RAINFOREST ALLIANCE GUIDANCE

Traceability

Version 1

More information?

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This guidance document is non-binding. This means that this document provides important information to help readers understand, interpret and implement the requirements set out in the documents listed in the section "linked to" above. However, following the guidance in this document is not mandatory.

Contents

OBJECTIVE AND SCOPE OF THIS DOCUMENT

This document provides an explanation of the traceability requirements in the Rainforest Alliance 2020 Sustainable Agriculture Standard.

1. Introduction

1.1 WHAT IS TRACEABILITY (FOR THE RAINFOREST ALLIANCE)?

Traceability ensures that the Rainforest Alliance is able to follow a product from the brand owner back through the supply chain to a certified farm. Traceability is essential to ensure that products sold as certified comply with this promise.

Traceability refers to the documentation that tracks the flows of certified volumes throughout the supply chain. Traceability therefore starts at the level of the farm where the certified crop is produced and ends at the level of the brand owner that sells the crop as final consumer product with the Rainforest Alliance Certified claim. Traceability requirements are applicable to legacy volumes (from the 2015 UTZ Certification Program and the 2017 Rainforest Alliance Certification Program) and volumes certified against the Rainforest Alliance 2020 Sustainable Agriculture Standard (SAS).

Organisations are required to maintain traceability documentation in three ways:
  a. "Paper-based" traceability – this means keeping copies of all documentation of purchases and sales of the certified product)
  b. Online traceability – this means entering information on the purchases and sales of certified products in the Rainforest Alliance platform.
  c. On-site traceability – this means following procedures that ensure Rainforest Alliance Certified volumes can be distinguished from non-certified volumes

1.2 WHY IS TRACEABILITY IMPORTANT?

Traceability is core to certification, as it provides verifiable information on product flows that allow for accurate claims to be made about Rainforest Alliance Certified products.

1.3 HOW IS IT ENSURED?

The Rainforest Alliance 2020 standard sets out two sets of requirements to ensure traceability of certified volumes:

1) Requirements which specify the rules for implementing on-site traceability (including "paper-based" documentation and other practices for the physical handling of certified volumes),
2) Requirements which specify the rules for managing online traceability of Rainforest Alliance Certified volumes through the Rainforest Alliance traceability platform.

2. WHO DO THE TRACEABILITY REQUIREMENTS APPLY TO?

The traceability requirements in the Rainforest Alliance 2020 Certification Program apply to all certificate holders and cover all crops eligible for certification.

2.1 ON-SITE AND PAPER-BASED TRACEABILITY

The requirements for on-site traceability (chapter 2.1 of the Rainforest Alliance Sustainable Agriculture Standard) apply to all farm and supply chain certificate holders (CH).

2.2 ONLINE TRACEABILITY

The requirements for online traceability apply to all CHs that legally own the certified volume, starting with the farm certificate holder who produces the volume (*see chapter below*).

Currently, as we transition to the 2020 certification program, traceability of products is still recorded in different traceability platforms including those used by the previous UTZ and Rainforest Alliance 2017 certification programs. This means that the rules and requirements for traceability set out in the 2020 Rainforest Alliance standard cannot yet be fully implemented in the Rainforest Alliance traceability platform for certain crops. For crops for which there are no traceability solutions in place yet, subchapter 2.2 regarding the maintenance of online traceability will only apply once these systems are available in the Rainforest Alliance online platform. On-site and paper-based traceability requirements always apply, regardless of the crop.

For more information about the applicability of subchapter 2.2, please refer to section 6.
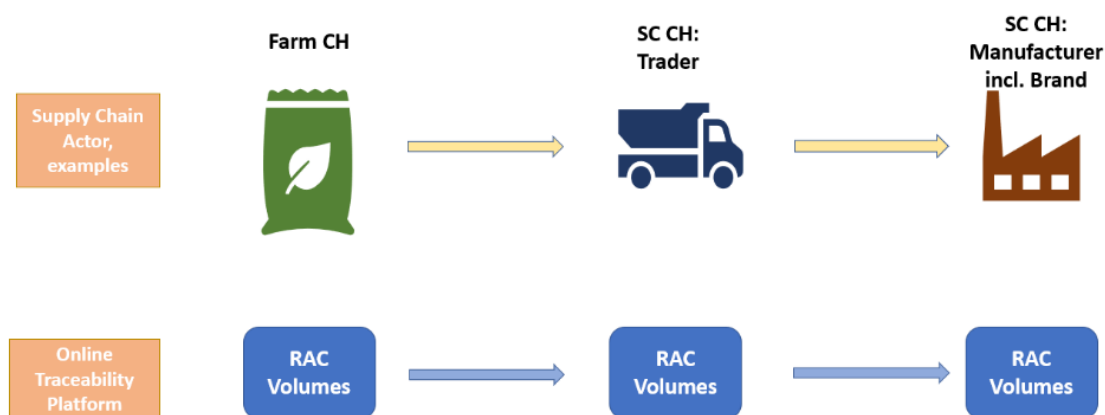
3. THE PROCESS OF ONLINE TRACEABILITY

All CHs of the Rainforest Alliance 2020 Certification Program must create a certification account in the RACP (or if applicable be covered by the certification account of another CH) so that requirements on online traceability can be implemented. If the CH successfully passes the certification process, the Rainforest Alliance will grant the CH a license to trade Rainforest Alliance Certified volume of the crop or crops included in the certification.

3.1 START OF ONLINE TRACEABILITY

- Online traceability begins at the level of the farm CH. Traceability requirements that require the documentation of product flows from individual producers to farm CH ("first mile" traceability i.e., from group members, via intermediaries/collectors to the level of central storage) must be complied with using "paper-based" systems and respecting physical handling requirements, but they are currently not reflected in the online traceability platform. The farm CH (whether group, individual or multi-farm) has a traceability account in the Rainforest Alliance platform from which, once certification is granted, they can issue sales transactions for certified volumes.
- If CHs have conduct farming activities as well as supply chain activities, they are always considered farm certificate holders and must comply with traceability requirements applicable to farm certification. Additional requirements may be applicable depending on the specific activities they carry out.
- When the farm CH sells a volume of certified product to a buyer who becomes the next legal owner of the certified volume, the farm CH issues a transaction in their traceability account to "move" the volumes to the buyer's account. Each time an actor sells the certified volume to a new buyer (legal owner), the transaction is recorded by the seller in the online traceability platform until the volume reaches the brand owner or traceability is ended for other reasons (*see section 3.2*).

Figure 1: Traceability in the Supply Chain, Simplified

3.2 END OF ONLINE TRACEABILITY

The Rainforest Alliance 2020 Certification Program requires that traceability of certified volumes is maintained throughout the supply chain until the level of the brand owner (for more information, see section 6.6). There are scenarios in which online traceability may end as well:

Removing Rainforest Alliance Certified volumes

If volume is not sold as Rainforest Alliance Certified by one of the supply chain actors, the corresponding volume is "removed" from the Rainforest Alliance traceability platform. This

means that the owner of the volume deletes the volume from their traceability account in the platform because they are no longer available as Rainforest Alliance Certified volumes. Reasons for not selling products as Rainforest Alliance Certified can include:

- Products are considered as *lost* (i.e., spoiled or wasted, see definition), or
- Products are sold onwards as conventional or under another certification scheme if the product was certified under multiple schemes.

The *removal* ends Rainforest Alliance online traceability. An exception is mass balance traceability, as volume credits do not have to be removed when (multi-certified) volumes are sold onwards as non-Rainforest Alliance Certified.

- ***Example 1:*** *The coffee trader BrightBeans purchases a container of green coffee that is both organic and Rainforest Alliance Certified. Half of the volume is sold onwards as organic only, the corresponding volume is therefore removed from the traceability platform.*
- ***Example 2:*** *The cocoa manufacturer GoldenBar purchases a container of Rainforest Alliance and organic certified cocoa mass under the mass balance traceability type. The cocoa mass is used to produce chocolate bars. The chocolate bars do not carry the Rainforest Alliance seal but are sold as organic certified only. The Rainforest Alliance mass balance credits that were initially purchased do not need to be removed from the traceability platform.*

Figure 2: Example 1 of how traceability ends (through remove)
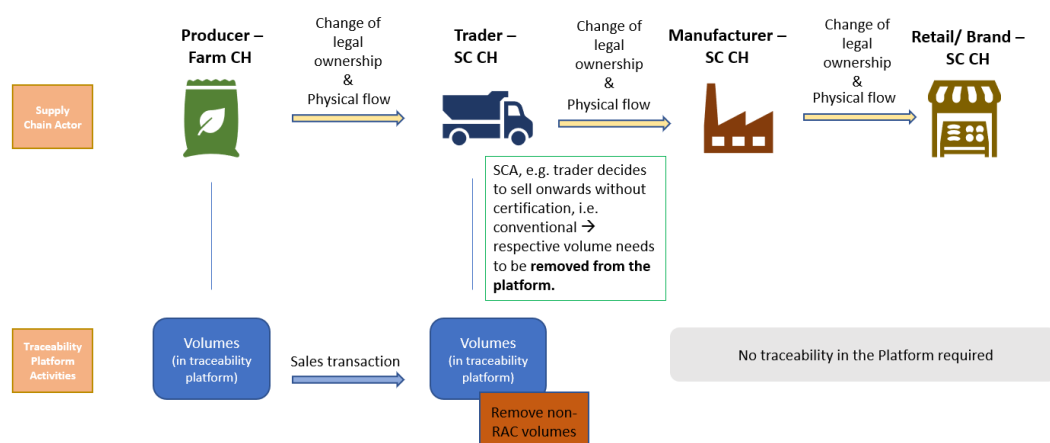
Please note: Under Mass Balance traceability type, volume/stock credits do not have to be removed from the system when those volumes are sold as conventional (non RAC)

NOTE: Retroactive Claims

There may be cases in which a buyer wishes to claim a volume that was originally Rainforest Alliance Certified but which they purchased without a Rainforest Alliance Certified claim. This is referred to as retroactive claiming. Retroactive claims may be allowed if the seller and the buyer (e.g. farm and supply chain CH) both had a valid certificate on the date the volume was purchased. In this case any of the two CHs involved may send a retroactive claim request to the Rainforest Alliance which will assess whether such a claim can be granted. A precondition for granting a retroactive claim is that applicable Standard requirements, including Shared Responsibility requirements, are complied with by both parties.

Redeeming volumes as brand owner

Where volumes are sold as Rainforest Alliance Certified through the supply chain, traceability is ended when a supply chain actor "redeems" the certified volume from the traceability platform. A supply chain actor redeems the volume when they produce a final consumer

product that is sold under their own brand. When a supply chain actor produces a final consumer product (including packaging and labelling, note the approach for branded fruits in example 2), they redeem the volume used in the product which means that the volume is no longer available in the traceability platform. Any further sales of the final product (e.g., to distributors or retailers) are not recorded in the online traceability platform.

- ▪ ***Example 1***: *Company ChocoDream produces chocolate bars marketed under its own brand. The Rainforest Alliance Certified cocoa volume is redeemed from the traceability platform by ChoCoDream.*
- ▪ ***Example 2:*** *Company TuttiFrutti is the brand owner of mangoes. The brand's stickers are applied to the mangoes at farm-level. Traceability needs to go from the farm CH through to company TuttiFrutti where the volumes are then redeemed from the traceability platform. This means that for the case of branded fruit (not a retail brand), the supply chain CH that is the brand owner needs to redeem the volume from the platform.*

- *Figure 3: Example 2 of how traceability ends (through redeem)*
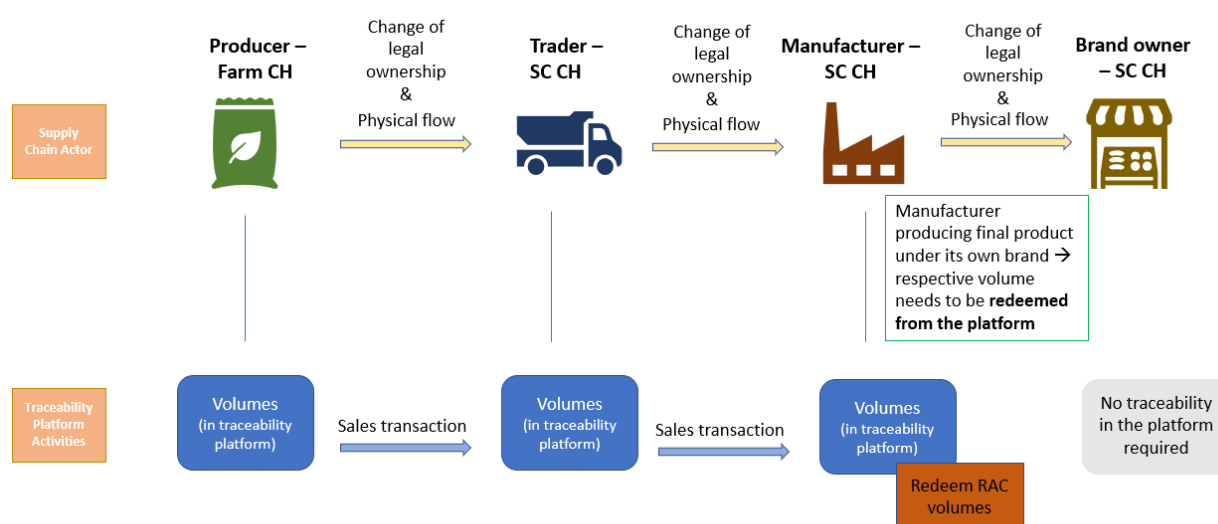
Please note, for the case of branded fruit **(not a retail brand),** the SC CH that is the brand owner needs to redeem the volume from the platform
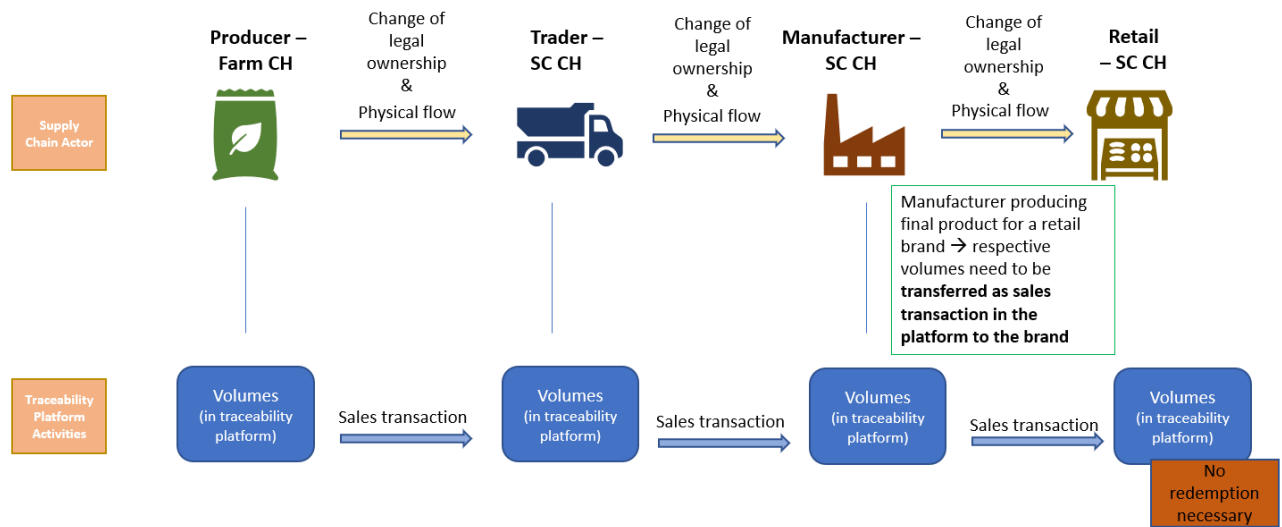
End of traceability at retail level

If a volume of certified product is used to produce a final consumer product sold under a retailer's brand, the retailer is not required to redeem volumes sold as Rainforest Alliance Certified. However, the retailer must ensure that sales transactions for that certified volume of the final product are made by the seller into their traceability account and confirm those. The retailer is also required to verify that incoming transactions match invoices for volumes purchased (see requirement 2.2.2). This means traceability of volumes destined for sale under the retailer's brand ends with retailers receiving and confirming transactions of volumes in their traceability account.

Example: A company is producing a line of herbal tea products for a retailer to sell under its private label TastyTea. The Rainforest Alliance Certified volume of herbals used for those tea products needs to be reflected through the traceability platform as a sales transaction to the retailer.

For the case of unbranded fruits, if the fruits are sold across the supply chain as Rainforest Alliance Certified until the retail level, the retailer will be considered as brand owner. In this case, online traceability needs to be provided until the level of the retailer.

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Figure 4: Example 3 of how traceability ends (through volume moving into retailer account)

Supply Chain Actor

| **Producer – Farm CH** | Change of legal ownership & Physical flow | **Trader – SC CH** | Change of legal ownership & Physical flow | **Manufacturer – SC CH** | Change of legal ownership & Physical flow | **Retail – SC CH** |

Manufacturer producing final product for a retail brand → respective volumes need to be **transferred as sales transaction in the platform to the brand**

Traceability Platform Activities

| Volumes (in traceability platform) | Sales transaction | Volumes (in traceability platform) | Sales transaction | Volumes (in traceability platform) | Sales transaction | Volumes (in traceability platform) |

No redemption necessary

Please note, for the case of unbranded fruits: As long as fruits are being sold across the supply chain as RAC until retail level, the retailer will be considered as brand owner.

4. LEGAL OWNERSHIP REFLECTED IN ONLINE TRACEABILITY

Online traceability in the Rainforest Alliance online platform follows the legal ownership of the Rainforest Alliance Certified volume. This means that supply chain actors that legally own the Rainforest Alliance Certified volume are required to provide online traceability by recording when they sell and buy certified volumes. The change of legal ownership is defined by the payment of the invoice for the purchased volume. The management of online traceability may be different depending on the actors that take legal ownership of the certified volumes in the supply chain. The following sections provide guidance on managing online traceability for various types of supply chain actors.

4.1 SUBCONTRACTORS

When an organization works with subcontractors (e.g., for processing, packing etc), the legal ownership of the certified volume usually remains with the contracting organization while the contracted organization physically holds the volume. Subcontractors can either be certified as part of the contracting organisation's certificate or obtain their own certificate.

Example: Warehouses usually store certified volume for various CHs. The warehouse can decide to be included in the certificates of each of the CHs it is subcontracted by or obtain its own certificate.

If the subcontractor (e.g., a processor) is included in the certification scope of the contracting CH (e.g., a farm), only the contracting CH is required to hold a traceability account. Traceability remains at CH level (the farm) which means that the CH is responsible for reporting all purchases, sales as well as conversion factors related to the processing activities of the certified volume.
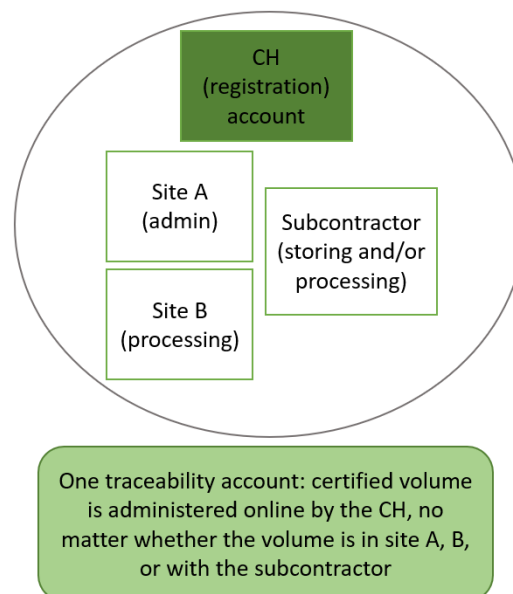

Figure 5: Subcontractors, Situation A

If the subcontractor has its own certificate but does not take legal ownership or physically modify the certified volumes – e.g., the subcontractor only stores/warehouses volumes that are Rainforest Alliance Certified on behalf of the certified company and does not process the certified product - it does not need to reflect the physical movement of the certified product from and to the contracting organization in the online traceability platform.
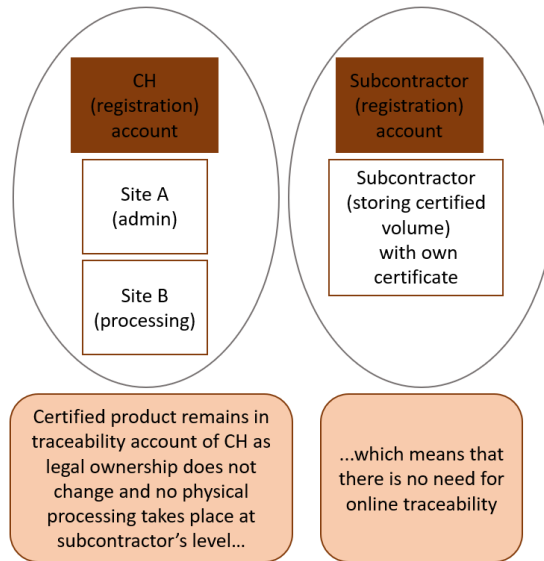
Figure 6: Subcontractors, Situation B

If the subcontractor has its own certificate and physically obtains Rainforest Alliance Certified volumes to process them, the legal owner (contracting organisation) must issue a transaction of Rainforest Alliance Certified volume to the subcontractor so that the processing steps can be reflected in the subcontractor's traceability account. After the physical processing of the certified volume, the contracted organization sends the certified volume back (physically and also by transferring the volume through the online platform) to the legal owner to perform further traceability activities, as applicable.

Figure 7. Subcontractors, Situation C

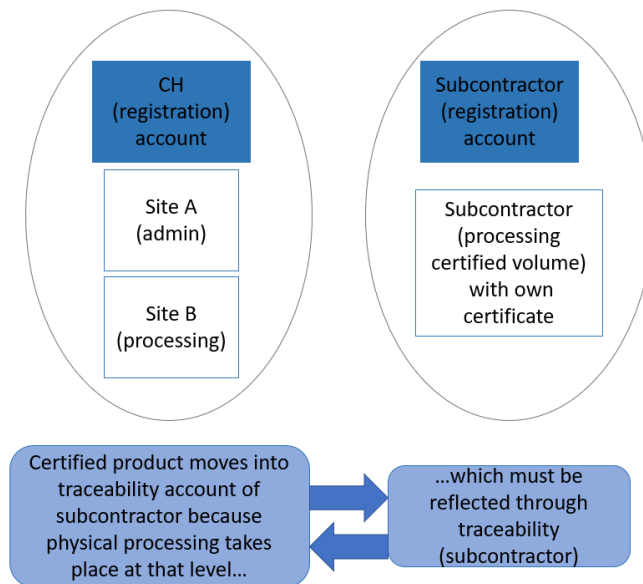## 4.2 INTRACOMPANY FINANCE ENTITIES

There are a number of companies in which the legal ownership of the certified product is with an entity that would usually not be in scope of certification based on the 2020 Certification and Auditing Rules. Example: An entity solely responsible for the payment of the Rainforest Alliance Certified product that is underneath the same legal structure with the

actual certificate holder. The certificate holder is the entity making purchasing contracts and decisions with regards to the Rainforest Alliance Certified product.

In intracompany setups as described above, the path of traceability in the platform would follow the certificate holder and would not include the payment entity, i.e., the issuance of transactions to the payment entity may be omitted.

NOTE: The Rainforest Alliance will critically assess intracompany setups to understand the concrete role of the company's entities toward the Rainforest Alliance Certified volume. Such setups will be evaluated on a case-by-case basis and instructions for traceability given by the Rainforest Alliance Supply Chain Certification Team.

4.3 FARM CHS THAT SELL SEMI-FINAL OR FINAL PRODUCT

Any entity that conducts farming activities is considered a farm CH for Rainforest Alliance certification, no matter how many processing steps or sites are included in the scope of the certification. Some farm CHs process the certified crop into the final consumer product for it to be sold to retailers. In this case, the farm CH maintains the certified volume (including the indication of processing steps, if applicable) in their traceability account until a sales transaction is issued to the final buyer. If the farm CH sells the final product under their own brand, they need to redeem the volume from the traceability platform. If the farm CH sells the final product to a supply chain actor (e.g., a retailer) who sells the product under its own brand, the farm CH has to issue a sales transaction of that volume to that supply chain actor.

4.4 SALES FROM FARM CH TO SC CH VIA AUCTION CHANNEL

For some commodities, a farm CH's products can be sold through auction. In those cases, the volume that is Rainforest Alliance Certified is usually shipped to the auction without there being a known buyer. Therefore, the volume remains under the ownership of the farm CH until a sale is confirmed. The farm CH must issue the sales transactions once the legal ownership of the volume is with the first buyer beyond the auction.

4.5 APPLICABILITY OF MASS BALANCE REQUIREMENTS

Mass balance is a traceability type available to supply chain CHs working with certified cocoa, orange juice, flowers, hazelnuts, coconut oil and, starting April 2022, herbs, spices and other herbal tea ingredients. For those crops, mass balance rules and requirements apply after the change of legal ownership from the farm CH to the first supply chain CH. For farm CHs, this means that products must be physically segregated from the time they are harvested until the time they reach the first buyer (i.e., the first supply chain CH after the farm CH). From the first supply chain CH and onwards throughout the supply chain, certified and non-certified volumes can be physically mixed if mass balance rules and requirements are complied with.

If farm CHs buy volumes from other farms that are Rainforest Alliance Certified, farm traceability requirements still apply, and all volumes must be treated according to the Identity Preserved traceability type.

Exceptions to the above rule are hazelnut, coconut oil and flowers, where mass balance may already be applied at the level of the farm CH. This means that mass balance is allowed at the level of the administrator; individual group members or farms still need to maintain the certified product not mixed with non-certified product.

5. USE OF THE LEGACY RAINFOREST ALLIANCE SEAL

Given the recent phasing out of the legacy Rainforest Alliance Certified seal and UTZ label, the Rainforest Alliance is continuing to allow artwork submissions until 31st December, 2022 for both legacy trademarks. From January 1st, 2022, onwards, all approvals will be given a validity of 2 years.

For both legacy trademarks, the applicable Trademarks Policy shall remain applicable during this period (Requirements and Guidelines for Use of the Rainforest Alliance Trademarks and UTZ Labeling and Trademarks Policy June 2017). This includes the **minimum certified content** requirements as laid out in the applicable policy.

For any questions, please reach out to customersuccess@ra.org.

6. APPROACH DURING TRANSITION PERIOD

The traceability requirements described in the Rainforest Alliance 2020 Sustainable Agriculture Standard came into force on July 1st, 2021. This means that the requirements around on-site and online traceability must be complied with from that date onwards. As an example: Requirement 2.2.1 states that transactions are recorded at the *latest two weeks after the end of the quarter within which the shipment took place*. For a volume shipped on July 1st, the latest date for recording the transaction would therefore be October 15th.

Requirements apply to volumes from the pre-merger UTZ, pre-merger Rainforest Alliance and the Rainforest Alliance 2020 Sustainable Agriculture Standard and to any of the traceability platforms that are currently in place.

OVERVIEW

For an overview of all the current platforms and their purposes for CHs of the Rainforest Alliance 2020 Certification Program based on the Rainforest Alliance 2020 Sustainable Agriculture Standard, the 2015 UTZ Certification Program and the 2017 Rainforest Alliance Certification Program, please visit this website.

6.1 LIMITED ONLINE TRACEABILITY (HERBS, SPICES, ROOIBOS, NUTS AND SEEDS)

For the herbs, spices, rooibos as well as nuts and seeds (except hazelnuts), requirements around online traceability (chapter 2.2 of the Standard) are not currently supported by MultiTrace. Therefore, the following applies:

- Traceability requirements as stipulated in chapter 2.1 (on-site) must be implemented by all farm and supply chain CHs
- Requirements of chapter 2.2 (online traceability) do not apply to CHs working with volumes that are certified against:
    - 2017 Rainforest Alliance herbs and spices, herbal tea ingredients and rooibos
    - 2017 and new Rainforest Alliance nuts and seeds
- For herbal tea and rooibos volumes certified under the UTZ program, traceability requirements must be complied with by following online traceability through the GIP platform.
- Once the Rainforest Alliance traceability platform is available, all volumes will have to be recorded in the platform (MultiTrace).

6.2 COMBINED ONLINE TRACEABILITY (COFFEE)

In coffee, online traceability is currently done in several platforms, but will move into MultiTrace shortly. During the transition period:

- UTZ volumes will be in MultiTrace
- 2017 Rainforest Alliance volumes will be in Marketplace
- New Rainforest Alliance volumes will be in MultiTrace

Therefore, the following applies:
- Traceability requirements as stipulated in chapter 2.1 (on-site) must be implemented by all farm and supply chain CHs
- Requirements of chapter 2.2 (online traceability) apply to CHs working with volumes certified:
    - 2017 Rainforest Alliance coffee in Marketplace
    - UTZ coffee in MultiTrace
    - New Rainforest Alliance coffee in MultiTrace

6.3 MIXED PRODUCTS (COCOA)

In the cocoa crop, traceability on mixed products (e.g., chocolate) will begin on July 1st, 2022. From July 1st, 2022 onwards, all cocoa shipments must be compliant with mixed product requirements for cocoa (e.g., chocolate, and other mixed products).

6.4 MASS BALANCE (COCOA)

Mass balance shipments for Q4 2021 may be entered in Multitrace from January 31, 2022 - February 28, 2022.

Origin Matching for mass balance volumes is required from July 1, 2021. In some countries more time is needed to build up the necessary supply. To address this, companies have made investment commitments and have been given annual exceptions for 2021, 2022 and/or 2023 if they meet their commitments. In this way full origin matching will be in place by the end of 2023. See Annex S6 for more information.

6.5 TRACEABILITY REPORTING (TEA)

Certificate holders are required to report transactions for both Q3 and Q4 2021 in Multitrace by the end of Q1 2022, e.g., April 15th, 2022. Buyers are expected to continue engaging with their suppliers in order to meet the April 15th deadline. All volumes traded in Q3 and Q4 need to be recorded.

This is an exception to the normal traceability rules which is applicable to CHs buying blended and processed teas, who do not perform blending/processing themselves.

This exception is not applicable to CHs that are, 1) buyers of both blended/processed and non-blended/processed teas, or 2) buyers who only buy non-blended or non-processed tea i.e., original teas or bulks.

6.6 RETAIL (AS BRAND OWNER) TRACEABILITY

For **tea, hazelnut, fresh fruit and processed fruit, flowers, and vegetables**, the traceability requirement about the issuance of transactions to retailers must be complied with.

For **cocoa, coffee, herbs and spices, rooibos, and nuts (excluding hazelnuts)**, traceability up to the retail level (in cases in which the retailer is the brand owner) cannot yet be implemented. Traceability up to retail level becomes applicable when the volumes for that sector are all available in **one** traceability platform.

> *Example*: *A coffee roaster who produces a retail branded product is required to enter transactions to the retailer in the traceability platform when coffee is in one platform.*

6.7 RECORDING OF SD/SI

The recording of SD/SI is to be done at the latest 3 months after the payment took place. The recording of SD/SI payment is directly linked with transactions of certified volume through the online platform. During the transition period, recording of SD/SI payments must be done online when online traceability is available and SD/SI fields are enabled. In all cases, records of SD/SI payment must be available starting from the mandatory implementation date of SD/SI requirements. For more information, please refer to Annex S14: Shared Responsibility.