

# ANNEX CHAPTER 3:

## INCOME AND SHARED RESPONSIBILITY

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Included in this document:  
[S14 Shared Responsibility](#)

Tools related to this Chapter:  
S16: Sustainability Investment Plan Template

The Rainforest Alliance is creating a more sustainable world by using social and market forces to protect nature and improve the lives of farmers and forest communities.

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<b>Replaces</b>		<b>Applicable to</b>
SA-S-SD-15-V1.2: Annex S14: Shared Responsibility, published September 3 <sup>rd</sup> , 2021		Farm and Supply Chain Certificate Holders

Annexes are binding and must be complied with for certification.

*More information*

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## OVERVIEW OF KEY CHANGES

The replaced document has been shortened to make it more user friendly.

The following changes in content were made:

Section	Subject	Change
2.1	SD payment for individual and large farms	Explanatory text removed due to updated requirement 3.2.2: SD may be spent to the benefit of the workers of the farm, or the producer him/herself.
2.2	Timeline	Processed fruits & coconut oil: Introduction date changed for January 2023
2.2	Timeline	Tea: Introduction date clarified for from January 1, 2023 onwards, based on volumes sold as RAC from January 1, 2022
2.2	SD/SI payment in tea	Brand owner approach further refined to be clear which steps need to be taken with brand owner making payments directly and timeframe for implementation.
2.2	Agreements between Farm and SC CH	Clarification of how to set up contractual agreements when SD and SI are not known separately at the time of contracting. Another clarification around the amount in contracts/commitments is what must be paid.
2.2	Sustainability Investments	Clarification around which company initiatives and investments can be counted as SI
2.2	Reporting	Requirements for reporting SD/SI data adapted to align with system functionalities, confirmation is not available in the traceability platform and is therefore removed.

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# S14 SHARED RESPONSIBILITY

## 1. INTRODUCTION

The implementation of the Shared Responsibility requirements needs different approaches for each of the sectors as the dynamics of global supply chains for Rainforest Alliance certified commodities vary significantly. *This annex provides this sector-specific content.*

Guidance on the implementation of sector-specific rules outlined in this document can further be found on the Rainforest Alliance [website](#).

## 2. IMPLEMENTATION OF REQUIREMENTS

### 2.1. Farm Responsibilities on SD and SI

#### Requirement 3.2.1: Sustainability Differential in Groups

Requirement 3.2.1 requires the group administrator to distribute the total amount of SD received from buyers for the sale of the certified products to group members, proportionally based on the volume that each member delivered to the group.

CHs must have complete and accurate evidence showing all payments of SD made to group members. This must be updated at least annually. The payment evidence must show that the total sum of SD payments to group members is equal to the total SD amount received from the buyer(s). Only Transaction and tax-related costs can be deducted from the total SD the farm CH received, if 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.

#### Requirement 3.2.2: Sustainability Differential in Large and Individual Farm CHs

Requirement 3.2.2, which applies to individual farm CHs and large farms, states that the Rainforest Alliance Sustainability Differential must be used for the benefit of the producer and/or workers. Whenever the SD is used to the benefit of workers, worker representatives must be consulted when establishing how the SD should be used.

If the SD is paid for the benefit of the workers, management must keep records of:

- Consultation with the representation of workers on sustainability priorities.
- Use of the SD against the categories defined by the Rainforest Alliance (wages, working conditions, health and safety, housing).

#### Requirement 3.3.1: Sustainability Investment Plan

All farm CHs must have a plan that identifies sustainability investment needs using the Rainforest Alliance Sustainability Investment Plan template (Annex S16). This plan is also used to monitor expenditure of Sustainability Investments.

Sustainability Investments listed in the investment plan must be directly linked to achieving compliance with core requirements and relevant improvement requirements of the 2020 Sustainable Agriculture Standard. To identify the investments needed, group or farm management must use the results of their self-assessment, risk assessment, internal inspections, audits, farm management plan and capacity assessment.

Farm Certificate holders develop their Sustainability Investment (SI) plan prior to contracting for the coming year so they can use it as a basis for negotiation with buyers about the value of monetary SI or in-kind contributions needed.

### Investment planning for multiple crops

Farm CHs growing multiple crops need to specify in their investment plan the investment needs for all crops they intend to market as Rainforest Alliance certified. These should all be included in one investment plan.

### Reporting

Farm CHs must report on the SI they receive and how they use it. They must report this at the end of the crop season, at least annually. Monetary and in-kind SI received, and how this has been spent against each of the Investment categories must be recorded in the Sustainability Investment Plan. Farm CHs must also report these amounts from the investment plan, in the Rainforest Alliance Indicator Template.

## 2.2. Responsibilities on Agreements and Payments

### Requirement 3.2.3 and 3.3.4: Payment of the Sustainability Differential and Sustainability Investment

The applicability of the Shared Responsibility requirements differs per sector. The table below indicates which SC CH is responsible for complying with the SD and SI requirements:

Crop/Sector	SC CH responsible for SD/SI	Obligations:	Timeline for implementation : For volumes certified against the 2020 Rainforest Alliance Standard purchased after:
Coffee	First Buyer  <i>the initial certificate holder legally owning the certified product after the farm certificate holder</i>	<ul style="list-style-type: none"> <li>- specify amounts and payment terms for SD and SI in contractual agreements with farm CHs</li> <li>- make payments on volumes purchased as RAC.</li> </ul>	1 July 2021
Cocoa			1 July 2021
Processed fruits and Coconut Oil			1 January 2023
Hazelnut			1 July 2021
Herbs and Spices			1 July 2021
Other crops			1 July 2021
Tea	Brand owner  <i>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</i>	(in the absence of a contract between farm CH and brand) <ul style="list-style-type: none"> <li>- make commitments to the Rainforest Alliance specifying SD/SI amounts by volume</li> <li>- make payments on volumes purchased as RAC. Transfer of SD/SI to farm CHs will be</li> </ul>	January 1, 2022.  NB. Brands pay SD/SI from January 1, 2023 onwards, based on volumes from the previous year

		facilitated by the Rainforest Alliance	
Banana and Fresh Fruits	Importer <i>the organization outside the country of origin importing certified volume directly from origin, including retailers, brand owners or any other organization who performs this function</i>	<ul style="list-style-type: none"> <li>- specify payment terms in contractual agreements with their direct suppliers</li> <li>- verify that their suppliers include specific payment terms in their contracts with farm CHs supplying the RAC product.</li> </ul> NB: <ul style="list-style-type: none"> <li>- Exporters must forward the SD and SI to the farm CH.</li> <li>- The full fixed value of SI must reach the farm CH.</li> </ul>	1 January 2023
Flowers	TBD	TBD	TBD

Table 1: Overview of SC CHs responsible to comply with requirements for the payment of SD/SI

**NOTE: Supply chain CHs working with multiple crops**

Supply chain CHs working with multiple crops may have different responsibilities for payment of SD and SI, depending on the role they play in each supply chain and the payment responsibilities for the relevant sector.

**Requirement 3.2.4 and 3.3.6: Contractual agreements/commitments on SD and SI payment**

In all crops but tea, groups and individually certified farms must have clear contractual agreements in place which specify the amount and other terms around Sustainability Investments and Sustainability Differential.

**First buyer approach (coffee, cocoa, processed fruits and coconut oil, hazelnut, herbs & spices, other crops)**

First buyers must negotiate SD and SI amounts with farm certificate holders. The supply chain CH will include the agreed SD and SI in contracts with farm CHs. If in-kind SI is agreed between parties in addition to the monetary SI amount it should also be included in the contracts.

**Importer approach (bananas and fresh fruits)**

Importers must negotiate and agree on the SD with the supplier. The fixed SI amount and the agreed SD amount are included in contracts. If in-kind SI is agreed between parties, in addition to the fixed monetary SI amount, it should be included in the contracts.

If the importer is not directly purchasing the certified volume from the farm CH, the supply chain CH in the country of origin (first buyers/exporters, etc.) must include the negotiated SD amount and the fixed SI amount in contracts with the farm CH. If in-kind SI is agreed between parties, in addition to the fixed monetary SI amount, it should be included in the contracts. In this case the Supply Chain CH that contracts directly with the farm CH must Transfer the fixed SI and agreed SD amounts to the farm CH.

**Brand owner approach (tea)**

Brand owners who do not contract directly with a farm CH must make commitments to the Rainforest Alliance specifying the amount of SD/SI by volume they will pay. Payments of SD/SI to Farm CHs will be facilitated by the Rainforest Alliance. To enable this Brand Owners must trace out of the Rainforest Alliance traceability platform ("redeem") the volumes used, packed, and sold as Rainforest Alliance Certified, at least on a quarterly basis.

When volume is redeemed out of the Rainforest Alliance traceability platform, the platform shows the SD/SI amount (amount by volume, US\$/MT) the brand owner commits to pay to the farm CHs via the Rainforest Alliance payment facility. An invoice is sent to the brand owner for this amount. The brand owner pays the SD/SI according to the terms set in the invoice.

### **Contractual agreements**

For the first buyer and the importer approach the following applies to farm and SC CHs:

Agreements on SD/SI payments between farm and SC CH must include at least:

- The amount of the Sustainability Differential and Sustainability Investments by volume, clearly distinguishing the SD and the SI from price, quality premiums, and other differentials
- Terms and conditions of payment, meaning:
  - Definition of the period the Sustainability Differential and Sustainability Investment 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)
  - Method of payment (e.g., bank account details)
  - Currency

If the separate amounts for SD and SI are not known prior to contracting, the contractual agreements may reference one total amount. When actual sale of the certified product is made, SD and SI amounts must be indicated (in the platform). The sum of the SD and SI equal the total amount agreed.

SC CHs that have their own investment programs in place may count those investments as SI, as long as the investments:

- relate to the implementation of the Rainforest Alliance standard farm requirements
- are agreed on with the farm CH.
- are incorporated into the farm CH's Investment Plan and contractual agreements (if applicable).
- are backed up by evidence of the investments made (monetary and in kind).

### **Specific Situations**

#### **Farm CHs purchasing certified products from other farms**

A Certificate holder (CH) with farming in scope who also purchases certified products from other farm CHs. is considered as the first buyer for the volumes purchased. For those crops where the first buyer is responsible for payment of SD/SI (see *table 1*), these CHs have to make SD/SI payments for the volumes purchased as RAC.

#### **Intra-company trading**

For multinational organizations that operate under different legal entities, requirements 3.2.4 and 3.3.6 may be applied as follows:

1. Payment terms must be documented for the Sustainability Differential and Sustainability Investments between the entity paying SD/SI (e.g., trader) and the entity receiving SD/SI (e.g., farm CH)
2. Both paying and receiving entities must record all intra-company transactions of RAC product in the RA traceability platform, including the agreed level of SD and SI per volume.
3. Both paying and receiving entities must keep records of actual payment/receipt of the SD and SI.

#### **Requirement 3.2.5 and 3.3.4: Timeframes for payment of SD and SI**



The Rainforest Alliance has defined specific timeframes for the payment of the SD and SI per sector, as set out in the table below:

Crop/Sector	Applicable payment timeframe
Coffee	Payment is made no later than 12 months after shipment from farm CH to first buyer.
Processed Fruits and Coconut Oil	
Hazelnut	
Herbs and Spices	
Flowers	
Other crops	
Cocoa	Payment is made no later than 6 months after shipment from farm CH to first buyer, unless otherwise required by local regulations.
Tea	Payment is made quarterly. Total quarterly amounts are paid within the terms set in the SD/SI invoice from the Rainforest Alliance to the brand owner, and latest by the close of the next quarter.
Banana and other Fresh Fruits	Payment is tied to regular payments for certified bananas and other fresh fruits.

Table 2: Timeframe for SD and SI payment

### Requirement 3.2.6 and 3.3.5: Recording and Reporting SD and SI

#### **Recording of SD and monetary SI payment (in the RA platform)**

##### **First buyer and Importer approach:**

- When entering a sales transaction, farm CHs must indicate the SD and SI amounts agreed in the contract in the field “SD/SI agreed” of the transaction details. SD/SI amounts that were agreed in local currencies are converted and recorded in either € or US\$.
- The first buyer must confirm the agreed SD and SI amounts by confirming the overall transaction made to them. If the amount entered by the farm CH differs from what was agreed upon, the first buyer can reject the sales transaction and request the farm CH to correct it.
- For bananas and other fresh fruits: The agreed SD/SI amounts are recorded in the platform between the farm CH and the first buyer (as explained above). If the importer is NOT the first buyer, the SD/SI amounts agreed between the importer and its suppliers are recorded outside the RA traceability system.

##### **Brand owner approach:**

- When redeeming certified volume from the platform, the brand owner indicates the SD and SI amounts they commit to pay in the field “SD/SI committed” of the transaction details.

#### **Recording of in-kind SI payment (outside the RA platform)**

Sustainability Investments that are made in kind are usually not calculated based on transacted certified volume. Therefore, in-kind investments are not reported through the platform.

SC CHs making in-kind investments must keep documentation outside of the RA platform demonstrating the type and amount of in-kind investments delivered.

Farm CHs who receive in kind investments must keep documentation outside of the RA platform demonstrating the type and amount of in-kind investments delivered. They should also include in-kind SI received, and record how this has been used against each of the Investment categories in the Sustainability Investment Plan.

### Requirement 3.2.7: Minimums and Fixed Amounts

The Rainforest Alliance has defined a minimum Sustainability Differential for cocoa. This means the SD amount agreed between first buyer and farm CH must reach at least the minimum:

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

Table 3: Minimum SD in cocoa

The Rainforest Alliance has defined a fixed Sustainability Investment for banana and other fresh fruits. This means no negotiations are needed for SI. The amount must be included in contractual agreements.

Banana and fresh fruit	Geography	
	All	
<b>Fixed SI</b>	US\$ 5.50 (US\$ 0.10 per banana box (18.14 kg))	
<b>Start Date</b>	Importers must pay this amount for volumes entering the supply chain from January 1, 2023 onwards.	

Table 4: Fixed SI in banana and fresh fruit

### 3. OVERVIEW OF SUPPLY CHAIN REQUIREMENTS (SD AND SI) AND THEIR APPLICABILITY PER SECTOR

No	Topic	Coffee	Cocoa	Tea	Banana and Fresh Fruits	Other sectors*	Flowers
3.2.3	CH responsible for payment of SD	First buyer	First buyer	Brand owner	Importer has responsibility for SD payment.  Other SC CHs between farm CH and importer transfer payments.	First buyer	TBD
3.2.4	CH responsible for contractual agreements/ commitments for SD	First buyer	First buyer	Commitments on SD levels are made by brand owners in Rainforest Alliance traceability platform.	Contractual agreements exist between sellers and buyers starting with farm CH until level of importer.	First buyer	TBD
3.2.5	Payment timeframe for SD	12 months	6 months, unless otherwise required by local regulations.	Quarterly, quarterly for the previous quarter's volumes sold as RAC NB For volumes sold as RAC in 2022, invoicing and payment will be done in Q1 2023.	As set by commercial payments and timelines.	12 months	TBD
3.2.6	Reporting of SD payment in traceability platform	First buyer	First buyer	Brand owner	First buyer	First buyer	TBD
3.2.7	Minimum SD amount	NA	70 US\$/MT cocoa bean. Mandatory from October 1 2022 (Africa); July 1, 2022 (rest of the world)	NA	NA	NA	TBD
3.3.4	Supply chain CH responsible for payment of SI	First buyer	First buyer	Brand owner	Importer has responsibility for SI payment of \$ 5,50 p/ MT to be received by the farm CH on exported volumes.  Other SC CHs between farm CH and importer transfer payments.	First buyer	TBD
3.3.5	Reporting of SI payment in traceability platform	First buyer	First buyer	Brand owner	First buyer	First buyer	TBD

No	Topic	Coffee	Cocoa	Tea	Banana and Fresh Fruits	Other sectors*	Flowers
3.3.6	CH responsible for contractual agreements/ commitments for SI	First buyer	First buyer	Commitments on SI levels are made by brand owner in Rainforest Alliance traceability platform.	Contractual agreements exist between sellers and buyers starting with farm CH until level of importer.	First buyer	TBD

\* Other sectors: Including Processed fruits, Coconut Oil, Hazelnut, Herbs and Spices, Vegetables