



SD / SI implementation in the tea supply chain

This webinar will provide our tea members with an update on SD / SI implementation in the tea supply chain, highlighting the requirements, the timeline, the tea investment plan template, a demo of the MultiTrace screen where SD SI is committed, the payment facility, claims and useful links.

Agenda for this webinar

1. Introduction – Shared Responsibility
2. SD SI in the tea program
3. The farm investment plan and investment reporting
4. Demo – how to set SD SI levels in MultiTrace
5. SD SI invoicing and payments
6. Claims and narratives
7. Links and resources



Introduction



Making responsible business the new normal

Enabled by the shared responsibility requirements in the 2020 Sustainable Agriculture Standard





Shared Responsibility: Balance the rewards of sustainable production and sharing costs

Existing certification can place an unfair burden on producers.

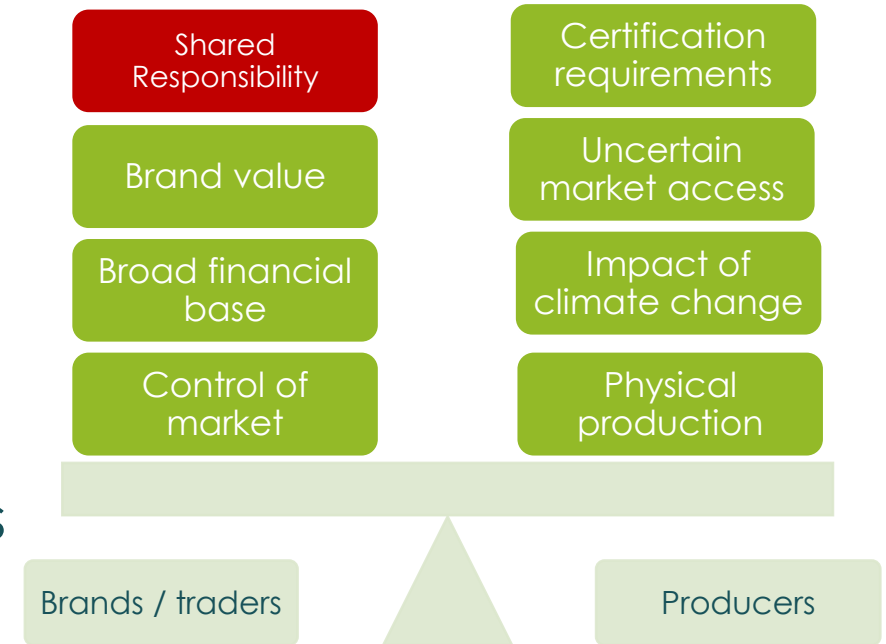
We need to balance the rewards for sustainable production, share the risks and enable the supply chain to:

- Reward sustainability efforts of producers

→ = Sustainability Differential

- Contribute toward the investments needed to become and remain certified

→ = Sustainability Investments



Components of Shared Responsibility: SD and SI

Sustainability Differential (SD)

A mandatory monetary payment of an additional amount on top of the market price to **reward producers' sustainability efforts.**

Sustainability Investments (SI)

Cash or in-kind investments to contribute to the investments needed to **attain and maintain certification against the 2020 Sustainable Agriculture Standard**

Investments in relation to worker benefits must be included in the Investment Plan and worker representatives must be consulted on the allocation of those investments.



Why introduce SD and SI?

- To support certified farms by providing the means to invest in sustainable tea production
- To encourage companies to acknowledge the value of sustainability and invest in and reward more sustainable production
- To distribute costs and benefits of certification between farmers and brands/packers along the supply chain, so that both are rewarded for their efforts to embrace more sustainable practices
- To help target investments to where they are needed most, including workers' wellbeing
- To promote transparency on the sustainability investment needs of farmers
- To allow companies to more closely track the associated impact of those investments in their supply chain.



What it means for the tea sector

How to implement the Shared Responsibility requirements in tea



What Shared Responsibility means for tea – overview

1. The brand owner is responsible for payment of SD/SI in their supply chain. It is the redeeming CH who commits and pays SD/SI via the MultiTrace platform.
2. All volumes sold or claimed as Rainforest Alliance Certified and therefore redeemed out of MultiTrace from July 1st, 2023, will trigger SD/SI payment.
3. In this initial implementation, Rainforest Alliance will not set a minimum for SD SI payments. But to encourage a level playing field our guidance is that SDs are paid on the basis of no less than \$10/MT for each MT and SIs are paid on the basis of no less than \$40/MT for each MT of Rainforest Alliance Certified tea redeemed by the brand owner from their supply chain.
4. If a retail brand owner is supplied by a packer for private label tea, i.e. the packer is the redeeming CH, the packer is responsible for paying SD SI on their behalf, the retail brand owner is responsible to include SD/SI in the next contract cycle to reimburse the packer.
5. Rainforest Alliance third-party payment facility will manage payments between brand owner and the farm certificate holders in the brand's footprint.
6. All farm CHs are required to draw up an investment plan on how to allocate and spend the Sustainability Investment, prior to the RA 2020 SAS audit. There is a [simplified template](#) for Tea farm CHs.
7. Traceability is key: no SD or SI is feasible unless both farm CHs and company CHs are reporting in MultiTrace, up to packer level. To enable SD/SI we require end-to-end traceability from farm CH to at least final packer.



Requirements for RA 2020 Farm CHs on SD & SI

RA 2020 Farm CH must:

- Register in the RA 3P payment facility to receive SD SI
- Document SD and SI payments received.
- SD: transfer full amount of SD to group members/field operators OR spend SD for the benefits of workers/pickers.
- Develop an Investment Plan*.
- Spend SI according to the Investment Plan.
- Document spending of the SI according to the Investment Plan.

Overview: Requirements for Brand Owners or Packers on SD & SI



Supply Chain CH (Brand Owners or Packers) must:

- Commit and confirm SD SI levels in the RA traceability platform
- Log in that platform premiums and/or investments already made to all farm CHs in their footprint if those apply
- Make SD SI payments according to the RA 3P payment facility and to the invoice terms and conditions
- Pay SD SI quarterly



Investment Plan

Simplified Sustainability Investment Plan Template

Annex S16

Sustainability Investment Plan Template

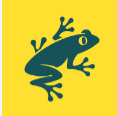
Version 1.1



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For any question related to the precise meaning of the information contained in the translation, please refer to the official English version for clarification. Any discrepancies or differences in meaning due to translation are not binding and have no effect for auditing or certification purposes.

For more information, please visit www.rainforest-alliance.org or contact info@ra.org

Document Name	Document Code	Version
Annex S16	SA-S-MT-1T-V1.1	1.1
Expires by:		
Developed by:	Director of Standards and Assurance	Approved by:
Linked to:	SA-S-SD-1-V1.1 - Rainforest Alliance 2020 Sustainable Agriculture Standard. Farm requirements	

English (US)

Rainforest Alliance Sustainability Investment Plan Template

Version July 5, 2023

As indicated in the 2020 Sustainable Agriculture Standard: farm requirements, requirement 3.3.1, farm certificate holders must fill in the Sustainability Investment Plan Template.

Tea farm certificate holders must fill in this form and not the Excel template Annex S16, in line with the Policy on the Use of Annex S16 for the Tea Sector.

<https://si-form.ra.org/>

- ✓ Simplified data collection
- ✓ User friendly with guidance
- ✓ Online collection for reporting

A new simplified version of the Sustainability Investment Plan Template (Annex S16) is live since August 1st, 2023.

Tea farm certificate holders are audited on the new form only, in accordance with the [Policy Investment Plan template in the Tea Sector](#).



MultiTrace Demo



SD SI Invoicing

More information about upcoming section



Tea SD SI Invoice

- After Finalizing commitments in MultiTrace for SD and SI, the Rainforest Alliance will send an invoice to the Redeemer.
- Redeemers must pay this amount in full to the Rainforest Alliance.
 - if we do not receive the full amount, we cannot process the subsequent payments to producers in the Redeemer's footprint.

MultiTrace SDSI Commitments

Tea Blender and Processor - RA_00018562211

Grouping	Reference	Volume in Commodity Equivalent (MT)	SD Rate (USD)	SD Amount (USD)	SI Rate (USD)	SI Amount (USD)	SI In Kind	Remark
SD	My Own Store	4	10	40	40	160		
SD	For Retailer B	2	10	20	40	80		
SD	For Retailer A	2	10	20	40	80		
Multi Crop Farm	-	1	10	10	40	40		
India	RA_00016832209							
Multi Crop Farm	-	2.5	10	25	40	100		
Kenya	RA_0001252206							
TEA_farm01	-	2	10	20	40	80		
	RA_00007352110							

SD Total (USD): 135 SI Total (USD): 540

6 records Show 10

Cancel Reset Save Finalize



Tea SD SI Invoice

Bill To: H.J Langdon & Co Pty Ltd Amanda Brennan 525 Mt Druis road Dural NSW Australia Email: abrennan@hlangdon.com Customer #: C031139 Invoice Date: 30-Apr-2023 Due Date: 14-Jun-2023	Remit To: Rainforest Alliance, Inc. 27 East 28th Street 8th Floor, New York, NY 10016 United States Email: accounts@ra-alliance.org Phone Number: +1 (212) 677-1900 Invoice Number: 9018974 Total: 1,111.00
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Invoice for Tea SDSI Payments to Farm Certificate Holders
 Upon receipt of payment for this invoice, Rainforest Alliance will initiate payments to all related Farm Certificate Holders as confirmed and committed in MultiTrace.
 If you are a partner of Rainforest Alliance in another capacity (for example, a donor or royalty-payee), please take note the bank account number below.
 SDSI Report ID??

Description	Amount (USD)
Tea SDSI Payment Facility	1,111.00
Sub-total (USD)	1,111.00
Amount (USD)	1,111.00

Payment Information:
 Please include the Rainforest Alliance Invoice number on all payments. Your payment must cover the total amount without deduction of any taxes and/or (governmental) charges. Should your organization be required by law to withhold any taxes and/or (government) charges on the amounts payable to RA, such amounts shall be grossed up so that the net amount received by RA shall be equal to the amount on this invoice.

Pay by check: Please make checks payable to Rainforest Alliance and send to: Rainforest Alliance 27 East 28th Street, 8th Floor New York, NY 10016	Pay by wire: Rainforest Alliance Bank of America, NY, NY Account #000000000000 Wire Transfer Routing number ABA# 020000969 SWIFT Code: BCFRUS33 ACH # 021000322
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Payments to Producers

- After the Rainforest Alliance receives payment from Redeemers, RA's accounting team can process all related producer payments.
- RA is partnering with Convera to make international payments to our global network of tea producers.
- Tea Producers must register their banking information with Convera using their RA ID (example: RA_000##### or ME01_#####).





Claims

Expected Sequence of Claims Types

Payment

"I paid **XYZ** in **Sustainability Differential and Sustainability Investment** to producers in my SC last year."

Estimated Q1 2024



Payment

Contribution

"I contributed **XYZ** towards producers in my SC last year, collaborating with them to make investments in [**categories of investment**], and maintaining Rainforest Alliance certification."



*In order to enable these claims, the process from investment plans to payment facilitation needs to flow. **This requires that our supply chain partners participate in traceability and begin making those payments within RA's systems.** That is the data that not only fuels this process, but also connects the producers to their partners in the supply chain.*



Useful links and resources

More information about upcoming section



Relevant documents and chapters

- The Rainforest Alliance shared responsibility web page
- Rainforest Alliance Sustainable Agriculture Standard 2020, Chapter 3: Income and Shared Responsibility
- Annex SAS chapter 3 income and shared responsibility – this outlines the requirements
- Shared Responsibility: what it means for the tea sector – this outlines the rationale for the tea approach + the main FAQs we receive
- Simplified Sustainability Investment Plan Template
- Guidance document on workers benefits
- Multitrace user guide



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