

# SUSTAINABILITY INVESTMENTS AND SUSTAINABILITY DIFFERENTIAL

## Banana and other fresh fruit sector guidance

*Version 1*



**RAINFOREST  
ALLIANCE**



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## Glossary and abbreviations

Term	Definition
Certification Body (CB)	Entity authorized by Rainforest Alliance to conduct audits and to issue a certificate for the Rainforest Alliance Certification Program.
Certificate Holder (CH)	Any organization that is or wants to be certified against any Rainforest Alliance certification program (UTZ Certification Program, 2017 Rainforest Alliance Certification Program, Rainforest Alliance 2020 Certification Program). Certificate holder includes all actors (for example sites, farmers, intermediaries etc.) falling under the certification scope of the CH. <b>Farm CHs</b> are organizations with farming in scope and who must comply with the applicable Farm Requirements of the Rainforest Alliance 2020 Sustainable Agriculture Standard, <b>Supply Chain CHs</b> are those organizations that do not have farming in scope and therefore comply with the Supply Chain Requirements of the Rainforest Alliance 2020 Sustainable Agriculture Standard.
Farm	All land and facilities used for agricultural production and processing activities under the geographical scope of farm/group management. A farm may be composed of several neighbouring or geographically separate farm units within one country provided that they are under a common management body.
Farm Unit	A piece of continuous land that is part of a farm. A farm unit can include both agricultural and non-agricultural land with buildings, facilities, water bodies, and other features.
First Buyer	The initial supply chain actor legally owning the certified product after the farm certificate holder.
Group Management	The entity that signs the certification agreement with the Rainforest Alliance accredited certification body and takes responsibility for the development and implementation of the group's internal management system and all member farms' management systems. The group management is responsible for assuring member farms' compliance with the Standard
Group Members	Individual producers that are part of group certification
Importer	Is the first organization outside country of origin that buys bananas and fresh fruits for onward sale or processing, including retailers or other organizations that import bananas or fresh fruits directly.
Management Plan	A detailed overview set up by the management, of the goals that are set to be compliant with the requirements (for both management, workers and/or group members) and the respective services necessary to meet these goals. The services can include training, technical assistance, access to inputs (e.g., seedling), and awareness-raising activities. The Management Plan indicates details on the services such as the timeline, the responsible person for the provision of the services, and the beneficiaries.
Metric Ton (Mt)	1000kg
Non-Conformity (NC)	Incomplete fulfilment of a requirement in the Rainforest Alliance Sustainable Agriculture Standard.
Producer	A person (either male or female) who owns and/or operates an agricultural enterprise, either commercially or to sustain him or herself or his/her family.
Rainforest Alliance Certification Platform	The Information Technology system developed by the Rainforest Alliance to report transactions and activities of certified volumes throughout the supply chain.
Risk Assessment	A systematic process to identify the issues that could prevent the producers from complying with the standard requirements and reaching the expected



	sustainability outcomes. The Rainforest Alliance has developed a tool to support this analysis – The Farm Risk Assessment Tool.
2020 SAS	Rainforest Alliance 2020 Sustainable Agriculture Standard
Small Farms	Small farms primarily rely on family or household labour or workforce exchange with other members of the community. They might hire temporary workers for seasonal tasks or even hire (few) permanent workers. Small farmers are usually organized in a group to be certified and rely on the Group Management for record development and record keeping.
Sustainability Differential (SD)	Mandatory additional monetary payment made to certified farm certificate holders on top of the market price of the commodity.
Sustainability Investments (SI)	Mandatory monetary and optional in-kind investments from buyers of Rainforest Alliance Certified products to farm certificate holders for the specific purpose of helping them comply with the 2020 Sustainable Agriculture Standard
Traceability platform	A digital Rainforest Alliance platform to report transactions and activities of certified volumes throughout the supply chain.
Workers	A person who performs labor in return for a monetary amount

## OBJECTIVE

The Rainforest Alliance 2020 Sustainable Agriculture Standard includes Sustainability Differential (SD) and Sustainability Investment (SI) requirements in sections 3.2 and 3.3 respectively, for farms and supply chain certificate holders. Interpretation of the requirements of sections 3.2 and 3.3 are listed in Annex S14, Shared Responsibility.

This document explains how the Sustainability Investments and Sustainability Differential requirements are implemented in the banana and other fresh fruit sector. SI and SD guidance for other sectors are published separately. The set of requirements on direct Living Wage contribution for buyers (Section 3.4) are outside the scope of this guidance.

## INTENDED USERS AND USE OF THIS DOCUMENT

All buyers of sustainably produced banana and fresh fruit are held accountable for implementing responsible business practices and contributing to investment at the producer level to support continuous improvement of sustainability performance. Hence this guidance is to be used by farm and supply chain certificate holders or potential certificate holders including

At farm level:

- Management (either of group certification or individual certification)
- Group members (individual producers that are part of group certification)
- Workers and their representations who performs labor in return for a monetary amount on a farm
- Internal inspectors

At supply chain level:

- All buyers of Rainforest Alliance Certified bananas and fresh fruits



# 1. SUSTAINABILITY INVESTMENTS AND SUSTAINABILITY DIFFERENTIAL IN BANANA AND OTHER FRESH FRUIT

## 1.1 Towards a more sustainable banana and other fresh fruit sector

A sustainable future is only possible when producers can be economically sustainable. However, current business practices and social realities mean this is often not the case. Our Shared Responsibility approach aims to create mechanisms to support greater economic sustainability for farms, worker rights, and environmental sustainability without compromising on the ability of Rainforest Alliance Certified producers to secure market access.

To reach this vision, the Rainforest Alliance 2020 Sustainable Agriculture Standard includes two mechanisms: Sustainability Investments (SI) and the Sustainability Differential (SD). These mechanisms are key to creating more balance between value and risks in the supply chain by rewarding producers for their efforts to produce sustainably and enabling them to share the costs of investments needed to adopt more sustainable agricultural practices.

## 1.2 Sustainability Investments

Sustainability Investments (SI) are monetary and in-kind investments made by buyers of certified products and used for farm investments needed to comply with the Rainforest Alliance 2020 Sustainable Agriculture Standard. The necessary investments are identified by each Farm Certificate Holder in their Investment Plan (see chapter 3). Sustainability Investments enable buyers to directly contribute to the investments needed at origin to increase the sustainability of farming, enhance workers wellbeing and protect the environment. They also enable buyers to recognize and make transparent investments they are already making at the producer level.

Sustainability investments are paid on top of the market price. Further information on what is required to implement the Sustainability Investment Requirements can be found in Annex S14.

For banana and fresh fruits, the Rainforest Alliance has determined a fixed mandatory monetary amount for Sustainability Investments to be received by the Farm CH for exported RAC volumes of US\$ 5.50 per 1000 kg (see table 1). Buyers must pay the amount for volumes entering the supply chain from January 1, 2023 onwards. They are encouraged to pay the Sustainability Investment amount for volumes entering the supply chain January 1, 2022 as Banana and fresh fruit producers begin their transition to the new standard

**Table 1: Sustainability Investment (SI) Amountfor Bananas and Fresh Fruit**

Weight of certified product	2022, 2023 & 2024
	Fixed amount
Per Metric ton (1000 kg)	US\$ 5.50
Per banana box (18,14 kg)	US\$ 0.10

The fixed amount of US\$ 5.50 per Mt until 2024, is intended as a kickstart to sharing costs in a mainstream market in which differentials for sustainability are generally not paid. The advantages of a fixed value are that it: creates a level-playing field for market actors, provides transparency on financial resources invested at origin, improves clarity on the amount that producers must receive and thereby facilitates the negotiation of contracts for the supply of certified bananas and other fresh fruits.



The fixed amounts not intended to limit the contributions to investment needs at producer level. Buyers may choose to make additional In-kind Investments to support sustainable production on top of the fixed mandatory monetary amount. In-kind Sustainability Investments should be included separately in contracts. While the amount of in-kind investments may be linked to volumes sold, the payment of such investments cannot be deducted from the fixed monetary SI amount.

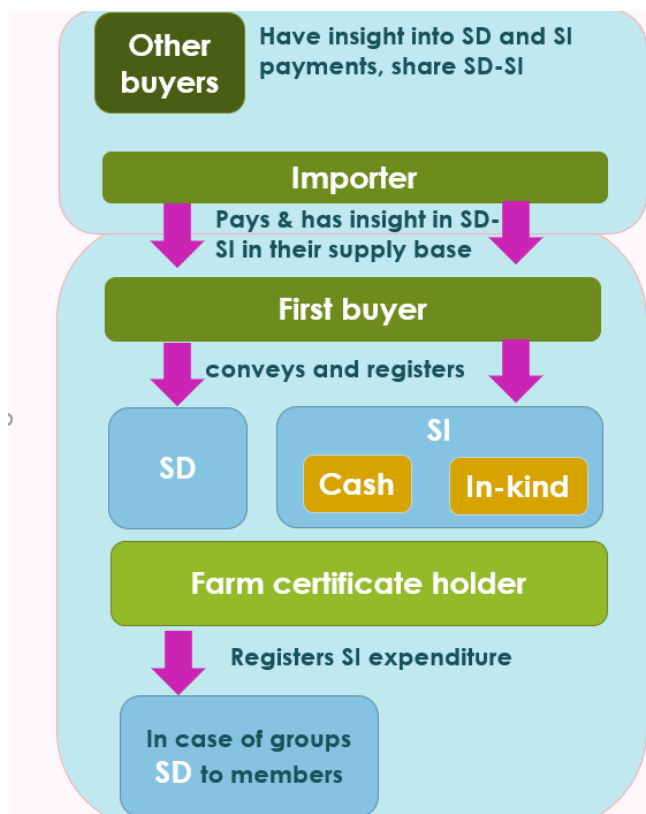
The Rainforest Alliance will closely monitor the outcomes of this approach in order to inform future adaptations on Shared Responsibility interventions needed in the banana sector, and for other fresh fruits.

### 1.3 Sustainability Differential

**The Sustainability Differential (SD)** is a monetary payment for Rainforest Alliance Certified bananas and other fresh fruits, on top of the market price, intended to reward producers for engaging in sustainable production. The amount of Sustainability Differential is negotiated between the farm Certificate Holder and the buyer. For group certification, the SD is paid in full to group members (producers). There is no stipulation about what to use the SD for; the producers can decide for themselves how the SD is spent. For large and Individually certified farms the Sustainability Differential is used for the benefit of the producer, which may include providing benefits to workers (See [Guidance on the use of SD/SI for the benefit of Workers](#))

**The Rainforest Alliance has not established a fixed nor a minimum SD amount in bananas and fresh fruits** but expects all actors to contribute fully to pay and transfer whichever amount is agreed upon as SD to the Farm CH.

**Figure 1: Flow of Value of Sustainability Investment (SI) and Sustainability Differential (SD) within the supply chain**





## 2. ACTIVITIES AND RESPONSIBILITIES

All buyers of sustainably produced bananas and other fresh fruits are held accountable for implementing responsible business practices and focusing investment and supporting continuous improvement of sustainability performance at the producer level. The requirements of the Rainforest Alliance Standard make it clear that SI and SD payments must be part of the contracting and purchasing agreements for certified products. For bananas and fresh fruits this must include contracting and purchasing agreements up to and including the level of importers.

The sales of Rainforest Alliance Certified volumes to importers must therefore include the payment of SD and SI. Actors between the importer and Farm CH level are required to transfer these payments to the Farm CH. Only volumes of fresh fruit for export have the mandatory requirement of SD and SI payment.

All supply chain certificate holders beyond the importer level, including retailers, are also encouraged to contribute to shared responsibility, including the contribution to sustainability investments and the payment of Sustainability Differential. By providing mechanisms to improve traceability and transparency, the Rainforest Alliance's expectation is that supply chain actors, including retailers, acknowledge the need for additional investments to achieve and maintain certification as part of their commitment to sustainable sourcing.

### 2.1 Core Activities required to implement SI and SD

The list below sets out the main activities required to implement SI and SD. These activities are all explained in detail in further sections of this document.

1. Farm CH drafts their **Investment Plan** based on their risk assessment, capacity assessment and management plan. Investments in relation to worker benefits should be included in the Investment Plan and worker representatives must be consulted on the allocation of those investments.
2. Farm CH and first buyer include value and payment terms around SI and SD **in the contract** and invoices for export Rainforest Alliance Certified volumes. If in-kind SI are also negotiated, these shall also be included in the contract.
3. First buyer includes SI and SD amount in the contract with their buyers. Any other SC CH in the supply chain up to the importer also includes SI and SD in contracts with their buyers.
4. Farm CH and first buyer **register and confirm** the transactions details including information on SI and SD payment in the Rainforest Alliance traceability platform, Marketplace.
5. Management (both of groups and individual CHs) **reports on how the SI is invested.**
6. Importers (including retailers) **report** the total Rainforest Alliance Certified volume sourced from their suppliers. Each supplier reports from which supplier(s) they source their certified bananas and other fresh fruits. This enables the traceability of certified sales from the importer to the farm level. From this information recorded in the Rainforest Alliance traceability platform the Rainforest Alliance will be able to **report to** retail on amounts paid to their supply base and the classes of investments for which it has been spent (aggregated per country).





## 2.2 Activities and responsibilities required by each actor in the supply chain

**The importer is responsible** for payment of SI and SD to their supplier(s). This means they are responsible for the following activities:

- Negotiating and agreeing the SD with its seller (depending on supply chain setup, the seller could be the farm CH, first buyer or an intermediary)
- Including the SI amount (US\$ 5.50 p/ 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
- If the importer is the first buyer, confirming SI (monetary and in kind) and SD payments are registered in MarketPlace 2.0, the traceability platform linked to transactions

**Supply Chain CHs in country of production** are responsible for negotiating SD amounts with their suppliers and ensuring these are included in contracts with their buyers. They then transfer SI and SD paid by the buyers to the farm CHs they are sourcing from. In summary, they are responsible for negotiating the following:

- The SD amount 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
- The SD amount with buyers. The agreed SD as well as the monetary SI will be included in contracts and invoices with buyers. If in-kind SI are agreed between parties, these are also included in contracts

Further activities include:

- Transferring the fixed SI and agreed SD amounts received from the buyer (importer) to the supplier Farm CH. It is possible that the first buyer will advance payments to the Farm CH and later on receive the payment from the next buyer
- First buyer confirming SI (monetary and in kind) and SD payments in MarketPlace 2.0, the traceability platform linked to transactions,

**Farm CH:** are responsible for negotiating SD amounts with their buyers, to determine the use of SD and SI and to report on how these payments are used. This means they are responsible for the following activities:

- Developing an Investment Plan that ranks the investment needs and defines the amounts needed to improve compliance with the 2020 Rainforest Alliance Sustainable Agriculture Standard
- Farm management consulting with a representation of workers on the allocation of Sustainability Investments to the predetermined worker benefit categories (wages, working conditions, health and safety, housing)
- Agreeing on an SD value per volume with its buyer(s)
- Including the monetary SI and SD in contracts and invoices agreed with the first buyer(s). If in-kind SI are agreed between parties, ensuring these are also included in contracts
- Documenting how much monetary SI, in-kind SI and monetary SD is received
- Using amount received as SI (monetary and in-kind) according to the Investment Plan
- Documenting once per year how the received SI has been used, and reporting this in the online platform. These documents do not need to be shared with buyers
- Reporting on the use of SD to benefit workers if applicable

The Group Certificate Holder, at least annually:

- Communicates SD received to group members
- Distributes full SD amount to group members and documents the transfer of it.



### **Other supply chain CHs outside the country of production – including retailers:**

The Rainforest Alliance makes it clear that SI and SD payments must be part of the contracting and purchasing agreements for certified bananas and fresh fruits. All supply chain certificate holders beyond the importer level, including retailers, are therefore also encouraged to contribute to shared responsibility, including the contribution to Sustainability Investments and the payment of Sustainability Differential.

The Rainforest Alliance has expanded the scope of certification to include retailers that are driving the request for purchasing Rainforest Alliance Certified consumer products and/or fresh products, including fruits, vegetables and flowers, sold under their own brand name or as non-branded products. These retailers will be required to register and obtain certification. In case a retailer acts as an importer for Rainforest Alliance Certified bananas and/ or other fresh fruits (vegetables or flowers) compliance with the SI and SD requirements (See "importer activities and responsibilities" mentioned above) will be verified during external audits. For more information please go to <https://www.rainforest-alliance.org/business/responsible-sourcing/supply-chain-certification/which-retailers-should-get-rainforest-alliance-certified>.

## **3. THE INVESTMENT PLAN**

Sustainability Investments (SI) are intended to directly support Farm CHs to make the investments needed to meet the requirements of the 2020 Rainforest Alliance Sustainable Agriculture Standard.

The needed investments are identified by the farm certificate holder in their Investment Plan. An Excel template for the investment plan is provided by The Rainforest Alliance (Annex S16). In the Investment Plan, the required investments are categorized and are directly linked to each of the chapters of the 2020 Rainforest Alliance Sustainable Agriculture Standard. To identify the investments needed, group or farm management uses information from the farm risk assessment, self-assessment, capacity assessment, internal inspection(s) and results of the external audits from year 2. The investment plan is also linked to the management plan. The Investment Plan must be completed by the Farm CH prior to an audit and is updated at least annually.

There is no obligation for the farm CH to share the detailed investment plan with their buyers, but we do encourage sharing of at least the summary, in the spirit of promoting transparency at all levels.

### **3.1 Content of the Investment Plan**

The potential Investments in the Investment Plan are categorized and linked to each of the chapters of the 2020 Rainforest Alliance Sustainable Agriculture Standard. However, not all investments of a Farm CH need and may be included in an Investment Plan.

The Investment Plan can include:

- **Activities and inputs related to compliance with core and mandatory improvement requirements** of any of the chapters of the 2020 Rainforest Alliance Sustainable Agriculture Standard, depending on the Farm Certificate Holder's sustainability performance. The investment plan should include activities and inputs required to reach compliance and maintain compliance, like audit costs.
- Investments in relation to worker benefits should be included in the Investment Plan and worker representatives must be consulted on the allocation of those investments.



- Incremental wage increases towards closing the living wage gap can be part of the Investment Plan in line with the Farm CHs own wage improvement plan and salary matrix.
- Self-selected improvement requirements can be included in the Investment Plan after core and mandatory improvement requirements have been addressed (see table 1, below).
- Other investments can be added to the Investment Plan under the condition that core, mandatory and self-selected improvement requirements have been complied with.

Investments that do not relate to compliance with the 2020 SAS and are part of the normal costs of farm operations, such as fertilizers and agrochemical inputs or legal requirements like payment of minimum wages, should not be included in the Investment Plan.

**Table 2: the intended use of the SI**

Core requirements	Mandatory improvement requirements	Self-selected improvement requirements	Other investments
Always. Must be prioritized.	Once required by the Standard and after core requirements have been attended to.	If selected and after core and mandatory improvement requirements have been addressed.	May be included as long as they are not contradictory to the Standard and as long as the CH meets the requirements of the Standard.
<i>Example: Access to safe drinking water (5.6.4, 5.6.5, 5.6.6).</i>	<i>Example: Engagement with communities to identify their concerns and interest (5.8.3. L1).</i>	<i>Example: Use of rainwater harvesting for irrigation (6.5.6).</i>	

### 3.2 Priorities for Investments

SI is intended to contribute to the most critical investment needs that will enable the Farm CHs to comply with the applicable requirements in the 2020 Rainforest Alliance Sustainable Agriculture Standard. This means that investment needs must be prioritized.

Priorities are indicated in the last column of the Investment Plan.

2 CATEGORY: Agriculture		Area budget (for Investment Plan)		\$ 2,115	CH Investment \$ 1,088	Farm investment 1,028			
Category activities	BUDGET Year 2017	BUDGET Year 2018	ACTIVITY BUDGET Year 2019	Currency	Investment to be made at Certified Holder or at farm level	How many farms will receive investment?	ACTIVITY BUDGET Year 2019 (US\$)	%	PRIORITY (A: high B: intermediate C: low)
<b>TOTAL CATEGORY BUDGET</b>	-	-	<b>154,630</b>	Rupees			<b>\$ 2,115</b>	<b>100%</b>	
Specific training costs for agricultural topics for farmers			48,500	Rupees	Certified Holder		\$ 663	31%	A
Purchase of PPE			21,000	Rupees	Farm	54	\$ 287	14%	B
Investments for handling empty agrochemical containers			18,430	Rupees	Farm	33	\$ 252	12%	A
Soil conservation works			35,700	Rupees	Farm	56	\$ 488	23%	C

### 3.3 Different types of investments

Sustainability Investments may be of different types:

#### Annual cash investments

The Investment Plan identifies and prioritizes the necessary investments and is updated annually. The fixed mandatory monetary sustainability investment amount will generally be allocated by the farm certificate holder to the highest priority investments on an annual basis.



### **Long-term investments**

Long-term investments can be included in the Investment Plan to cover sustainability improvements that require sustained actions over time. In this case the amount of the average annual investment can be included, allowing high upfront investments and reduced follow-up investments.

### **In-kind investments**

The Investment Plan can include in-kind contributions of a buyer. In-kind investments may be allocated separately to categories in the Investment Plan. Only in-kind contributions for which an agreement has been made should be included.

In-kind SI contributions cannot be deducted from the mandated monetary SI amount and are made in addition to the fixed SI amounts.

## **4. TIMELINES IN BANANA AND OTHER FRESH FRUIT**

SI and SD will have to be paid for any volumes exported as Rainforest Alliance Certified by Farm CHs after January 1, 2023. Supply Chain CHs will be obliged to pay and record payment of SD and SI payments from this point on even if the transactions are tied to contracts that precede the abovementioned date.

Buyers are encouraged to pay SI and SD for volumes entering the supply chain from January 1, 2022 onwards and up to December 31, 2022, after the Farm CH has transitioned to the 2020 Rainforest Alliance Standard.

The Transition period for farm Certificate holders to become certified against the 2020 Rainforest Alliance Standard is:

- Banana growers: July 2021 – December 2022
- Other fresh fruit: July 2021 - June 2022

### **4.1 Before January 2023: Preparation of SI and SD**

In the transition year, all farm CHs will only need to comply with the requirement to have an Investment Plan (requirement 3.3.1).

### **4.2 After January 1, 2023: All Farm CHs receive a fixed SI amount**

From 1 January 2023, All Farm CHs will receive the fixed SI amount and a negotiated SD amount per volume of exported Rainforest Alliance Certified banana or other fresh fruit. They will be required to comply with all SD and SI requirements for preparing the Investment Plan, and reporting on the use of SD and SI received.

All Supply Chain Certificate Holders will be required to include the fixed SI amount and negotiated SD amount in contracts and record payment in line with these commitments.

## **5. CONTRACTING**

The fixed SI value plus the negotiated SD shall clearly be reflected on sale-purchase contracts/ agreements. The SI and SD must be clearly distinguished from price, quality, and other differentials as required in the Standard and they need to be separately identifiable.



For bananas / fresh fruits produced in 2023, the amount shown on all contracts will be of US\$ 5.5 per MT or its equivalent (US\$ 0.0055 per kg). For monetary Sustainability Differentials, the amount shown in all contracts will be the agreed amount between supplier and the buyer.

Examples on how the SI and SD contributions can be reflected in contracts and invoices:

- *The Rainforest Alliance Sustainability Investment à \$ 5.50 p/Mt*
- *The Rainforest Alliance Sustainability Differential à US\$ xx/Mt*

Multi-year contracts for delivery are encouraged. By the end of the contract period, on an annual basis, the first buyer should have taken delivery of the full amount of certified banana and other fresh fruit, paid the full SI and SD on these banana and fruit to the Farm CH as per contract, and delivered on all agreed in-kind investments.

## 6. PAYING THE SUSTAINABILITY INVESTMENTS AND SUSTAINABILITY DIFFERENTIAL

The SI and SD must be paid on volumes purchased as Rainforest Alliance Certified.

For bananas and other fresh fruits, SI and SD payments are incorporated into the regular payment of bananas and other fresh fruits. This means that each invoice will separately state the SI and SD paid per volume of banana or fruit.

## 7. REPORTING THE SUSTAINABILITY INVESTMENTS AND SUSTAINABILITY DIFFERENTIAL

Farm CHs and Supply Chain CHs are responsible for keeping data in the certification and traceability platform up to date. The traceability platform should reflect transactions as performed, including transaction details, such as SI and SD paid for a certified volume.

### 7.1 Transparency

Transparency is key. Reporting on SD and SI amounts visible in the Rainforest Alliance online platform and through supply chain and sector reports will allow Rainforest Alliance to enable and encourage all actors of the supply chain to provide greater transparency on the SD and SI paid throughout their supply chains, even if this is not yet required for Supply Chain CHs beyond those who are responsible for payment of SD and SI.

### 7.2 Reporting at transactional level

The SI and SD will be recorded in the Rainforest Alliance traceability platform (Marketplace 2.0). Traceability solutions are available for all fresh and processed fruits.

The predetermined SI monetary amount and the negotiated SD amount included in contract agreements are recorded by the Farm CH on the traceability platform when entering a sales transaction. Once paid, these payments will be confirmed in the same traceability platform by the first buyer.

The graph below indicates the responsibilities for SI and SD payment and reporting in the in the Rainforest Alliance traceability platform for Certificate Holders across the value chain.



## Reporting SD and SI in MarketPlace

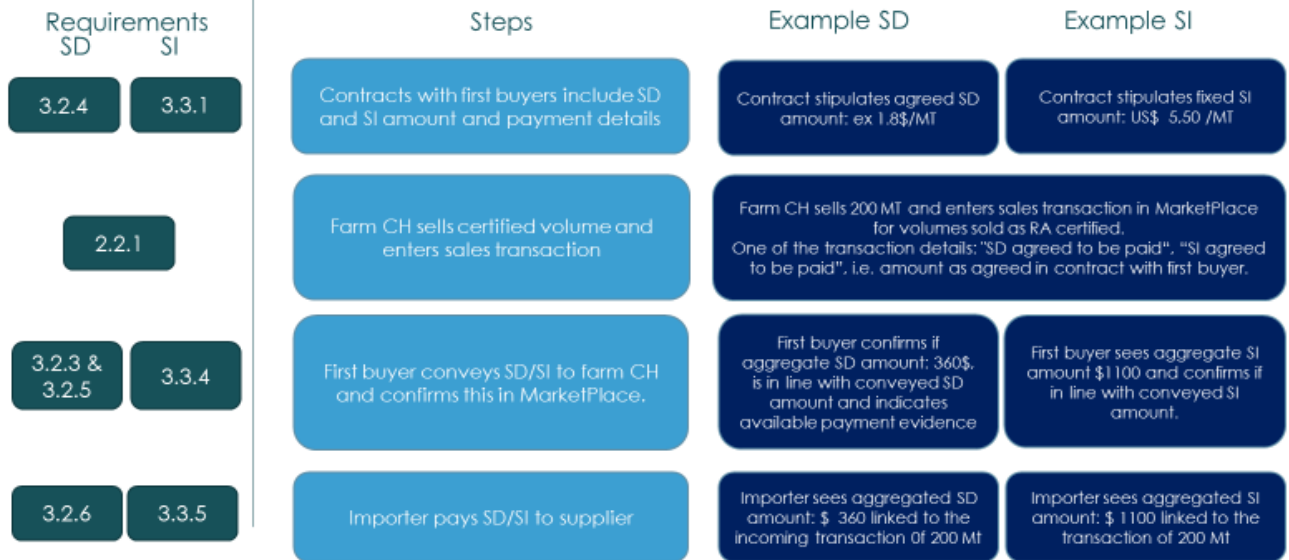


Diagram 2: reporting of the SI and SD payments in MarketPlace 2.0.

### 7.3 Annual Reporting

#### Farm CHs reporting on monetary SI received and spent

In preparation for the next audit, the Farm CH is required to report on how the SI received was spent according to the different investment categories. A percentage of the total SI received is allocated to the categories prescribed through the SI plan. This information is also reported to the Rainforest Alliance as part of the certification data entry.

#### First buyers reporting on in-kind SI

First buyer reports the estimated value of in-kind SI through the platform as "SI (in-kind) confirmed paid", indicating how the investment can be categorized.

### 7.4 Retail reports

At the request of retailers, the Rainforest Alliance will be able to generate supply chain specific reports, including information of agreed SI and SD amounts in their certified supply chains, and their use. To generate such reports, retailers will need to provide details of the certified volumes purchased from their direct suppliers.

## 8. ASSURANCE OF SI AND SD

The assurance around SI and SD payments from importer through buyers in producing countries (if applicable) to Farm CHs is regulated through various mechanisms.

As introduced in chapter 7, the Rainforest Alliance online platform will request both Farm CHs as well as buyers to report different figures: the fixed SI and SD amount agreed to be paid (Farm CH records), the confirmation of the paid SI and SD amounts (first buyer records), additional in-kind investments made (first buyer records), annual overview of allocation of SI



to different categories (Farm CH records). CBs, in preparation for Farm CH as well as Supply Chain CH audits, will receive reports of those figures in order to triangulate the information reported on the platform with physical evidence such as shipping documents and payment receipts.

In addition, CBs will be able to triangulate information entered in the traceability platform by both Farm CHs and first buyers to verify whether the amounts align and are in accordance with the Standard requirements and, therefore, also with the agreement between both parties.

If a CB detects discrepancies between the figures reported in the traceability platform and the physical evidence of agreements and actual payments, the Certification and Auditing Rules prescribe the CB to further investigate the causes for such discrepancy. While there can be acceptable reasons for a delayed payment or the payment of a different amount, absence of payment will lead to a sanction for the party that is responsible for paying or transferring the SI and SD. If such non-payment is detected during the audit of a Farm CH, the CB notifies Rainforest Alliance so that further follow up by the Supply Chain CB can be arranged.

### **Importer**

If it appears that the importer is not paying the SI and SD to its supplier as agreed, a non-conformity will be issued against the importer. Non-conformity can only be closed, and certification continued, if the agreed payments are made.

Auditors will check if the importer paid the correct total of SD as agreed to the exporter (based on how much they agreed to pay in the contract with their buyer and the volume purchased as certified). They can check for proof of receipt on a sample of transactions.

### **Retailers**

If a retailer imports Rainforest Alliance Certified bananas and/ or other fresh fruits (vegetables or flowers), they need to comply with the SI and SD requirements (See “importer activities and responsibilities” mentioned above). An external auditor will conduct a desk review of compliance before a certificate can be issued.

### **Supply Chain CHs prior to Importer**

These CHs (mostly exporters as well as first buyers) must transfer monetary SI and SD payments and in-kind deliveries from the importers to the supplier, i.e. farm CH. Not transferring the SI and SD when received by the importer is considered a non-conformity.

Auditors will check for proof of receipt on a sample of transactions if first buyers paid the correct total of SD as agreed with the Farm CH, based on how much they agreed to pay in the contract with the Farm CH and the volume purchased as certified. They will also check how much was agreed to pay in the contract with the importer. The figure for the SD in the contract/agreement between exporter and importer may be different from the figure in the contract/agreement between farm CH and exporter (first buyer).

### **Farm CHs**

Auditors will check the SD and SI received at farm CH level, based on how much the farm CH should have received in SD payment (calculated from information in the system on how much they agreed to be paid (in contract with the first buyer (exporter) x volume sold as certified). Proof of receipt is checked on a sample of transactions.

In the case of group certification, Farm CHs must forward the SD to their members. Group members can use the SD at their discretion.





Individual and large farms can use the SD at their discretion but must report on the use of SD to the benefit of workers if applicable

All Farm CHs must spend the monetary SI and in-kind SI received according to the Investment Plan.

When there is evidence that there is misuse of the SI or if the SD is not fully transferred to group members (e.g.), the Farm CH can receive a non-conformity on the relevant requirement and be suspended or decertified if they do not rectify that non-conformity.

**Auditing of the Investment Plan** at farm CH level:

- The CB will audit the existence of the Investment Plan as well as whether necessary information (risk assessment, self-assessment, internal inspection and other relevant documents that provide the Farm CH insights in investment priorities to comply with the 2020 Rainforest Alliance Sustainable Agriculture Standard) was considered for its development (certification year 1 onward)
- The CB will audit the spending against the plan (from year 2 onward). The CB will use the revised/ adjusted plan as a basis to check consistency between the received fixed SI amount and the actual expenses made based on what was received
- The CB also checks whether the report to Rainforest Alliance (percentage allocation according to the different SI categories) corresponds with actual expenditure of SI