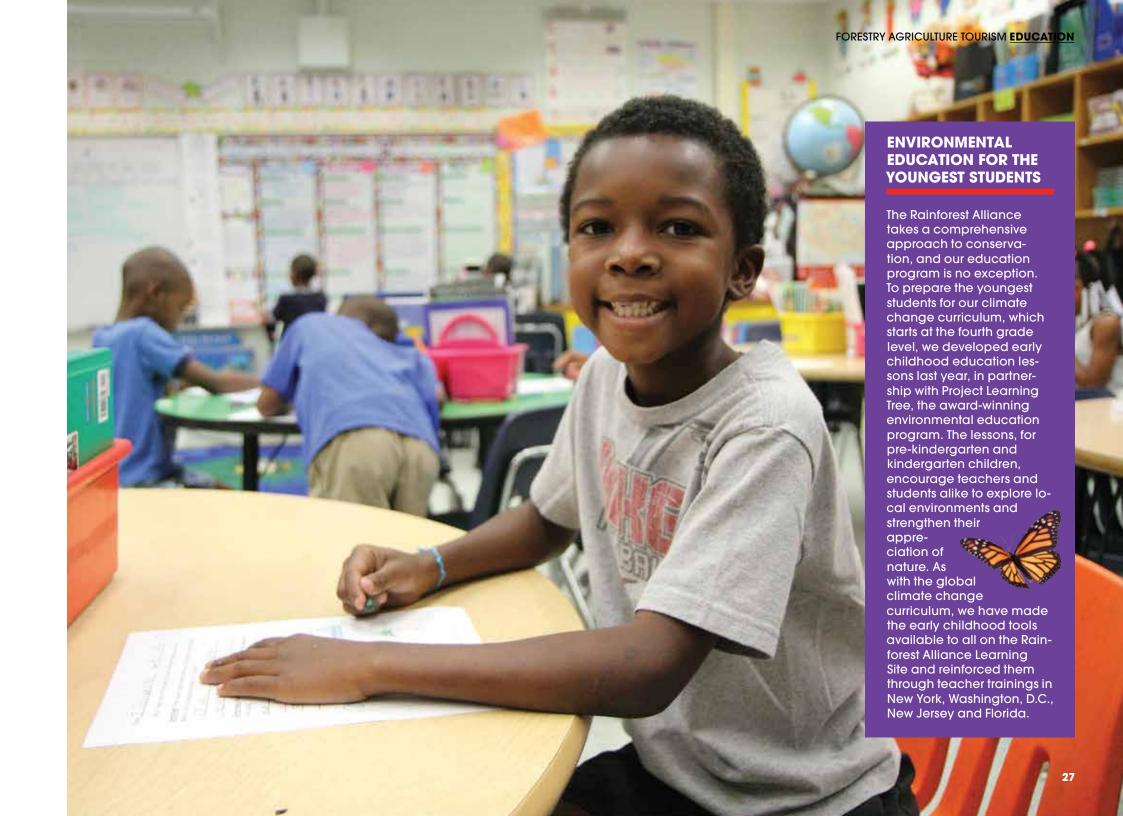


SHAPING THE NEXT GENERATION

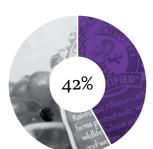
Forest communities, indigenous peoples and smallholder farmers are front and center in the fight against climate change, and engaging them in both policy and practice is critical to the success of any mitigation effort. With this in mind, the Rainforest Alliance took our global climate change curriculum to Ghana's western cocoa-growing region for a series of training workshops. The workshops were part of a larger initiative to adapt the lessons to the region.

Twenty-five teachers traveled to Juabeso from surrounding rural communities to participate in our "train-the-trainer" sessions before returning home to share what they learned with fellow teachers in their own communities. These teacher-trainers also provided important feedback to our staff in Ghana, who adapted the global curriculum by translating key concepts (carbon dioxide, for example, is "bad air" in the Twi language) and studying government maps showing changes in Ghana's own forest landscapes.

Our education work in Ghana exemplifies our "local-to-global" approach—one that drives home the relevance of a global problem like climate change in meaningful local terms: how it affects growing seasons and a community's food security, for example. We focus on teachers not only because they are shaping the next generation, but also because they are respected thought leaders in their communities.



CONSUMER RECOGNITION IN THE UNITED STATES



consumers recognize the Rainforest Alliance Certified™ seal



A CULTURE OF MINDFUL CONSUMPTION

Market research indicates that we are in the midst of a green revolution that is ushering in an era of "mindful," rather than mindless, consumption. According to Havas Worldwide's 2012 New Consumer Study, 50 percent of shoppers surveyed in seven countries, ranging from Brazil and Japan to the United States, now believe it is essential to feel good about the companies with which they do business. Fifty-seven percent prioritize buying from businesses whose values mirror their own.

To support this growing group of conscientious consumers, the Rainforest Alliance has launched Shop the Frog, a web-based directory of Rainforest Alliance Certified™ products available around the world. Shop the Frog helps consumers find sustainably produced goods and support a healthy environment, worker protections and community benefits with their purchases. It also increases the visibility of the Rainforest Alliance Certified seal and expands the marketing reach of retailers that carry certified products.

Shop the Frog features more than 500 brands, retail locations and online retailers, and it includes a diverse array of goods, from beauty balms made with Rainforest Alliance Certified oils to fruit smoothies blended with bananas from Rainforest Alliance Certified farms. Among the latest additions to the Rainforest Alliance Certified portfolio on Shop the Frog: Dagoba Organic Chocolates, Balance Bar energy bars, Hershey's Bliss chocolates and Teekanne tea.

Shop the Frog is just one of the many strategies we employ to connect conscientious consumers with responsible companies and harness market forces to reinforce the long-term success of the green revolution.







FOLLOW THE FROG

Conservation of the world's forests is a cause that rouses the passions of a broad range of personalities, as the Rainforest Alliance demonstrated during our second annual Follow the Frog Week. From New York City to London, friends and fans joined a series of inspiring events and promotions in September celebrating the Rainforest Alliance's holistic approach to sustainability.

We encouraged individuals and companies to take an important step toward their more sustainable future: choose Rainforest Alliance Certified[™] food, beverages, wood and paper products; watch and share our Follow the Frog Week video; or support our programs by becoming a member.

The centerpiece of the 2012 campaign was the laugh-out-loud video that was written and directed by Max Joseph. The Los Angeles-based filmmaker, who has screened films at Sundance and Telluride, promoted a simple message: you don't have to go to

the ends of the Earth to save the planet. The video got more than 1 million views on YouTube within a few months and was selected as a winner in TED's 10 Ads Worth Spreading challenge. Leonardo DiCaprio, Susan Orlean, Stephen Fry and Michael Pollan tweeted the video, along with the message of sustainability, to their fans.

Companies committed to Rainforest Alliance certification and verification also played a vital role in the success of the campaign. Many hosted Follow the Frog Week events and promotions, including discounts on Rainforest Alliance Certified products and Rainforest Alliance Verified™ travel, while others took to their Facebook pages and Twitter feeds to share our video, discuss their sustainability commitments and educate fans about key conservation issues.

www.rainforest-alliance.org/followthefrog

28

Contributions over \$1,000,000

Global Environment Facility (GEF) Inter-American Development Bank (IDB) The Multilateral Investment Fund (MIF), a member of the IDB Group **United Nations Development** Programme (UNDP) **United Nations Environment** Programme (UNEP) United States Agency for International

Development (USAID)

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State (DOS)

30

Weaver Family Foundation Robert W. Wilson Z Zurich Foundation

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31

Nick Rivera

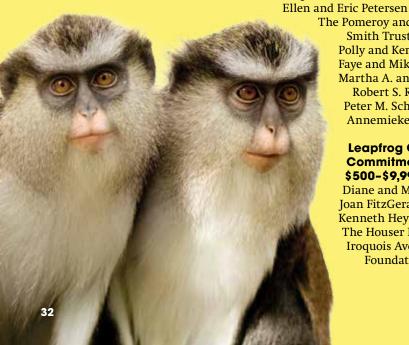
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Leapfrog Campaign Commitments \$500-\$9,999

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Collaborators at Origin over \$100,000

Estée Lauder Companies, Inc. IKEA Mars, Incorporated NESCAFÉ Nestlé Nespresso SA Ojon Corporation Olam International Ltd. Tata Global Beverages Unilever

Collaborators at Origin \$10,000-\$99,999

Tchibo

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Events over \$10,000 Anonymous Blommer Chocolate Company Bloomberg Candlewood Timber Group, LLC Caribou Coffee Company Central National–Gottesman Foundation Chiquita Brands International Clearwater Paper Columbia Forest Products Daterra Coffee Sandy and Roger Deromedi Domtar Ecom Group / Atlantic USA Inc. Fadco Consulting Inc. Forestal Mininco S.A. The Forestland Group LLC Goldman, Sachs & Co.

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33

A BOLD VISION FOR EXPANSION



\$20 million in donations from people like you...



allows us to accept \$60 million from governments and foundations...



to maximize our conservation impact

In May 2012, we officially launched the Leapfrog Campaign, the first endeavor of its kind at the Rainforest Alliance. The Leapfrog Campaign will raise \$20 million from individuals to secure an additional \$60 million in grants from governments and multilateral funders to grow our fieldwork.

Right now the Rainforest Alliance has the opportunity to significantly expand its reach to new crops, communities and ecosystems. Some of our biggest funders have allocated up to \$60 million to help us meet our goals. But those grants don't cover basic needs like training staff, measuring our impact or communicating results. In order to accept these funds, we are raising an additional \$20 million from individuals. That's money that will directly support our work on the ground, building a new way of doing business that protects people and the planet.

Since awarding our first certification for a large-scale tea farm in 2009, we have now increased Rainforest Alliance Certified™ tea to 9.6 percent of the global market share. We are likewise working to bring 10 percent of the world's cocoa into sustainable production, while having similar success in the coffee and forestry industries. Campaign funding will further enable the Rainforest Alliance to

play a leadership role in new sectors, such as cattle, palm oil, sugar, soy and biofuels.

Thanks to Leapfrog Campaign resources, the Rainforest Alliance is also making investments to maximize our programs' benefits, such as recent improvements in farmer and auditor training systems, as well as monitoring and evaluation tools to measure and refine our

approach.

To date, we have reached nearly 75 percent of our \$20 million goal for the Leapfrog Campaign, and with the help of our friends and supporters, we look forward to raising the remaining \$5.2 million. Investments in the Leapfrog Campaign and our vision for the future make it possible for us to do what we do best—develop solutions that create jobs, improve lives and protect our Earth.

We are pleased to acknowledge the donors who have made generous commitments to the Leapfrog Campaign on page 32.



Through the Leapfrog Campaign, we plan to...

- Protect an additional 100 million acres of forestland
- Develop new certification standards
- Establish hundreds more alliances with companies
- Educate millions of children about their role in global conservation
- Engage tens of millions of consumers in making responsible choices

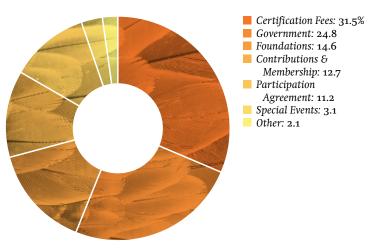
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FINANCIAL SUMMARY

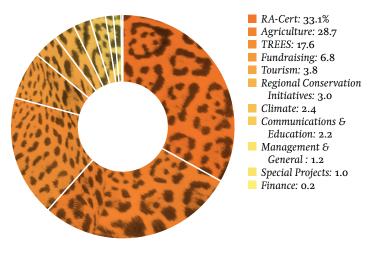
As of June 30, 2012 (with comparative totals for fiscal year 2011)

Revenue and Support	2012	2011
Foundations and Corporate Grants	\$6,425,087	\$7,193,040
Government Grants & Contracts	10,896,468	10,812,889
Contributions & Membership	5,564,484	4,595,295
Special Events – Net	1,352,399	1,314,236
Certification Fees	13,838,314	13,191,703
Participation Agreement	4,911,777	1,011,977
Other	916,395	1,293,042
Total Revenue and Support	\$43,904,924	\$39,412,182
Expenses		
Sustainable Agriculture	\$11,875,245	\$11,535,355
RA-Cert	13,673,994	11,257,411
TREES	7,269,621	6,038,713
Sustainable Tourism	1,553,465	2,081,059
Climate Initiatives	1,000,587	664,014
Communications & Education	921,427	1,183,665
Special Projects	415,811	704,821
Regional Conservation Initiatives	1,234,532	1,432,292
Sustainable Finance	98,515	48,250
Total Program Expenses	38,043,197	34,945,580
Fundraising	\$2,812,514	\$2,614,987
Management & General	513,342	360,369
Total Expenses	\$41,369,053	\$37,920,936
Change in Net Assets	+ \$2,535,871	+ \$1,491,246
Net Assets, Beginning of Year	\$6,408,309	\$4,917,063
Net Assets, End of Year	8,944,180	6,408,309

REVENUE AND SUPPORT BY CATEGORY



EXPENSES BY CATEGORY



ACKNOWLEDGMENTS

Sustainable Agriculture Network Partners

Conservación y Desarrollo, Ecuador

Fundación Interamericana de Investigación Tropical (FIIT), Guatemala

Fundación Natura, Colombia

Instituto para la Cooperación y Autodesarrollo (ICADE), Honduras

Institute for Agricultural and Forestry Management and Certification (IMAFLORA), Brazil

Nature Conservation Foundation, India

Pronatura Sur A.C., Mexico

Rainforest Alliance

SalvaNATURA, El Salvador

Forestry Partners

Institute for Agricultural and Forestry Management and Certification (IMAFLORA), Brazil

Nature, Ecology and People Consult (NEPCon), Denmark





Infographic Sources

 $p.\ 6$ Mattel, Inc. • $p.\ 9$ Intergovernmental Panel on Climate Change • $p.\ 13$ IndexMundi • $p.\ 17$ Committee on Sustainability Assessment • $p.\ 18$ Atmospheric CO $_2$ vs. Global Temperature Anomaly: National Oceanic and Atmospheric Administration; Global Population vs. Arable Land: UN Population Division, Food and Agriculture Organization of the UN; Projected Temperature Increase: National Oceanic and Atmospheric Administration; Global Sea Level: National Climate Assessment Development Advisory Committee • $p.\ 19$ Rainforest Alliance • Fold-Out Emissions Reductions Equivalent to Cars: Environmental Protection Agency; all others: Rainforest Alliance • $p.\ 28$ Natural Marketing Institute

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