

RAINFOREST ALLIANCE CHAIN OF CUSTODY STANDARD

**Applicable for Supply Chain Actors within
the Chain of Custody Scope**

Draft Chain of Custody standard – for External Consultation

INTRODUCTION

VISION OF THE CHAIN OF CUSTODY

This document presents the draft of the Rainforest Alliance Chain of Custody standard. The new proposal for the Chain of Custody standard and certification system aim to improve transparency and provide accountability throughout the supply chain. This new system is created to be adaptable to the context in which supply chain actors are operating. Through increased accountability posed to actors, human rights and environmental conditions improve along the supply chain.

DRAFT OF CHAIN OF CUSTODY STANDARD

With the merging of our two certification systems, an in-depth assessment of the Rainforest Alliance and UTZ Chain of Custody criteria was conducted to align the core criteria needed for the new organization. The Chain of Custody standard proposal as presented below is a culmination of review of both pre-merger organization Chain of Custody standards, the incorporation initial feedback and insights into global trends for Chain of Custody standard setting. This consultation will focus on feedback from a diverse range of stakeholders, including actors across the supply chains of relevant products. It is important to note that this draft of the Chain of Custody Standard will be piloted in several different regions to explore the feasibility, capacity and practicality of implementation. As such, the proposals outlined in this document are subject to change for the final draft based on alignment with the Rainforest Alliance strategy and capacity to support the new Chain of Custody program.

SCOPE OF THE CHAIN OF CUSTODY STANDARD

The Chain of Custody standard is developed to maintain traceability of Rainforest Alliance products throughout the supply chain, support the mission of improving farmer livelihoods, and ensure credibility of the Seal. The full scope of Chain of Custody is yet to be finalized as there are

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pending decisions to be made regarding sustainable buying practices (including those of retailers) and feedback from piloting. Our current proposal is that Chain of Custody begins with the first change in legal ownership after the farm. However, as detailed below, there are instances where primary processors may be audited against applicable human rights and environmental criteria defined by the Sustainable Agriculture Standard but will still be within the scope of Chain of Custody.

KEY FEATURES OF THE NEW RAINFOREST ALLIANCE CHAIN OF CUSTODY STANDARD

Assurance

Chain of Custody as part of the Rainforest Alliance re-imagined certification is comprised of several elements beyond the standard. Those elements include the assurance strategy based on a context-specific risk assessment tool and a tailored verification plan. An important pillar of 'reimagining certification' is the collection and verification of credible and useful data and compliance evidence. Assurance is geared toward identifying where the highest risks lie within the supply chain to establish efficiencies for third party auditors or internal verification checks. The intent is not to lower the involvement of certification bodies, but to target their efforts more effectively. A robust assurance system is imperative to ensuring the credibility of the Rainforest Alliance Seal and the Chain of Custody standards that are set behind it.

Context-Specific Risk Assessment

As part of the assurance system, data will be collected through the risk tool which will be comprised of a questionnaire that captures activities, location and other features specific for each individual actor. A combination of automatized system checks and detailed review from regional internal experts and partnering certification bodies will provide initial verification of the registered data to ensure accuracy of the resulting member profile. The activities along with the actor's role (first buyer vs. retailer, e.g.) and their physical location will determine two important components of the Chain of Custody certification process: The applicable Chain of Custody standard criteria and the verification plan. The first component is the criteria necessary for that actor to be audited against while the second defines the intensity at which the information provided will need to be verified. Non-applicable criteria will be removed from the member profile to increase efficiency. The verification plan and criteria check list will be provided to the supply chain actor for review and self-assessment in preparation for verification.

THE CHAIN OF CUSTODY CRITERIA ARE BROKEN DOWN INTO THREE CATEGORIES:

1) Core Criteria

Core criteria are applicable to all actors within the scope of Chain of Custody. However, based on activities, some criteria may be removed from a supply chain actor's verification plan if the risk mapping tool deems it non-applicable. As an example, the criteria related to mass balance administration become non-applicable if it has been verified that a company is working only with segregated certified product.



2) Mandatory (Context Specific) Criteria

Mandatory criteria are applicable only to those primary processors identified to be requiring additional human rights and environmental criteria according to risk mapping.

3) Self-selected Criteria

Self-selected criteria are applicable for those actors that wish to demonstrate sustainability achievements on topics pre-defined through a selection of mandatory criteria (category above) but are not required to do so based on their designated low risk.

Figure 1 below demonstrates the breakdown of the categorized criteria.

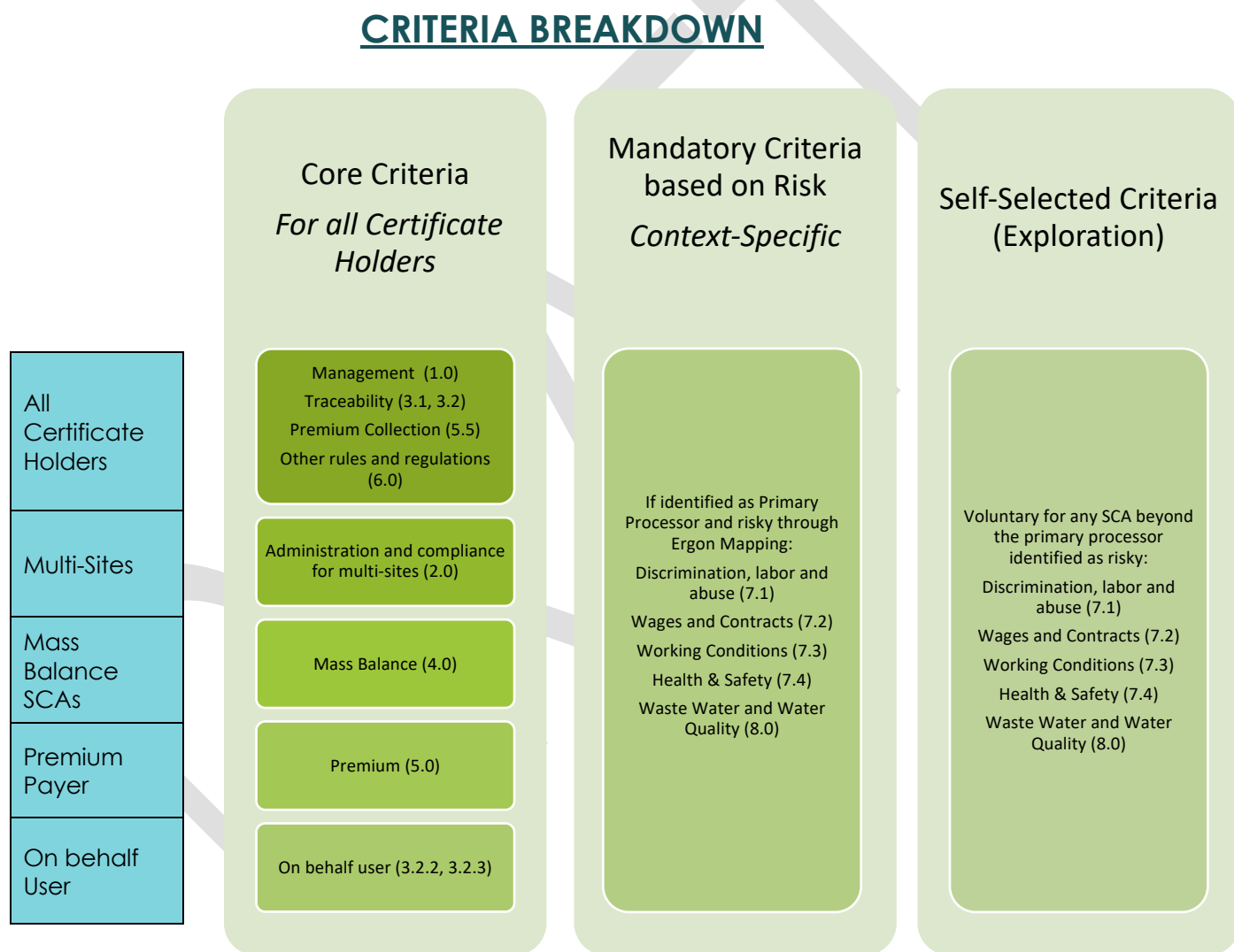


Figure 1.

Human rights and Environmental Criteria



The Standard criteria presented below also includes a selected set of criteria carried over from the human rights and environmental chapter of the Rainforest Alliance Sustainable Agriculture standard. Those are included in this draft to address scenarios where entities and processes are moved outside the scope of the farm to avoid compliance with human rights and environmental criteria along with compelling feedback around the inclusion of criteria on working conditions and other labour-related topics. Adding the criteria to the new Chain of Custody standard as well as using our risk mapping tool can help to keep these actors accountable for compliance with important human rights and environmental criteria. This accountability for supply chain actors not only addresses the demand for inclusion of these important criteria further down the supply chain but also identifies and lowers risk for the organization.

Rainforest Alliance has categorized forced labour, child labour and gender as priority topics and as such, criteria around these topics required, when corresponding risks are identified. Finally, due to explicit feedback concerning waste water, particularly in the coffee sector, criteria around this topic will be applicable to those supply chain actors identified as a risk. Based on the results of the risk mapping tool, supply chain actors identified as primary processors and assessed to be high risk through risk maps will see the additional human rights and/or environmental criteria appear as mandatory in their verification plan. Supply Chain Actors will have an opportunity to upload certificates and audit reports demonstrating that they have addressed these criteria through other certification schemes that Rainforest Alliance recognizes. There will also be an opportunity during the self-assessment phase of certification for the SCA to submit any additional evidence they have to demonstrate that they have already taken measures to comply with those requirements.

While having included these criteria, the context around compliance with them is still to be developed as it may be necessary to use a stepwise approach toward full compliance.

For any other actor that is not identified as risky, the applicability of additional human rights and/or environmental criteria is not mandatory. Any criteria may be selected by those supply chain actors that want to showcase sustainability achievements beyond what is mandated through the core Chain of Custody. With the Rainforest Alliance being at the forefront of sustainability certification, the intent to incorporate sustainability-related criteria into the Chain of Custody is an essential first step.

Premium

The Rainforest Alliance has identified incorporating a mandatory premium into certification as an important step toward providing accountability within the supply chain for sustainable prices paid to farmers.

At an overall level, the criteria around the topic of premium as presented below aim to create improved transparency on premium paid within the supply chain. Data on premium amounts paid will be collected through the traceability platform and confirmed through the methods specified in the companies' customized verification plan. Based on the insight provided by this data, the Rainforest Alliance will be able to identify next steps that shall eventually lead to a sustainable price paid for certified product to the producer. Premiums are only one important element to move towards producers being able to participate in a more sustainable trade system. In order to bridge this gap, an additional Chain of Custody element currently being explored is around sustainable buying/contracting practices that may become applicable to SCAs, concrete criteria are not included in this draft but are being explored.



ADDITIONAL DEVELOPMENT TO OCCUR BEFORE THE FINAL VERSION

The Chain of Custody standard and certification process will be a combination of risk-based approaches, customized criteria, verification methods and the surrounding assurance system. The following are currently being executed and/or will be developed to further strengthen the proposed Chain of Custody certification system:

1. Pilots of both the sustainable agriculture and Chain of Custody Standard to demonstrate a cohesive certification system and to understand the complexities around real world applications of each standard with the intent to “bridge the gap”.
2. The first draft of the Chain of Custody policy that outlines Chain of Custody-related auditing rules and requirements for certification bodies.
3. Risk assessment tool that identifies necessary criteria based on the activities indicated in the risk profile in order to provide a tailored verification plan and that allows for data review by either Rainforest Alliance or certification body staff.
4. Improvements of the verification plan and further refinement of the assurance system.

CHAPTER 1: MANAGEMENT

Core Criteria
(1.1) The SCA has a clearly documented and implemented management system, which addresses each applicable Rainforest Alliance Chain of Custody criteria. Documented procedures include control of products for all applicable processes under the scope to maintain product integrity in accordance with the Rainforest Alliance claim.
(1.2) The workers involved with the handling and processing of products are identified and shall demonstrate that they have been trained and have the knowledge and skills to effectively implement the SCA’s Chain of Custody Management System.
(1.3) All records requested in relation to Chain of Custody compliance including but not limited to: Invoices, shipping documents, conversion rates, volume accounting, complaints, etc. are kept for a minimum of two certification cycles.
(1.4) The SCA shall document and implement a procedure for receiving and resolving complaints regarding its conformance with this standard including notification to Rainforest Alliance.

CHAPTER 2: ADMINISTRATION AND COMPLIANCE FOR MULTI-SITES

Core Criteria
(2.1) The multi-site administrator shall have a process for managing the sites and related staff within the multi-site certificate to ensure site compliance with the Chain of Custody Standard. This includes but is not limited to addressing non-conformities, sanctioning sites and monitoring training.
(2.2) Multi-site administrator shall maintain a list of sites to be included in the certificate with the following information: Risk result, addresses, scope, and staff responsible for implementation at that site. Consent forms for sites not under common ownership are required, if applicable.
(2.3) The multi-site administrator shall conduct an annual self-assessment for all new and existing sites to assess compliance.



CHAPTER 3: TRACEABILITY

3.1 TRACEABILITY AT OPERATING LEVEL

Core Criteria
(3.1.1) The SCA shall implement a system for identifying the products sold with a Rainforest Alliance Certified claim by means of physical or visual identification.
(3.1.2) The SCA shall provide a volume summary of product sold with a Rainforest Alliance claim within the previous 12 months. This shall include inputs, volume purchased, in stock, processed, outputs, lost and sold (as applicable).
(3.1.3) The SCA shall have a process in place to ensure that at any moment in time output volume with a Rainforest Alliance claim does not exceed certified volume inputs.
(3.1.4) The SCA shall demonstrate and maintain a record of the methodology for the calculation of conversion factors for each certified product.
(3.1.5) The SCA shall ensure documentation includes Rainforest Alliance claim with percentage and traceability type when there is a change in legal ownership and/or physical possession of the product.
(3.1.6) The SCA shall not partake in double selling of volumes and has a process to ensure that any product sold under another scheme or sustainability initiative is not also sold with a Rainforest Alliance claim. The SCA shall remove those volumes from the traceability platform.
(3.1.7) SCA shall present evidence that any Rainforest Alliance claim made is valid and complies with Rainforest Alliance certification program requirements.

3.2 TRACEABILITY IN ONLINE PLATFORM

Core Criteria
(3.2.1) The SCA shall use traceability platform to declare sales and activities undertaken on the certified product with a Rainforest Alliance claim as close as possible to the time of shipment. Transactions must be issued at latest at the end of the quarter within which the corresponding sales were performed.
(3.2.2) SCAs shall provide written confirmation from the Farm/Group certificate holders that grants on behalf user rights to the SCA.
(3.2.3) SCAs with on behalf user rights for producers shall comply with applicable traceability criteria of the Standard and associated guidance.
(3.2.4) SCAs shall remove volumes from the traceability platform that are either lost or sold without a Rainforest Alliance Certified claim.
(3.2.5) SCAs combining several shipments into one transaction shall provide sufficient information to distinguish the shipments within the transaction.
(3.2.6) SCAs shall comply with additional specifications provided for the applicable crop.

CHAPTER 4: MASS BALANCE

Core Criteria
(4.1) SCA shall only convert volume credits for processes that are possible in reality.
(4.2) SCA shall ensure that the volume of product sold as mass balance is equivalent to 100% of the ingredient in the recipe, this applies to any third party manufactured inclusions for the crop claimed as Rainforest Alliance.

CHAPTER 5: PREMIUM

Core Criteria
(5.1) The SCA identified as responsible for the premium payment shall ensure that the Farm/Group certificate holder receives a premium.



(5.2) The premium payer shall have a contract with the Farm/Group certificate holder in which premium amount payable, payment conditions and recording of payment evidence are agreed upon.
(5.3) Premium shall be paid within 3 months after change of legal ownership from Farm/Group certificate holder to first buyer.
(5.4) The premium payer shall provide evidence of both the premium paid and written acknowledgement for receipt from Farm/Group certificate holder. This premium amount shall correspond with the premium(s) identified on sales related documentation.
(5.5) The premium amount paid shall be entered into the traceability platform.

CHAPTER 6: COMPLIANCE WITH OTHER RULES AND REGULATIONS

Core Criteria
(6.1) The SCA shall maintain a list of all their current subcontractors and suppliers and verify that those have a valid certificate - when required - at the moment of a transaction or activity.
(6.2) The SCA shall not be in material violation of any applicable laws relating to certified products including, without limitation, laws relating to the environment, occupational health and safety, and labour.
(6.3) The SCA shall declare that there is no material violation of any applicable laws through a signed declaration.
(6.4) The SCA shall comply with the Rainforest Alliance labelling policy and obtain approval for on and off product trademarks prior to use.

CHAPTER 7: HUMAN RIGHTS

7.1 ASSESS AND ADDRESS: DISCRIMINATION, FORCED LABOR, CHILD LABOR, WORKPLACE HARASSMENT AND ABUSE

Forced labor, child labor, discrimination and all forms of workplace harassment and abuse are prohibited. The SCA

Mandatory Criteria/ Self-Selected Criteria
(7.1.1) Communication: management appoints a person/ committee accountable for discrimination, child labor, forced labor, and workplace harassment and violence. This person/committee provides awareness raising to the management and staff on these concepts and the rights and responsibilities under the standard. (Sustainable Agriculture Standard Criteria 3.1.1)
(7.1.2) Risk Mitigation: for risks identified through the risk assessment (requirement 1.3), mitigation measures are implemented in accordance with the RA Mitigation Tool and included in the Management Plan. (Sustainable Agriculture Standard Criteria 3.1.2)
(7.1.3) Monitoring: a monitoring system is in place to verify whether the risk mitigation activities are effective in reducing the risk(s) identified in requirement 1.3 and to identify incidents of discrimination, child labor, forced labor, and workplace harassment and violence on an ongoing basis. The intensity of the monitoring system is proportionate to the level of risk. (Sustainable Agriculture Standard Criteria 3.1.3)
(7.1.4) Remediation: known cases of discrimination, child labor, forced labor, and workplace harassment and violence are remediated and documented in accordance with RA Remediation Protocol and included in the Management Plan. (Sustainable Agriculture Standard Criteria 3.1.4)



7.2 WAGES AND CONTRACTS

Mandatory Criteria/ Self-Selected Criteria
<p>(7.2.1) Permanent workers and workers who are employed for more than 3 consecutive months have an employment contract signed by both the employer and the worker. Verbal agreements are acceptable instead of written contracts, if they create legally binding employment relationships under national law. The employer keeps records of verbal agreements with the main terms.</p> <p>Employment contracts contain at minimum: job description and title; working hours; pay rate; overtime regulation; social benefits entitlements and deductions; annual paid leave; sick leave; protections in case of illness, disability or accident, and a notice period of termination.</p> <p>(Sustainable Agriculture Standard Criteria 3.3.1)</p>
<p>(7.2.2) Workers have access to information regarding their rights and duties as stipulated in their employment contracts or verbal agreements, the type of deductions made to their wages, regular hours worked, overtime hours worked, benefits, including in-kind benefits.</p> <p>(Sustainable Agriculture Standard Criteria 3.3.2)</p>
<p>(7.2.3) Workers receive at least the applicable minimum wage or the wage negotiated in a Collective Bargaining Agreement, whichever is higher. For production, quota or piece work, the pay rate equals at least a minimum wage based on a 48-hour working week. Information about this pay rate is transparent and available for all workers. In those countries where the minimum wage is not adjusted yearly, it is adjusted yearly for inflation based on the national inflation rate.</p> <p>(Sustainable Agriculture Standard Criteria 3.3.3)</p>
<p>(7.2.4) Deductions from wages are permitted only if provided by national law, fixed by Collective Bargaining agreement or with the expressed permission of the worker concerned. Deductions from wages as a disciplinary measure are not permitted, nor to cover costs of tools, equipment or gear required to perform workers' duties.</p> <p>In-kind benefits must be in accordance with national law, but not exceeding 30% of the total remuneration.</p> <p>(Sustainable Agriculture Standard Criteria 3.3.4)</p>
<p>(7.2.5) Workers are paid regularly at scheduled intervals determined by the employer, but at least monthly. Payments are documented with a pay slip or other suitable wage record to allow verification. Female and male workers receive equal pay for equal work or work of equal value.</p> <p>(Sustainable Agriculture Standard Criteria 3.3.5)</p>

7.3 WORKING CONDITIONS

Mandatory Criteria/ Self-Selected Criteria
<p>(7.3.1) Workers do not work more than eight regular hours per day, and forty-eight regular hours per week. Workers have a break of thirty minutes after six consecutive hours of work and one day off after six consecutive days of work.</p> <p>The regular work hours of the guards should not exceed fifty-six hours per week on an average per year.</p> <p>Hours of Work (Industry) ILO - Convention, 1919 (No. 1)</p> <p>(Sustainable Agriculture Standard Criteria 3.5.1)</p>
<p>(7.3.2) Overtime work is voluntary and only permitted if:</p> <ul style="list-style-type: none"> - It is requested in a timely manner, at least 24 hours in advance - It is not requested on a regular basis - It is paid according to national law or collective bargaining agreement, whichever is stricter. In absence of applicable law, it is paid at 1.5 times the regular wage level. - The work can be carried out without increased risk to safety and health - Workers have safe transport home after work - Overtime does not exceed 12 hours per week, nor 6 hours per day



- In exceptional circumstances, e.g. peak production periods or changing weather conditions, for a maximum period of 12 weeks per year, overtime can be up to 24 hours per week, and workers can have maximum 14 consecutive days of work.
- A record of the number of regular hours and overtime hours of each worker is kept

ILO Conventions Hours of work 1919 No. 1 and No. 30
 ILO Code of practice on safety and health in agriculture, 2010, art. 19.2

(Sustainable Agriculture Standard Criteria 3.5.2)

7.4 HEALTH & SAFETY

Mandatory Criteria/ Self-Selected Criteria

(7.4.1) Persons are enabled to work safely (e.g. in difficult terrains or with machines or with hazardous materials) using appropriate Personal Protective Equipment (PPE). Such persons are trained on the use of the PPE. Workers have access to the PPE free of charge.

Workers may leave situations with imminent danger without seeking employer's permission and are not subject to penalties.

(Sustainable Agriculture Standard Criteria 3.6.1)

(7.4.2) Machines have clear instructions on safe usage that can be understood by the workers, and their dangerous parts are guarded or encased. Workers using such machines are appropriately trained.

(Sustainable Agriculture Standard Criteria 3.6.2)

(7.4.3) Women who are pregnant, nursing or have recently given birth are not assigned to activities that pose risk to the woman's, fetus's or infant's health. In cases of job reassignment, there is no reduction in remuneration.

Mandatory pregnancy tests are not allowed.

(Sustainable Agriculture Standard Criteria 3.6.3)

(7.4.4) A clear and written accident and emergency procedure is in place. It includes marked fire exits and evacuation maps. Management effectively informs workers about this procedure. Clear and permanent warning signs are placed at central locations to indicate potential hazards.

(Sustainable Agriculture Standard Criteria 3.6.4)

(7.4.5) Workers have access to sufficient and safe drinking water through one of the following means:

- A public drinking water system, or
- Drinking water provided by the management, compliant with drinking water parameters as set by the WHO, based on testing preceding each Rainforest Alliance certification audit and any time that water contamination risks have occurred.

Drinking water sources are protected and, water distribution mechanisms are maintained to avoid contamination.

Stored water is protected against contamination by a lid and is refreshed at least once a day.

(Sustainable Agriculture Standard Criteria 3.6.5)

(7.4.6) Sufficient, clean and functioning toilets and hand washing stations are provided on production, processing, maintenance and office sites. These facilities are separated by gender. Safety and privacy of vulnerable groups is ensured, at least by well-lit and lockable facilities. Workers are allowed to frequent these facilities when needed.

(Sustainable Agriculture Standard Criteria 3.6.6)

(7.4.7) Trained first aid employees and appropriate first aid boxes are available to workers for treatment of work-related injuries and emergency health care free of charge. This includes transport to and treatment in a hospital if the nature of the injury requires this. The boxes are placed at central locations of production, processing, and maintenance sites. For emergency situations, appropriate measures including showers and eye-washes are present.

(Sustainable Agriculture Standard Criteria 3.6.7)

(7.4.8) The number and type of occupational health and safety incidents are recorded (specified for men and women) and include incidents related to pesticide and input use.

(Sustainable Agriculture Standard Criteria 3.6.8)



(7.4.9) Workers who regularly handle hazardous pesticides receive a medical examination at least once a year. In case of regular exposure to organophosphates or carbamate pesticides, the examination includes cholinesterase testing. Workers have access to the results of their medical examination.
(Sustainable Agriculture Standard Criteria 3.6.9)

CHAPTER 8: WASTEWATER AND WATER QUALITY

Mandatory Criteria/ Self-Selected Criteria

(8.1) Wastewater from processing operations is not discharged into aquatic ecosystems unless it meets the Rainforest Alliance industrial wastewater parameters. Wastewater tests are conducted at all exit points and recorded during operations. Central mills and mills in estates quantify the amount of water used for processing operations.

(Sustainable Agriculture Standard Criteria 4.5.1)

(8.2) Wastewater from newly established processing operations is not applied to land with very sandy or highly permeable soils, where slopes exceed 8%, or where the water table is seasonally or permanently high. Wastewater from processing operations may not be applied to soil unless it has undergone treatment to remove particulates and toxins and to reduce acidity and complies with additional Rainforest Alliance industrial wastewater parameters for irrigation. Wastewater from processing operations may not be mixed with clean water for the purpose of meeting Rainforest Alliance industrial wastewater parameters.

Existing processing operations take measures to mitigate the risks of soil erosion or contamination

(Sustainable Agriculture Standard Criteria 4.5.2)

(8.3) Untreated sewage is not discharged into aquatic ecosystems. Human sewage is not used in production or processing activities.

(Sustainable Agriculture Standard Criteria 4.5.3)