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More information?
For more information about the Rainforest Alliance, visit www.rainforest-alliance.org, contact info@ra.org or contact the Rainforest Alliance Amsterdam Office, De Ruijterkade 6, 1013AA Amsterdam, The Netherlands.

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<th>Document Code:</th>
<th>Version:</th>
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<tr>
<td>Rainforest Alliance Departments Sectors and Standards and Assurance</td>
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<td>SA-S-SD-2-V1.1 Rainforest Alliance 2020 Sustainable Agriculture Standard, Supply Chain Requirements</td>
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<tr>
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<td>Farm and supply chain certificate holders</td>
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<thead>
<tr>
<th>Country/Region:</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Crop:</th>
<th>Type of Certification:</th>
</tr>
</thead>
<tbody>
<tr>
<td>All crops in the scope of the Rainforest Alliance certification system; please see Certification Rules</td>
<td>Farm and supply chain certificate holders</td>
</tr>
</tbody>
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Annexes are binding and must be complied with for certification.

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1. INTRODUCTION

The requirements for Sustainability Differential (SD) (topic 3.2) and Sustainability Investments (SI) (topic 3.3) of the Rainforest Alliance 2020 Sustainable Agriculture Standard apply to both farm and supply chain certificate holders (CHs). Because the nature and dynamics of global supply chains for Rainforest Alliance certified commodities vary significantly, the implementation of the Shared Responsibility requirements needs different approaches for each of the sectors. This Annex provides interpretations of the key concepts of Sustainability Differential and Sustainability Investments and more details on sector-specific applicability of the requirements. Guidance on timing and the implementation of sector-specific rules outlined in this document are further explained in SD and SI Guidance Documents that the Rainforest Alliance publishes on its website.

1.1 PURPOSE OF THE SUSTAINABILITY DIFFERENTIAL AND SUSTAINABILITY INVESTMENTS

**Purpose of Sustainability Differential**

Requirement 3.2.3 states that “the buyer of certified products pays the Sustainability Differential in the form of a monetary payment on top of the market price, quality premiums or other differentials. Sustainability Differential cannot be paid in kind.”

The intent of this requirement is that producers and workers are rewarded for their efforts in implementing sustainable agriculture practices.

**Purpose of Sustainability Investments**

Requirement 3.3.4 states that “the buyer of certified product at least annually pays the agreed Sustainability Investment, in cash or in kind.”

The intent of the requirement is that the costs of achieving sustainable production are more evenly spread across the supply chain as buyers make a direct contribution to covering these investment costs at the farm level.

1.2 TIMELINE

Specific timelines for the introduction of SD and SI requirements have been defined for the different sectors producing Rainforest Alliance certified crops. These timelines are based on the market structure of each sector and consultation with sector actors. The table below sets out the timelines when SD/SI requirements become mandatory in each sector, for volumes sold under the 2020 Standard:

<table>
<thead>
<tr>
<th>Date</th>
<th>Sector</th>
<th>Specification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 2021</td>
<td>Coffee, Cocoa, Hazelnut, Herbs and spices, Other sectors</td>
<td>For volumes certified against the 2020 Rainforest Alliance Standard purchased after 1 July 2021</td>
</tr>
<tr>
<td>1 January 2022</td>
<td>Tea</td>
<td>Brands make commitments from January 1st, 2022</td>
</tr>
<tr>
<td></td>
<td>Processed Fruits and Coconut Oil</td>
<td>Payments are made retrospectively against those commitments from January 1st, 2023</td>
</tr>
<tr>
<td>1 January 2023</td>
<td>Banana/Fresh Fruits, Flowers</td>
<td>For volumes entering the supply chain from January 1st, 2023 onwards</td>
</tr>
</tbody>
</table>

Table 3: Introduction of SD/SI requirements timeline
2. INTERPRETATION OF REQUIREMENTS

2.1 DEFINITION OF THE CERTIFICATE HOLDER RESPONSIBLE FOR SD/SI PAYMENTS

The general term “buyer” is used to not limit the applicability of requirements 3.2.3 and 3.3.4 to one type of supply chain certificate holder (CH). Which supply chain CH is responsible for the SD and SI payment is determined in the different sectors based on how the supply chain is structured.

In most cases, SD and SI will be paid by the first buyer, defined as “the initial certificate holder legally owning the certified product after the farm certificate holder.”

For certain crops, SD and SI will be paid by the brand owner, defined as “a person or company who markets any commodity or product under a registered brand name or label. This may include corporate, food service and retail and the private label or store brands owned by retail companies.”

For other sectors, the importer has the ultimate responsibility for the payment of the SD and SI. Importers are defined as “the organization outside the country of origin directly importing certified volume directly from origin, including retailers, brand owners or any other organization who performs this function.”

The table below indicates which CH is responsible for complying with the requirements around SD and SI payment for Rainforest Alliance certified products in different sectors:

<table>
<thead>
<tr>
<th>Crop/Sector</th>
<th>Complies with SD/SI payment requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>First buyer</td>
</tr>
<tr>
<td>Cocoa</td>
<td>First buyer</td>
</tr>
<tr>
<td>Tea</td>
<td>Brand Owner</td>
</tr>
<tr>
<td>Banana and Fresh Fruits</td>
<td>Importer\n   NB: supply chain CHs in country of production are responsible to transfer the amount to farm CHs</td>
</tr>
<tr>
<td>Processed fruits and Coconut Oil</td>
<td>First buyer</td>
</tr>
<tr>
<td>Hazelnut</td>
<td>First buyer</td>
</tr>
<tr>
<td>Herbs and Spices</td>
<td>First buyer</td>
</tr>
<tr>
<td>Flowers</td>
<td>TBD</td>
</tr>
<tr>
<td>Other sectors</td>
<td>First buyer</td>
</tr>
</tbody>
</table>

Table 4: Overview of SC CHs responsible to comply with requirements for the payment of SD/SI
Shared Responsibility for SD/SI payments
SD/SI payments may influence contracting terms between first buyers and their customers. These contractual terms are not captured in the Rainforest Alliance certification or traceability platform. However, it is the long-term vision of the Rainforest Alliance that all actors in the supply chain should contribute to Shared Responsibility, not just those actors who are directly responsible for paying Sustainability Differential and making Sustainability Investments. For this reason, Rainforest Alliance seeks to foster greater transparency on the payment and use of SD and SI as the first step towards Shared Responsibility throughout certified supply chains.

The SD and SI value paid and/or transferred by the responsible supply chain CH (see table 4) to the farm CH must be recorded by both farm and supply chain CHs in the Rainforest Alliance traceability platform. This will also allow Rainforest Alliance to provide greater transparency to buyers to see the SD and SI being paid within their supply chain, and how this is used to support producer livelihoods and improved sustainability at the farm level.

Farm CHs purchasing certified products from other farms
Some certificate holders (CHs) with farming in scope also purchase certified products from other farm CHs. In this case, the farm CH purchasing the certified product becomes the first buyer. For those crops where the first buyer is responsible for payment of SD/SI (see table 4), farm CHs who purchase certified volumes from other farms are therefore also responsible to make SD/SI payments for the volumes purchased as certified.

Supply Chain CHs purchasing multiple crops
Supply chain CHs working with multiple crops may have different responsibilities for payment of SD and SI for the different crops depending on their sector (see table 4). For example, if a buyer purchases certified coffee and certified tea, the SC CH will be responsible for making SD/SI payments to the farm CH for the certified coffee because they are the first buyer, which is the responsible actor for SD/SI payments for coffee. However, the SC CH will not be responsible for paying SD/SI for certified tea as the brand owner is the responsible SC CH.

2.2 DOCUMENTATION OF SD/SI PAYMENTS
CHs responsible for payment of SD/SI must keep full records of SD and SI payments in their own administrative systems, in addition to the information entered in the Rainforest Alliance traceability platform. SD/SI payments will need to be recorded in the Rainforest Alliance traceability platform for all sectors. For sectors where the traceability platform does not yet allow SD/SI to be recorded, all records of SD/SI payments must be kept and be reported retrospectively.

First buyer (all crops except Tea, Banana, Fresh Fruit and Flowers)
When the first buyer is responsible for SD/SI payments, that SC CH is responsible for:

- Negotiating SD and SI amounts with farm certificate holders. The agreed SD and SI will be included in contracts and invoices with Farm CHs. If in-kind SI are agreed between parties, these are also included.
- Making the SD/SI payment directly to the farm CH and keeping full records in their own administrative systems.
- Confirming/recording SD and SI payments in the RA traceability platform reflecting the actual payment made.

Importer ( Banana, Fresh Fruit)
For crops where the importer is responsible for SD/SI payments this includes the following activities:

- Negotiating and agreeing the SD with its supplier (depending on supply chain setup, the supplier could be the farm CH, first buyer or an intermediary).
• Including the SI amount (US$ 5.50/MT for the Farm CH) and agreed SD amount in contracts and indicate those details on invoices. If in-kind SI were agreed between parties, ensuring these are also included in contracts.
• Paying their suppliers the fixed SI and agreed SD.
• Confirming SI (monetary and in kind) and SD payments in the traceability platform, if importer is the first buyer.

If an importer is responsible for SD/SI payments, the supply chain CHs in country of origin (first buyers/exporters, etc.) also have responsibilities related to SD/SI, including:
• Negotiating SD amounts with farm certificate holders. The agreed SD as well as the fixed monetary SI will be included in contracts and invoices with Farm CHs. If in-kind SI are agreed between parties, these are also included.
• Negotiating the SD amount with buyers based on the commitments of the importers. The agreed SD as well as the monetary fixed SI will be included in contracts and invoices with buyers. If in-kind SI are agreed between parties, these are also included in contracts.
• Transferring the fixed SI and agreed SD amounts received from the buyer (importer) to the supplier Farm CH.
• Confirming SI (monetary and in kind) and SD payments in the traceability platform, if SC CH is the first buyer.

Brand owner (Tea)
For crops where the brand owner is responsible for ensuring that SD/SI is paid for the volumes purchased as Rainforest Alliance Certified, the Rainforest Alliance will administer the payment to the farm CH. The brand owner is responsible for:
• Committing to pay SD/SI and setting SD/SI contribution levels for the farm CHs they source from. Contribution levels are set at the start of each calendar year on the Rainforest Alliance online platform.
• Paying the SD/SI within the terms set by the Rainforest Alliance in the invoice.

For contracting and payment of SD/SI there are two scenarios:
1. The brand owner sources directly from farm CHs:
   - The Brand owner includes the SD/SI directly in contracting and/or sales documentation with the farm CH
   - The agreed SD/SI is paid to the farm CH via the Rainforest Alliance payment facility.
2. The brand owner sources finished consumer products (e.g., a foodservice or retail brand owner):
   - The brand owner includes SD/SI levels in contracts and agreements with their manufacturer/packer.
   - The manufacturer/packer includes the SD/SI level in contracting and/or sales documentation with each farm CH they source Rainforest Alliance Certified volume from. There should be alignment between manufacturer/packer and brand owner on the SD/SI amounts prior to commitment.
   - The manufacturer/packer makes the payment of the agreed SD/SI via the Rainforest Alliance payment facility.
   - The brand owner reimburses the manufacturer/packer for the SD/SI amounts paid as per the contract.
3. INTERPRETATION OF SUSTAINABILITY DIFFERENTIAL REQUIREMENTS

3.1 DISTRIBUTION AND USE OF SUSTAINABILITY DIFFERENTIAL (REQUIREMENTS 3.2.1 AND 3.2.2)

**Responsibilities for farm CHs**

**Group farm CHs – distribution of SD to producers**

Requirement 3.2.1 applies to group CHs at farm level and stipulates the payment of SD from group management to the individual producers in the group. This requirement states that “group management transfers the full amount of the Rainforest Alliance Sustainability Differential in cash or other monetary payment to group members:

- Pro-rata, based on volumes delivered
- In a timely and convenient manner, at least before the next crop season, or at least once a year in case of continuous harvest”

The pro-rata distribution of the SD to group members considers

- The total amount of SD received from buyers based on volume sold as RAC and
- The volumes delivered by each individual group member to the group

The group administrator must therefore distribute the total of the SD received from buyers for the sale of the certified product to group members, proportionally based on the volume they delivered to the group.

**Example from the Herbs and Spices sector:**

![Figure 1: SD distribution to group members, requirement 3.2.1](image)

**Large and individual farm CHs – Use of SD for the benefit of workers or producers**

Requirement 3.2.2 applies to large farms and individual farm CHs and stipulates the use of SD by farm management for the benefit of workers. The requirement may be interpreted to include the use of SD being to the benefit of workers and/or the producer themselves.

Whenever the SD is used to the benefit of workers, worker representatives must be consulted.
when establishing the priorities for the use of SD (please see Guidance “Use of Sustainability Differential and Sustainability Investments for the benefit of workers”). Requirement 3.2.2 does not specify a timeframe for the use of SD payments however this must be reported on annually (see 3.2 below).

3.2 REPORTING DISTRIBUTION AND USE OF SUSTAINABILITY DIFFERENTIAL (REQUIREMENTS 3.2.1 AND 3.2.2)

Responsibilities for farm CHs
Requirements 3.2.1 and 3.2.2 also stipulate that farm CHs must record receipt of SD payments in the Rainforest Alliance traceability platform. Farm CHs must document the use of SD payments and the communication of SD amounts and uses to producers and workers.

Group Farm CHs - Document the payment of SD to group members
Requirement 3.2.1 which applies to group CHs requires group management to, at least annually:

- Document the Rainforest Alliance Sustainability Differential received by volume. Separate records are kept for Sustainability Differential payments from each buyer which are clearly distinguished from market price, other premiums, such as quality premiums or crop, and country specific premiums such as the Living Income Differential.
- Communicate to group members the Sustainability Differential received for the certified crop.
- Document the payment of the Rainforest Alliance Sustainability Differential to the group members.

In addition to recording the SD payments received from buyers in the platform, CHs must also have complete and accurate documentation showing all payments of SD made to group members. This must be updated at least annually. The total sum of SD payments to group members must be equal to the total SD amount received from the buyer(s) with no amount retained by management or used for other purposes. Transaction and tax-related costs can be deducted from the total SD received as long as proof is available. This means farm CHs must have an adequate accounting system in place to:

- Record SD payments separately from the product price and quality premiums or other premiums.
- Record amounts and dates of payments made to each group member linked to volume of product delivered to the group.
- Provide group members with information on the agreed amount of SD (by volume), and timelines and methods for payment.
- Provide each group member with information on the SD paid to them.

Large and Individual Farm CHs - Document the use of SD for the benefit or workers or producers
Requirement 3.2.2, which applies to large farm and individual farm CHs, requires farm management to “spend the Rainforest Alliance Sustainability Differential for the benefit of workers in the following categories: wages, working conditions, health and safety, housing. Farm management consults with a representation of workers on priorities and the allocation of the Sustainability Differential.”

“Farm management also documents, at least annually:

- The Rainforest Alliance Sustainability Differential received per MT. Separate records are kept for Sustainability Differential payments from each buyer which are clearly

1 Guidance_Use-of-Sustainability-Differential-and-Sustainability-Investments-for-the-benefit-of-workers.pdf (rainforest-alliance.org)
distinguished from market price, other premiums, such as quality premiums or crop and country specific premiums.’’

- If the Sustainability Differential is used for the benefit of workers, “how it has been spent according to the following categories: wages, working conditions, health and safety, housing.” The allocation of the Sustainability Differential in those categories is recorded in the traceability platform at an annual basis.
- If Sustainability Differential is used for the benefit of the producer, the allocation of the Sustainability Differential for that purpose is recorded in the traceability platform at an annual basis.

In addition to recording the SD payments received from buyers in the platform, large farms and individual farm CHs must also have complete and accurate documentation showing:

- All SD payments received (by volume) for each relevant buyer
- Records of consultation with the representation of workers on sustainability priorities
- Records of use of the SD against the categories defined by the Rainforest Alliance
  The use of the SD should be in line with the priorities identified in consultation with worker representation.
- Proof of payment for goods or services paid for using SD

### 3.3 PAYMENT OF SUSTAINABILITY DIFFERENTIAL (REQUIREMENTS 3.2.4 AND 3.2.5)

Requirement 3.2.4 stipulates that “the responsible certificate holders have clear contractual agreements in place which specify the amount and other terms around Sustainability Differential payment.”

**Contractual agreements for SD**

To comply with this requirement contractual agreements must contain at least:

- Amount of the Sustainability Differential, by volume, clearly distinguishing the SD from price, quality premiums, Sustainability Investments and other differentials
- Terms and conditions of payment, meaning:
  - Definition of the period the Sustainability Differential payment relates to (e.g. annual volume contracted in 2022, October harvest 2022)
  - Clear timeframe of payment (e.g. 3 weeks after receipt of certified product, annually at the end of the contract, etc., respecting requirement 3.2.5, see below)
  - Method of payment (e.g. bank account details to which SD amount will be transferred)
  - Currency in which SD will be paid

**First buyer (all crops except Tea, Banana, Fresh Fruit and Flowers)**

First buyers must specify payment terms for SD in contractual agreements with farm CHs.

**Importer (Bananas and Fresh Fruit)**

Importers must specify payment terms for SD in contractual agreements with their direct suppliers. Importers should also verify that their suppliers include specific payment terms in the contracts they have with the farm CH they source certified volume from.

Requirement 3.2.5 states that buyers responsible for SD payment will pay “the full amount of the Sustainability Differential, at least annually and no later than payment terms defined for the relevant crop.” Specific timeframes that must be respected for the different crops have been defined based on common contracting practices in the sector. These are set out in the table below:
### Table 5: Timeframe for SD payment

<table>
<thead>
<tr>
<th>Crop/Sector</th>
<th>Applicable payment timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>Payment is made no later than 12 months after the shipment of the certified product from the farm certificate holder to the first buyer</td>
</tr>
<tr>
<td>Cocoa</td>
<td>Payment is made no later than 6 months after shipment from farm CH to the first buyer, unless otherwise required by local regulations</td>
</tr>
<tr>
<td>Tea</td>
<td>Payment is made in Q1 each year for all volumes used in the previous year. Rainforest Alliance will invoice the Brand Owner and payment must be made within this quarter. Total amounts need to be paid within one year (12 months).</td>
</tr>
<tr>
<td>Banana and other Fresh Fruits</td>
<td>Payment is tied to regular payments for certified bananas and other fresh fruits</td>
</tr>
<tr>
<td>Processed Fruits and Coconut Oil</td>
<td>Payment is made no later than 12 months after shipment from farm CH to the first buyer, but before the start of the new crop cycle</td>
</tr>
<tr>
<td>Hazelnut</td>
<td>Payment is made no later than 6 months after shipment from farm CH to the first buyer, but before the start of the new crop cycle</td>
</tr>
<tr>
<td>Herbs and Spices</td>
<td>Payment is made no later than 12 months after the shipment of the certified product from the farm certificate holder to the first buyer</td>
</tr>
<tr>
<td>Flowers</td>
<td>TBD</td>
</tr>
<tr>
<td>Other Sectors</td>
<td>Payment is made no later than 12 months after the shipment of the certified product from the farm certificate holder to the first buyer</td>
</tr>
</tbody>
</table>

### 3.4 REPORTING SUSTAINABILITY DIFFERENTIAL PAYMENT (REQUIREMENT 3.2.6)

To foster increased transparency of SD payments, requirement 3.2.6 states that first buyers record the “confirmation of payment of the SD in the traceability platform no later than 3 months after the actual payment was made”.

#### Recording of SD payment in the Rainforest Alliance traceability platform

The traceability platform facilitates recording as follows:

- When entering a sales transaction in the traceability platform, the farm CH indicates the SD amount agreed in the contract in the field “SD agreed” of the transaction details.
- The first buyer can access an overview of aggregated transactions per farm CH. The buyer can see the aggregate amount of the “SD agreed” for each farm CH it sources from within a selected period.
- The first buyer confirms SD payment for transacted volumes, by reporting the amount “confirmed paid” in the traceability platform. If the amount confirmed paid is different from the amount that was agreed to be paid an explanation must be provided to explain the difference.
3.5 MINIMUM SUSTAINABILITY DIFFERENTIAL (REQUIREMENT 3.2.7)

For those sectors in which a minimum Sustainability Differential has been defined (cocoa), the certificate holder responsible for payment of the Sustainability Differential must comply with requirement 3.2.7: “The Sustainability Differential paid amounts to at least the prescribed minimum, for crops for which a minimum is set.”

Currently, the Rainforest Alliance has defined a minimum Sustainability Differential for cocoa, applicable from 2022. The table below sets out the requirements for the minimum SD in cocoa:

<table>
<thead>
<tr>
<th>Cocoa</th>
<th>Geography</th>
<th>Minimum SD</th>
<th>Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Africa</td>
<td>Rest of the World</td>
</tr>
<tr>
<td>Cocoa</td>
<td></td>
<td>70 US$ per MT of cocoa bean</td>
<td>70 US$ per MT of cocoa bean</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All certified cocoa produced during the 2022-2023 harvest cycle or later that is sold as Rainforest Alliance certified</td>
<td>July 1, 2022</td>
</tr>
</tbody>
</table>

Table 6: Minimum SD in cocoa, requirement 3.2.7

The Rainforest Alliance reserves the right to introduce minimum Sustainability Differentials for other sectors over time. As minimum SD amounts for other sectors are defined, this table will be updated.
4. INTERPRETATION OF SUSTAINABILITY INVESTMENT REQUIREMENTS

4.1 SUSTAINABILITY INVESTMENT PLAN AND USE OF THE RAINFOREST ALLIANCE TEMPLATE (REQUIREMENT 3.3.1)

Responsibilities of farm CHs

Development of a Sustainability Investment Plan

Requirement 3.3.1 which applies to group management, large farms and individual farm CHs requires management to “at least annually define the investments needed to improve sustainability using the Rainforest Alliance Sustainability Investment plan template.”

The use of the Rainforest Alliance Investment Plan template (Annex S16) becomes binding from January 1st, 2022. Before this farm CHs must still define their investment needs in a sustainability investment plan, but they may use their own format for this.

Sustainability Investments are intended to support farm CHs to comply with core requirements of the Standard and relevant improvement requirements. To identify the investments needed, group or farm management uses the results of their self-assessment, risk assessment, internal inspections, audits, farm management plan and capacity assessment to identify actions needed to achieve and maintain compliance with the requirements of the Standard that will require additional resources. These investment needs are included in the Sustainability Investment (SI) plan prior to contracting for the coming year to inform buyers about the value of SI needed. The Investment Plan can also help identify Sustainability Investment needs can be met through in-kind contributions. After completion of the harvest, the Investment Plan is updated based on the SI contributions received by buyers.

Guidance on developing the investment plan using the Rainforest Alliance Sustainability Investment Plan template are provided in Annex S16 (Sustainability Investment template).

4.2 PAYMENT OF SUSTAINABILITY INVESTMENTS (REQUIREMENT 3.3.4)

Responsibilities for supply chain CHs

For any volume purchased as Rainforest Alliance Certified, requirement 3.3.4 mandates that “the full amount of the Sustainability Investment is paid at least annually and no later than payment terms defined for the relevant crop.”

Timeframes for SI payment

Specific timeframes that must be respected for the different crops have been defined based on common contracting practices in the sector. These are set out in the table below:

<table>
<thead>
<tr>
<th>Crop/Sector</th>
<th>Applicable payment timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>Payment is made no later than 12 months after the shipment of the certified product from the farm certificate holder to the first buyer.</td>
</tr>
<tr>
<td>Cocoa</td>
<td>Payment is made no later than 6 months after shipment from farm CH to the first buyer, unless otherwise required by local regulations.</td>
</tr>
<tr>
<td>Tea</td>
<td>Payment is made in Q1 each year for all volumes used in the previous year. Rainforest Alliance will invoice the Brand Owner and payment must be made within this quarter.</td>
</tr>
<tr>
<td>Banana and Fresh Fruits</td>
<td>Payment is tied to a regular payment for certified bananas/fruits/vegetables. The amount of SI is currently fixed at $5.50/MT.</td>
</tr>
</tbody>
</table>
Processed Fruits and Coconut Oil  
Payment is made no later than 12 months after shipment from farm CH to the first buyer, but before the start of the new crop cycle.

Hazelnut  
Payment is made no later than 6 months after shipment from farm CH to the first buyer, but before the start of the new crop cycle.

Herbs and Spices  
Payment is made no later than 12 months after the shipment of the certified product from the farm certificate holder to the first buyer.

Flowers  
TBD

Other Sectors  
Payment is made no later than 12 months after the shipment of the certified product from the farm certificate holder to the first buyer

Table 7: Payment timeframe for SI, requirement 3.3.4

Agreement of SI payment levels and terms
The SC CH responsible for SD/SI must agree on the type, value and terms of Sustainability Investments when making contractual agreements for the purchase of certified products. The farm CH must be able to clearly distinguish the amount received as Sustainability Investment from Sustainability Differential and market price, and from other premiums such as quality premiums or crop and country specific premiums.

Fixed Sustainability Investment Level
Currently, the Rainforest Alliance has defined a fixed Sustainability Investment level for banana and fresh fruits, applicable from 2022. Buyers must pay this amount for volumes entering the supply chain from January 1, 2023 onwards.

<table>
<thead>
<tr>
<th>Weight of certified product</th>
<th>2022, 2023 &amp; 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed amount</td>
<td></td>
</tr>
<tr>
<td>Per MT (1000 kg)</td>
<td>US$ 5.50</td>
</tr>
<tr>
<td>Per banana box (18.14 kg)</td>
<td>US$ 0.10</td>
</tr>
</tbody>
</table>

The Rainforest Alliance reserves the right to introduce fixed Sustainability Investment levels for other sectors over time.

Agreement of SI payment levels and terms
Sustainability Investments – whether in cash or in-kind – are made as per agreements, at least annually. Sustainability Investments made in cash (i.e. by monetary payment) will be calculated based on volume purchased as certified. In-kind investments will be accounted for separately in addition to the volume-based monetary SI contribution. Monetary and in-kind SI will be recorded as separate items in the traceability platform.

4.3 REPORTING OF SUSTAINABILITY INVESTMENTS (REQUIREMENTS 3.3.1 AND 3.3.5)

Responsibilities for supply chain CHs
To foster increased transparency of SI payments, requirement 3.3.5 states that supply chain CHs record the “confirmation of Sustainability Investment payment (cash and in-kind) in the platform no later than 3 months after the actual payment was made”.

Recording of SI payment in the Rainforest Alliance traceability platform
The traceability platform facilitates recording as follows:
For Sustainability Investments made as monetary payment:
- When entering a sales transaction in the traceability platform, the farm CH indicates the SI amount agreed in the contract in the field “SI agreed”.
- The buyer can generate an overview of transactions per farm CH, including the aggregate amount of “SI agreed” within a selected period.
- The buyer confirms payment of SI for transacted volumes in the traceability platform by reporting the amount “confirmed paid”. If the confirmed amount is different from the agreed amount the buyer must provide an explanation for the difference.

For Sustainability Investments made in kind:
- Sustainability Investments that are made in kind are not calculated based on transacted certified volume. Therefore, the estimated value of in-kind SI is reported through the platform by the SC CH as “SI (in-kind) confirmed paid” for each farm CH that certified product was purchased from.

Both monetary and in-kind SI can be made on an annual basis, however, it must be reported: “no later than 3 months after actual payment was made.”
- In the case of in-kind Sustainability Investments, this means no later than 3 months after the farm CH received the goods or services provided.
- If multiple payments (monetary or in-kind) are made during the year (e.g. if SI is part of regular invoicing), SI payment may be reported in aggregate on a quarterly basis or within 3 months after the final payment of an annual payment cycle.

Responsibilities for farm CHs
Recording of SI payment in the Rainforest Alliance traceability platform
Farm CHs must record the “SI agreed” for volumes sold as certified in the traceability platform.

Farm CHs must also report on the use of SI received from buyers. After completion of the crop season, and at least annually, management “documents the in-kind and monetary Sustainability Investments received from buyers for the investment plan according to the Rainforest Alliance investment categories.” Records of SI received (both monetary and in-kind) and spent (monetary SI) are available and reflected in the Sustainability Investment template. A summary of this information is entered into the Rainforest Alliance platform.

Reporting in the platform is done as follows:
- When entering a sales transaction in the traceability platform, the farm CH indicates the SI amount agreed in the contract in the field “SI agreed to be paid”.
- The “SI agreed” reflects the amount that should be received as monetary SI.
- SI received in monetary terms is used to make investments against the needs identified in the SI Plan template, using the pre-defined investment categories.
- Once the investments have been made, the farm CH reports the percentage of the total SI received in monetary terms spent in each of the investment categories.
- NB SI received in kind are reported by the SC CH making the in-kind investments.
5. OVERVIEW OF SUPPLY CHAIN REQUIREMENTS (SD AND SI) AND THEIR APPLICABILITY PER SECTOR

NB "First Buyer" refers to the first CH who takes legal ownership of the certified product after the farm CH.

<table>
<thead>
<tr>
<th>Requirement No</th>
<th>Topic</th>
<th>Coffee</th>
<th>Cocoa</th>
<th>Tea</th>
<th>Banana and Fresh Fruits</th>
<th>Processed fruits and Coconut Oil</th>
<th>Hazelnut</th>
<th>Herbs and Spices</th>
<th>Flowers</th>
<th>Other Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.3 CH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>First buyer</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>responsible</td>
<td></td>
<td>First buyer</td>
<td>First buyer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>for payment</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>of SD</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2.4 CH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>First buyer</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Responsible</td>
<td></td>
<td>First buyer</td>
<td>First buyer</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>for contractual agreement for SD with farm CH</td>
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<td></td>
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</tr>
<tr>
<td>3.2.5 Payment</td>
<td>12 months</td>
<td>6 months, unless otherwise required by local regulations</td>
<td>Annual. Invoicing and payments in Q1 of each calendar year for previous year’s SD/SI commitments</td>
<td>Tied to commercial payments and timelines.</td>
<td></td>
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</tr>
<tr>
<td>timeframe</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3.2.6 Reporting of SD payment</td>
<td>First buyer</td>
<td>First buyer</td>
<td>Brand owner or delegated packer.</td>
<td>First buyer</td>
<td>First buyer</td>
<td>First buyer</td>
<td>First buyer</td>
<td>TBD</td>
<td>First buyer</td>
<td></td>
</tr>
<tr>
<td>3.2.7 Minimum SD amount</td>
<td>NA</td>
<td>70 US$/MT cocoa bean. Mandatory October 1 2022 (Africa); July 1, 2022 (rest of the world)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>TBD</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Requirement No</td>
<td>Topic</td>
<td>Coffee</td>
<td>Cocoa</td>
<td>Tea</td>
<td>Banana and Fresh Fruits</td>
<td>Processed fruits and Coconut Oil</td>
<td>Hazelnut</td>
<td>Herbs and Spices</td>
<td>Flowers</td>
<td>Other Sectors</td>
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</tr>
<tr>
<td>3.3.4</td>
<td>Supply chain CH responsible for payment of SI</td>
<td>First buyer</td>
<td>First buyer</td>
<td>Brand owner has responsibility.</td>
<td>Packer/manufacturer transacts SI payments on brand owner’s behalf.</td>
<td>Importer has responsibility for SI payment of $ 5.50 p/ MT to be received by the farm CH on exported volumes.</td>
<td>First buyer</td>
<td>First buyer</td>
<td>First buyer</td>
<td>TBD</td>
</tr>
<tr>
<td>3.3.5</td>
<td>Reporting of SI payment in traceability platform</td>
<td>First buyer</td>
<td>First buyer</td>
<td>Brand owner or delegated packer</td>
<td>First buyer</td>
<td>First buyer</td>
<td>First buyer</td>
<td>First buyer</td>
<td>TBD</td>
<td>First buyer</td>
</tr>
</tbody>
</table>