

May 1st, 2018

Subject: Strengthened actions addressing traceability and deforestation risks in Côte d'Ivoire

Dear UTZ Certificate Holder and/or Rainforest Alliance Certificate Holder,

Non-certified cocoa, including cocoa coming from deforested areas, is possibly entering certified cocoa supply chains in Côte d'Ivoire, according to several sources.

The Rainforest Alliance and UTZ have strengthened our actions to prevent violations of our standards and are investing in additional preventative measures.

We are counting on your collaboration to address this challenge facing the cocoa sector.

TRACEABILITY

When non-certified cocoa enters certified supply chains, it is a violation of critical criteria in our standards. Non-certified cocoa does not meet sustainability requirements and could originate from farms that are not compliant with our standards. Certificate holders are responsible for ensuring that all certified cocoa is traceable to its certified origin.

Inability to provide sufficient evidence of compliance during the audit leads to suspension or cancellation of the license and certificate.

DEFORESTATION

Deforestation and destruction of high conservation value areas have become major sustainability challenges in the Ivorian cocoa sector.

In recent months, there have been multiple reports that cocoa is grown in national parks and other protected areas in Côte d'Ivoire, causing destruction of forests. This cocoa is possibly entering certified cocoa supply chains.



Assuring segregated cocoa traceability to the first buyer is central to ensure that cocoa purchased and sold as certified originates from a certified source and is not linked to deforestation or degradation of Protected Areas.

The [UTZ Core Code of Conduct](#) and the [Rainforest Alliance Sustainable Agriculture Standard](#) both formulate clear definitions and strict requirements on deforestation, forest degradation and traceability.

For UTZ certificate holders see [Annex I](#).

For Rainforest Alliance certificate holders see [Annex II](#).

Please note that in UTZ/Rainforest Alliance double certified producer groups, the Rainforest Alliance critical criteria 2.1 and 2.2 always supersede UTZ control points G.D.109 and G.D.110 respectively.

WHAT IS EXPECTED FROM YOU AND WHAT ACTIONS ARE WE TAKING?

The Rainforest Alliance and UTZ have strengthened our actions and request your collaboration.

Our newly merged organization is investing in additional measures including more support for auditors and more monitoring activities in the field.

In addition, based on risk assessments and spatial analysis conducted by the Rainforest Alliance and UTZ, some certified producer groups have been identified as having an “Elevated Risk of Deforestation and Forest Degradation” or “Elevated Risk of Sourcing Cocoa from Protected Areas”. These certified groups will be contacted the coming weeks and asked to deliver spatial data for all farms certified under their current valid license and certificate. Collection of spatial data of farms is an effective way to help identify and address risks of deforestation and traceability. Further communication to selected members will provide guidance on the spatial data requirements and timeframes. In the future, we expect to introduce requirements on the mapping of all certified farms.

The Rainforest Alliance and UTZ, in collaboration with Certification Bodies, are also taking stronger measures to ensure certificate holders comply with the applicable control points and critical criteria. This may imply more intensive audit activities from the Rainforest Alliance, UTZ and Certification Bodies. In preparation for audits, Certification Bodies reserve the right to request further documentation to evaluate the geographic location of the farms.

We count on your collaboration and look forward to working together.

We are always available to answer your questions – please contact us through cocoacertification@utz.org.

Your sincerely,

Han de Groot

Chief Executive Officer



Britta Wyss Bisang

Chief Sustainable Supply Chains Officer



Annex I. For UTZ Certificate Holders

I.i Applicable Definitions

Applicable definitions in the Code of Conduct for group and multi-group certification (version 1.1) directly linked to deforestation, forest degradation and production in protected areas include, but are not limited to:

- **Biological corridor:** A geographically defined area which provides connectivity between landscapes, ecosystems and habitats (natural or modified), and ensures the maintenance of biodiversity and ecological and evolutionary processes.
- **Forest:** Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use.
- **Deforestation:** The direct human-induced conversion of forested land to non-forested land.
- **Degradation:** The significant direct or indirect disturbance of a natural ecosystem caused by human activity, such as the establishment of crops and the extraction of forest products for construction, energy, food or other purposes. Degradation includes the reduction in the density, structure, species composition, or productivity of vegetation cover of a natural ecosystem.
- **Identity Preserved:** The identity of a certified producer/producer group is maintained along the supply chain. The product can be traced all the way back to the producer/producer group that it originates from.
- **Primary Forest:** A forest that has never been logged or cut and has developed following natural disturbances and under natural processes, regardless of its age.
- **Protected Area:** A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values. Examples include national parks, wilderness areas, community conserved areas, and nature reserves.
- **Secondary Forest:** A forest that has been logged and has recovered naturally or artificially. It also includes degraded forest which is a secondary forest that has lost, through human activities, the structure, function, species composition or productivity normally associated with a natural forest type expected on that site.
- **Traceability:** The assurance that certified sustainable products originate from a certified source and/or support sustainable production, by means of a recorded identification system.

I.ii Applicable Control Points

Applicable Control Points in the UTZ Code of Conduct for group and multi-group certification (version 1.1) directly linked to traceability include, but are not limited to:

Traceability						
G.A.22	There is documentation of product flow from certified production units to the collection points (e.g. storage centers), and throughout all processing and handling stages conducted by the group.	G+M				
G.A.23	The UTZ certified product, including carry-over stock from previous certification years, is visually identified as such and is at all times strictly separated from non-UTZ certified products.	G+M				Carry-over stock is the physical stock remaining of UTZ certified product purchased by the group during the previous certificate year, minus the volume of this product sold by the group during that year.
G.A.24	Records and invoices are kept to ensure traceability.	G				<p>These records include:</p> <ul style="list-style-type: none"> - the purchases of UTZ certified product from each group member, - the sales of UTZ certified product, - the sales of other certified or verified product, - the sales of conventional (non-certified or verified) product, and - any carry-over stock from previous years of UTZ certified product, other certified or verified and conventional (non-certified or verified) product. <p>Purchase invoices and payment slips indicate the group member's UTZ status.</p>
G.A.25	All sales and delivery announcements of UTZ certified product, including premium, are recorded in the Good Inside Portal. Records are kept on these sales announcements with the GIP transaction ID.	G				Product can only be sold as UTZ certified once the group has a valid Code of Conduct certificate.

Applicable Control Points in the UTZ Code of Conduct for group and multi-group certification (version 1.1) directly linked to deforestation, forest degradation and production in protected areas include, but are not limited to:

Protection of Nature						
G.D.109	No deforestation or degradation of primary forest occurs or has occurred since 2008.	M				
G.D.110	No deforestation or degradation of secondary forest occurs, unless: -a legal land title and/or landowner permission and/or customary land rights are available, and -government permits are available (if required).	M				
G.D.111	No production or processing occurs in or within 2 km of a protected area unless it is allowed under a management plan of the area. The management plan is implemented.	G+M				<p>Management plans must be approved by a relevant national or regional authority and include at least the following:</p> <ul style="list-style-type: none"> -identification of the boundaries of areas accessible for production and processing and communication of such to group members, and a ban on further conversion and new land clearing outside of this area, -specific actions to mitigate or compensate for impacts on the environment, such as e.g.: reforestation, adoption of agroforestry practices, establishment of biological corridors, and -clearly defined roles for supervision and implementation of the plan, and time frames. <p>If a management plan is not yet available, the IMS engages with local authorities to develop one.</p>

Annex II. For Rainforest Alliance Certificate Holders

II.i Applicable definitions

Applicable definitions in the Rainforest Alliance Sustainable Agriculture Standard for farms and producer groups involved in crop and cattle production (Version 1.2) directly linked to destruction of HCVs, forest destruction and degradation of protected areas include, but are not limited to:

Conserved (also Conserve): Natural ecosystems may be conserved through any combination of strict preservation³, restoration or sustainable management⁴. A natural ecosystem is conserved if it has been protected against direct or indirect human degradation.

Degradation: Degradation of a natural ecosystem or protected area, resulting in negative impacts, by any of the following:

- a) Mining or soil removal;
- b) Dumping solid waste or untreated wastewater;
- c) Intentional introduction of invasive plant species;
- d) Harvest of fish, wildlife, or plants in a manner or quantity that exceeds the regenerative capacity of such species;
- e) Cattle grazing except as specified under sustainable management;
- f) Construction of impoundments, stream channelization, adding fill, or changing the depth or direction of flow of a water body;
- g) Drainage or drying of water bodies or wetlands through excessive water withdrawal or other means;
- h) Pollution of water bodies or wetlands that significantly alters their chemistry or species composition; or
- i) Application of herbicides, pesticides, or fire, except for the control of invasive plant species or restoration purposes, and then only if governed by a plan developed by a competent professional.
- j) For the purposes of this standard, the following items are not considered disturbances to natural ecosystems:
- k) Activities defined as restoration or sustainable management; unintentional colonization by invasive species; or ecosystem alterations caused by force majeure events, including war, riots, crimes, or natural phenomena such as hurricanes, floods, earthquake, and volcanic eruptions.
- l) Other situations defined in the SAN 2017 Certification Rules.

Destruction (also Destroyed): Conversion of a natural ecosystem (or portion thereof) to a different land use, or other deliberate activity that significantly alters a natural ecosystem's composition, structure, or function, including:

- a) Conversion to agricultural fields, pastures, tree plantations, or any other land use;
- b) Large-scale logging or other vegetation harvest that permanently, or over the long term, reduces the ecosystem's aboveground biomass by 75% or more;
- c) Development of buildings or infrastructure, except for small-scale construction for sustainably managed eco-tourism, education, or research purpose;
- d) Construction of new permanent dams and draining or drying of aquatic ecosystems.

Additional details included in the Rainforest Alliance 2017 Certification Rules apply.

High Conservation Value area: HCVs are biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level:

- 1) HCV1: Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels;
- 2) HCV2: Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance;
- 3) HCV3: Rare, threatened, or endangered ecosystems, habitats or refugia);
- 4) HCV4: Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes);
- 5) HCV5: Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples; or
- 6) HCV6: Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

Natural ecosystem: Ecosystems that resemble – in terms of species composition, structure, and function – those that are or would be found in a given area in the absence of significant human management impacts, including:

1) Aquatic ecosystems:

- a) Flowing and still water bodies: All naturally occurring streams, rivers, pools, ponds, lakes, and lagoons, as well as seasonal streams that flow continuously for at least two months in most years or flow intermittently and are at least one meter wide. Streams and rivers that have been altered by sedimentation, polluted runoff, bank erosion, thermal pollution, or impoundments less than one meter high are still SAN natural ecosystems.
- b) Artificial pools, water treatment lagoons, and irrigation ponds, are not considered SAN natural ecosystems, unless: 1) these water bodies have been colonized by an endangered species; and/or 2) the water body was constructed to provide fish or wildlife habitat.
- c) Other wetlands: All naturally occurring wetlands, where the natural hydrological conditions result in either or both of the following conditions:
 1. Soils are waterlogged for the majority of the year;
 2. The land is periodically or permanently inundated by shallow water, including: floodplains; wet areas bordering ponds, streams, or the ocean.

For the purposes of this standard, the following types of aquatic ecosystems are not considered SAN natural ecosystems:

- Areas that have been made seasonally or perennially wet due to human activity (such as drainage ditches, irrigation ponds, reservoirs, effluent holding ponds, aquaculture ponds, rice paddies, or gravel pits), unless: a) these water bodies have been colonized by an endangered species; and/or b) the wetland was created by humans to provide wetland habitat.

2) Forests: Forests include both humid forests (rainforest) and drier forests; lowland, montane, and cloud forests; and forests consisting of any combination of broadleaf, needle leaf, evergreen, and deciduous vegetation. Forests are defined as tree-covered areas that:

- a) Are not occupied by agriculture or other specific non-forest land uses; and,
- b) Consist primarily of native plant species; and,
- c) Contain a vegetation structure that generally resembles that of a natural forest of the same age in the same area; or
- d) Are classified as High Carbon Stock (HCS) forests according to the HCS approach (www.highcarbonstock.org) or, in regions where HCS parameters have not yet been defined, have been regenerating for at least 10 years with minimal human disturbance.

For the purposes of this standard, the following types of tree-covered areas are not considered SAN natural ecosystems:

- Forestry or fruit tree plantations;
- Tree-covered areas that are managed as diversified food production systems, including traditional and modern management systems such as home gardens, agroforestry systems, and mixed tree-cattle systems; or
- Areas that are managed as long-rotation swidden (shifting cultivation) systems under traditional, indigenous people, community, or smallholder land-use systems (even if they otherwise meet the definitions of natural ecosystems) and fallow lands for soil fertility recovery purposes.

3) Other native terrestrial ecosystems:

- a) Woodlands, shrublands, savannahs, grasslands, peatlands and paramo.
- b) Localized areas of non-forest natural vegetation within forest biomes that are not covered in any of the preceding categories, regardless of their size.

Protected area: An area of land declared or designated by local authorities as protected because of its recognized natural, ecological and/or cultural values to achieve the long-term conservation of nature with associated ecosystem assets and cultural values. Examples include national parks, wildlife refuges, biologic, forestry or private reserves, and areas within UNESCO Biosphere reserves or World Heritage Sites.

II.ii Applicable Critical Criteria

Applicable critical criteria in the Rainforest Alliance Sustainable Agriculture Standard (Version 1.2) directly linked to traceability, but are not limited to:

No.	Critical Criteria
1.2	Records are maintained and calculation methods are described that demonstrate that the total volume of certified product sold does not exceed the volume harvested from the farm or received from other certified farms. Records are maintained to demonstrate that only products from certified farms are claimed as certified.
1.3	The products harvested, received, processed, mixed, stored, packed, labeled or handled in the farm's or group administrator's facilities preserve the products' integrity in accordance with their claim. Product receipt from certified, multi-certified and non-certified farms is registered with its origin, date, and product type and volume. If certified, multi-certified and non-certified products are handled together, all products with certified claims can be identified.

Applicable critical criteria in the Rainforest Alliance Sustainable Agriculture Standard (Version 1.2) directly linked to deforestation, forest degradation and production in protected areas include, but are not limited to:

No.	Critical Criteria
2.1	High Conservation Value (HCV) areas have not been destroyed from November 1, 2005 onward.
2.2	Farms conserve all natural ecosystems and have not destroyed forest or other natural ecosystems in the five-year period prior to the date of initial application for SAN certification or after January 1, 2014, whichever date is earlier.
2.3	Production activities do not degrade any protected area