Introduction to the 2020 Certification Program

Webinar

Thursday July 9, 2020
Speakers

Facilitator:
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Certification Communications Manager

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Director, Standards and Assurance

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Agenda

1. Introduction
2. The Principles of the New Program
3. Thematic Innovations
4. Structural Innovations
5. Timeline for Implementation
6. Finding out more
7. Q&A
Submitting questions during the webinar

• To ask a question during the webinar, click on the ‘Q&A’ option in the Zoom menu bar at the bottom of your window:

  ![Zoom Q&A menu]

• Type your question into the box and press enter. Your question will appear in the Q&A box

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Video: Introduction to the 2020 Certification Program

View here: bit.ly/RA-2020-program
The Principles of the New Program

Ruth Rennie
Director, Standards and Assurance
Principles underpinning the Rainforest Alliance 2020 Certification Program

- Transparency
- Continuous Improvement
- Shared Responsibility
- Integrated Approach to Farm & Supply Chain
- Strengthened Assurance
Consumers are demanding greater transparency and positive impact from businesses.....

The new Rainforest Alliance Certification Program is designed to:

- Collect better data on sustainability risks and performance
- Use new tools & technologies to analyse and monitor sustainability

This allows producers and companies to

✓ Make better decisions to improve performance
✓ Focus on addressing the most important issues for compliance
Continuous Improvement

Climate change and a complex world are constantly creating new sustainability challenges....

The new Rainforest Alliance Certification Program is designed to:
• Move beyond a simple pass-fail system
• Help producers and companies to:
  — Understand their sustainability risks
  — Focus on continuous improvement
  — Select, set and measure their own goals for sustainability performance

This allows producers and companies to
✓ Constantly adapt strategies to improve sustainability
✓ Demonstrate environmental and social impact achieved
Shared Responsibility

Existing certification systems place an unfair level of burden on producers to achieve sustainability without offering sufficient reward:
Shared Responsibility

The new certification program is designed to:

- Better reward producers’ sustainability efforts
- Share the costs of sustainability investments across the supply chain
- Enable responsible sourcing practices & mutual accountability for sustainability progress

This allows producers and companies to

- Drive greater transparency of the burden and value of certification
- Steer greater economic resources to farmers
Integrated Approach to Farm and Supply Chain

Sustainable agriculture is the responsibility of the whole supply chain...

The new program is designed to:

• Provide a single seamless set of requirements across farming and supply chain activities
• Focus on Supply Chain, not Chain of Custody
• Include social & environmental requirements for Supply Chain operations in relevant high-risk contexts

This allows producers and companies to:

✓ Manage compliance coherently across the supply chain
✓ Strengthen traceability along the supply chain
✓ Demonstrate sustainable business practices
Improved Assurance

The new Rainforest Alliance certification program is based on third-party auditing of compliance by Certification Bodies.

The new program includes improvements in the assurance system to:

- Define the type and focus of verification (audit) based on the risks of each producer or company
- Improve the quality of audits
- Promote greater skills and capacity of Certification Bodies

This allows producers and companies to

✓ Have greater confidence in the certification system
Thematic innovations in the 2020 Certification Program

Martine Willems
Senior Standards Manager
Environment

- Climate-Smart Agriculture
- Forests and high-conservation areas
- Integrated pest management (IPM)
Climate-Smart Agriculture

• Integrated throughout the standard
• Examples are:
  • Risk assessment covering climate risks
  • Selection of suitable plant varieties
  • Optimizing fertilizers, and reducing pesticides
  • Conserving forests and other natural ecosystems
  • Water and Energy saving
  • Greenhouse gas emissions (self-selected)
  • Housing taking into account climate emergencies like flooding

One-page overview available at: ra.org/2020-program
Forests and high-conservation areas

- No conversion of forests and other natural ecosystems after January 1, 2014
- Conservation of High Conservation Value (HCV) areas, including implementation of risk mitigation measures
- Minimum percentages natural vegetation cover to be reached at through agroforestry, conservation areas or other
- Stronger assurance
  - Rainforest Alliance risk maps on deforestation
  - Geospatial data farms

One-page overview available at: ra.org/2020-program
Integrated pest management (IPM)

One-page overview available at: ra.org/2020-program

High reliance on pesticides and low reliance on natural solutions

High reliance on natural solutions and low reliance on chemical pesticides
Integrated pest management (IPM)

• IPM is a key principle of regenerative agriculture
  • More sustainable farming practices
  • Pest-resilient farming systems and ecosystem health
  • Reduce or eliminate pesticide use over time
  • Foster plant diversity, safeguard biodiversity and natural resources

• 2020 Pesticides management system:
  • Merged list of prohibited substances close to pre-merger systems
  • Building up knowledge on use of pesticides, and alternatives
  • Exceptional use policy to incentivize producers to use alternatives
  • Biodiversity and natural resources are safeguarded and enhanced

• Longer term view - further IPM measures and sector-specific approaches

One-page overview available at: ra.org/2020-program
Social Issues and Human Rights

• Due diligence approach for human rights issues “assess-and-address”
• Gender equality
Assess-and-address for key human rights

Due diligence approach for four key human rights issues:

- All large and individually certified farms need to have basic system
- Requirements for child labor and forced labor based on risk maps by Rainforest Alliance
- Assess-and-address also for high-risk actors in supply chain

One-page overview available at: ra.org/2020-program
Assess-and-address system

- Objective of “Assess-and-address”:
  - Make human rights issues visible
  - Structure to address them
- Certification based on proper management systems rather than finding cases
- Clear sanctioning system
  - If system is dysfunctional
  - If cases are severe & systemic

One-page overview available at: ra.org/2020-program
Gender equality

Stronger content on gender equality in 2020 Program

• Gender covered in farm risk assessment
• Requirements on promotion of gender equality
• Grievance mechanism with gender requirement
• Gender disaggregated indicators
• Gender-sensitive Living Income tool and Living Wage tool

One-page overview coming soon
Traceability

• Traditional traceability requirements
• Enhanced traceability from farm to supply chain
Traceability

The new standard includes

• “Traditional" traceability requirements, for example:
  • Segregation of certified from non-certified product
  • Volume accounting
  • Conversion rates for different products
• Expanded requirements to close the gap between farm and supply chain and improve robustness, including:
  • Covering traceability issues in the standard from both Farm and Supply Chain side
  • Documentation includes the appropriate claim information with level of segregation from farm onwards
  • Stronger content to avoid double selling
  • Clearer requirements for entering data into the Rainforest Alliance online traceability platform
Livelihoods

- Living wage and living income
- Shared responsibility:
  - Sustainability Differential
  - Sustainability Investments
Living Wage

Living Wage in Farm Requirements:

• Create transparency on gap to a living wage
  • Use of the Rainforest Alliance Salary Matrix Tool
  • Comparison with the Living Wage Benchmarks provided
• Implement a wage improvement plan

Living Wage in Supply Chain requirements (self-selected):

• Agreement of buyer to contribute to living wage improvement plan
Living Income

Living Income is supported by:

- Digital Internal Management System
- Farm Risk Assessment Tool
- Living Income Monitoring Tool

Living Income requirements (self-selected) cover:

- Data collection on production costs to calculate net income from certified production
- Assessing the net income against the Living Income benchmark
Sustainability Differential

A mandatory payment of an additional cash amount to certified producers over and above the market price of the commodity in question.

Common factors across commodities:

- Sustainability Differential (SD) must reach the producer / worker – group management does not keep part

- No stipulations on what the producer uses the SD for
Sustainability Differential
Sector Specific Guidance – Cocoa

April 2020
• All buyers from Côte d’Ivoire and Ghana must pay & report on premium (UTZ / RA).

July 2021
• Data and training support to farms to develop investment plan.
• Payment and reporting on Sustainability Differential & Sustainability Investments to group level.

July 2022
• Minimum amount for SD set at $70 per MT.
• Traceability tools to monitor receipt of SD to farmer.
• Reporting on SI to group.

One-page overview available at: ra.org/2020-program
Sustainability Investments

Cash or in-kind investments from buyers of Rainforest Alliance certified products to **individual farms or producer groups** to enable improvements in line with farm requirements.

**Common factors across commodities:**

- Can be received in cash or kind - division agreed between producer group and first buyer
- Directed towards investments to achieve core criteria and mandatory improvements
- Based on investment plan drawn up by producer.
- Not linked to differentiated claims by buyers
- Sustainability Investments cannot replace Sustainability Differential cash payments to producers

One-page overview available at: ra.org/2020-program
Structural Innovations in the 2020 Certification Program

Ruth Rennie
Director, Standards and Assurance
Structural Innovations

• Improved Data
• Risk-based approach
• Contextualization
• Continuous improvement
Better Data

The Rainforest Alliance is developing new data systems and tools to support the new certification program

**Geospatial Data** - GPS locations of certified farms will be used to:
- Monitor risks of deforestation and encroachment into protected areas
- Improve traceability

**Farm Intelligence App (FIA)** - Rainforest Alliance digital tool to:
- Collect credible data to support farm management and continuous improvement
- Provide data, tools, knowledge and support to improve farm practices, tailored to context
Risk-based approach

Risk assessment at multiple levels

- **Farm-level risk assessment** by producers
- **Supply Chain Risk Assessment (SCRA)** for Supply Chain Actors
- **Country level risk assessments** by RA on key topics, e.g. deforestation, child labor etc.

Risk assessments are used...

**By the Rainforest Alliance**

- ✓ Determine applicable requirements and verification levels

**By Producers and Supply Chain Actors**

- ✓ Develop management plans and focus improvement on biggest sustainability risks

**By Certification Bodies**

- ✓ Focus audits on biggest sustainability risks
Contextualization

Each organization receives a **personalized list of standard requirements** based on

**Type and scope of their activities** e.g.:
- Are you a group of small farms, a large farm, a supply chain actor or a multisite facility?
- Do you hire workers?
- Do you engage in processing?

**Level of risk at country and organisation level** e.g.:
- Is child labour a risk in the country of operation?
- Is the farm or processing unit close to forests or protected areas?

**Information provided at registration** determines risks and requirements
Continuous improvement

Four types of requirements

**Core Criteria**
- Mandatory pass-fail core requirements applicable for all
- Baseline criteria for sustainable agriculture

**Improvement Criteria**
- Higher performance levels to be achieved over time
- Levels set in the requirements for each 3-year certification cycle

**Continuous improvement Criteria - Smart Meters**
- Areas of continuous improvement identified by the standard
- Organizations set their own improvement goals based on their context and risks identified in their operations

**Self-Selected requirements**
- Additional requirements producers & companies can choose to implement to address specific sustainability issues
Timeline for Implementation

Martine Willems
Senior Standards Manager
Timeline for implementation

30 June 2020
Publication of new standard and assurance rules

Q4 2020
Publication of guidance documents

1 January 2021
Registration begins for farms & companies to use the new certification system

1 July 2021
New Standard requirements become mandatory – no further audits against current UTZ or RA standard

31 December 2021
Final date for existing UTZ and RA certified farms and companies to register to transition to the new certification system
Transition Year: 1 July 2021 – 30 June 2022

In response to COVID-19 and market pressures:
Phased approach to implementing the new standard.

From 1 July 2021 to 30 June 2022
- Farm: only core requirements audited
- Supply Chain: all requirements apply, only desk audits required
- Farm and Supply Chain: One-year transition certificate

From 1 July 2022 onwards
- Farm: all requirements including Smart Meters applied and audited
- Supply Chain: all requirements applied; in-person audits required where appropriate
- Farms and Supply Chain: Three-year certification cycle with annual verification starts
Find out more

Joe Woodruff
Certification Communications Manager
Find out more about the 2020 Program

Access the key 2020 Certification Program documents via the main webpage on the Rainforest Alliance website:

• 2020 Sustainable Agriculture Standard:
  • Farm Requirements
  • Supply Chain Requirements
• Assurance documents
• Supporting Resources
One-page overviews

- Introduction to the Standard
- Climate-smart agriculture
- Deforestation
- Conserving Biodiversity
- Human rights
- Shared responsibility
- Living wage / Living Income*
- Continuous Improvement*
- Risk-based assurance*

*coming soon

All one-page overviews are available at: ra.org/2020-program
FAQs

Frequently Asked Questions (FAQs):

- General FAQ
- Farm Requirements
- Supply Chain Requirements
- Assurance
- Transitioning to the New Program

FAQs available from: ra.org/2020-program
Asking questions

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Structure of the 2020 Program

**SUSTAINABLE AGRICULTURE STANDARD**

- **FARM REQUIREMENTS**
- **SUPPLY CHAIN REQUIREMENTS**

**ASSURANCE SYSTEM**

- Certification Rules to set out how auditors evaluate compliance with the farm and supply chain requirements;
- Auditing Rules to ensure that Certification Bodies consistently deliver Rainforest Alliance audits of the highest quality;
- Rules for Authorizing Certification Bodies to determine which organizations can carry out audits against the new Rainforest Alliance standard;
- Requirements for Certification Bodies’ Personnel

**DATA SYSTEMS AND TOOLS**

Certificate holders at Farm and Supply Chain level will register for membership, manage audit processes and record sales transactions of certified products in a new IT platform.

New IT-based tools will progressively be made available to farmers, certificate holders and supply chain actors to better track and manage sustainability performance against the requirements of the Sustainable Agriculture Standard.

Annexes (binding):
Compliance with the content of the annexes is required in order to be certified.

Guidances (non-binding):
Documents to help users understand, interpret and implement the requirements, but are not binding for audits.
Structure of the farm requirements

**REQUIREMENT TYPE**

**CORE REQUIREMENTS**
These are requirements that always have to be met in order to achieve certification. Most core requirements prescribe good practices with respect to key sustainability risk topics and are formulated as compliance requirements (a binary pass/fail).

**IMPROVEMENT REQUIREMENTS**
Designed to further promote and measure progress.

**MANDATORY IMPROVEMENT REQUIREMENTS**
Need to be included in the standard compliance as the producer or producer group advances on its journey to sustainability.

**SELF-SELECTED IMPROVEMENT REQUIREMENTS**
Chosen by certificate holders based on their own risk assessment or aspirations. The selection may depend on external support received for a certain improvement, such as renovation of tree crops.

**COMPLIANCE MEASUREMENT**

- Always pass/fail
- In some cases, the core requirement will contain a set threshold (e.g., payment of minimum wage) that must be measured and reported against.

- Some requirements are pass/fail – and improvements are in steps – Level 1 (year 3) & Level 2 (year 6)

- Some are Smart Meters, measuring indicators, setting targets and implementing improvement actions

- Some are pass/fail, with no levels. Certificate holder defines if and when to comply
- Some are Smart Meters, measuring indicators