

INTRODUCING
THE NEW SUSTAINABILITY ASSURANCE SYSTEM
FOR THE COCONUT SECTOR



THE SUSTAINABLE COCONUT CHARTER

A global guidance towards a responsible and resilient coconut production



Our Charter is consistently updated to ensure continued relevance and effectiveness

01

Creates the common language to help scale up meaningful collaborations

03

Sets a benchmark for sustainable coconut origins and supply chains

02

Outlines the impactful areas and outcomes that should be expected of sustainability programs

04

Harmonize buyers' requirements for supply chain partners



[Click to download charter V2.0 – Nov 2023](#)

This revised charter introduced new principles and ambitious goals addressing key facets of supply chain management, social responsibility, and biodiversity conservation.

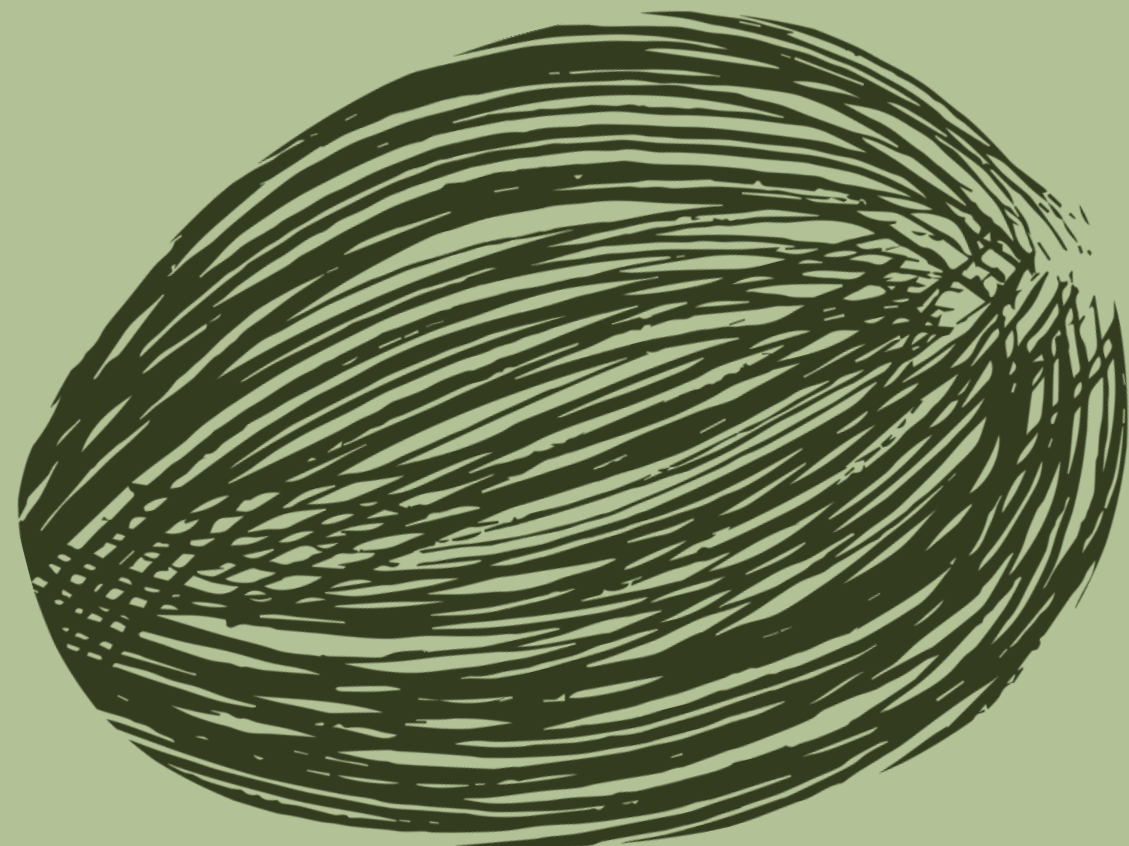


PARTICIPATION

REVISION / CONSULTATION

159

Comments



32

responses to in depth surveys

PROBLEMS AND BARRIERS



**SUSTAINABLE
COCONUT
PARTNERSHIP**

**THE SECTOR IS SHOWING
ALARMING SIGNS OF
IMPENDING SOCIAL AND
ECONOMIC CRISIS**

STATUS QUO IN MARKETS

LACK OF INVESTMENTS

STATUS QUO IN MARKETS

THE ASSESSMENT:

- Little attractiveness of certification is reported by a large span of the industry
- Very little industry participation despite pockets of growth in niche markets/higher value added consumer facing coconut products
- Very localized impact within supply chains with limited volumes and operators certified
- Almost entirely in consumer driven supply chains meaning mainstream supply chains are mostly on the outside

- <1% of market (volumes) involved in certifications / sustainability
- No effective Market Transformation

WE CONSULTED THE INDUSTRY WITH THESE PROBLEMS IN MIND...

A growing case was made

FOR BUILDING A NEW ASSURANCE SYSTEM...

...that would help to bridge the sustainability gap



CONSULTATION RESULTS

ASSURANCE SYSTEM



How important is the development of the assurance system of the Sustainable Coconut Charter for the realization of your company's commitment?

75%

consider it "crucial" and
wish to pilot the system
ASAP



**INDUSTRY ALIGNED
FIT FOR PURPOSE
OPERATIONAL
ASSURANCE SYSTEM**



BRIDGING THE GAP TO HELP UNLOCK INVESTMENTS FOR FARMERS

**FARMS AND COCONUT
COMMUNITIES**



**INDUSTRY
DOWNSTREAM
INVESTMENTS**

BRIDGING THE GAP TO HELP UNLOCK INVESTMENTS FOR FARMERS

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INDUSTRY
DOWNSTREAM
INVESTMENTS

ASSURANCE OF SUSTAINABILITY



BRIDGING THE GAP TO HELP UNLOCK INVESTMENTS FOR FARMERS



INDUSTRY
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INVESTMENTS

FARMS AND COCONUT
COMMUNITIES



ASSURANCE OF SUSTAINABILITY



BRIDGING THE GAP TO HELP UNLOCK INVESTMENTS FOR FARMERS



Most sustainability assurance systems are niche in the industry as of today

They require:

- Significant investments for project owners to meet all criteria
- Mature level of farm organization to maintain certificates
- A real market pull to make the investment worth it



**INDUSTRY
DOWNSTREAM
INVESTMENTS**

**FARMS AND COCONUT
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**INDUSTRY
DOWNSTREAM
INVESTMENTS**

**FARMS AND COCONUT
COMMUNITIES**



The bar is reported too high by many farmers and companies

- Low level of farm organization & sustainability savvy extension services / dealers, cooperatives
- Upstream and Downstream industry at very early stages in traceability
- Especially in low value added ingredient/compound markets with no real consumer push (oil, desiccated, husk & shell products...)

BRIDGING THE GAP TO HELP UNLOCK INVESTMENTS FOR FARMERS



THE RESULT:



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INDUSTRY
DOWNSTREAM
INVESTMENTS

FARMS AND
COMMUNITY



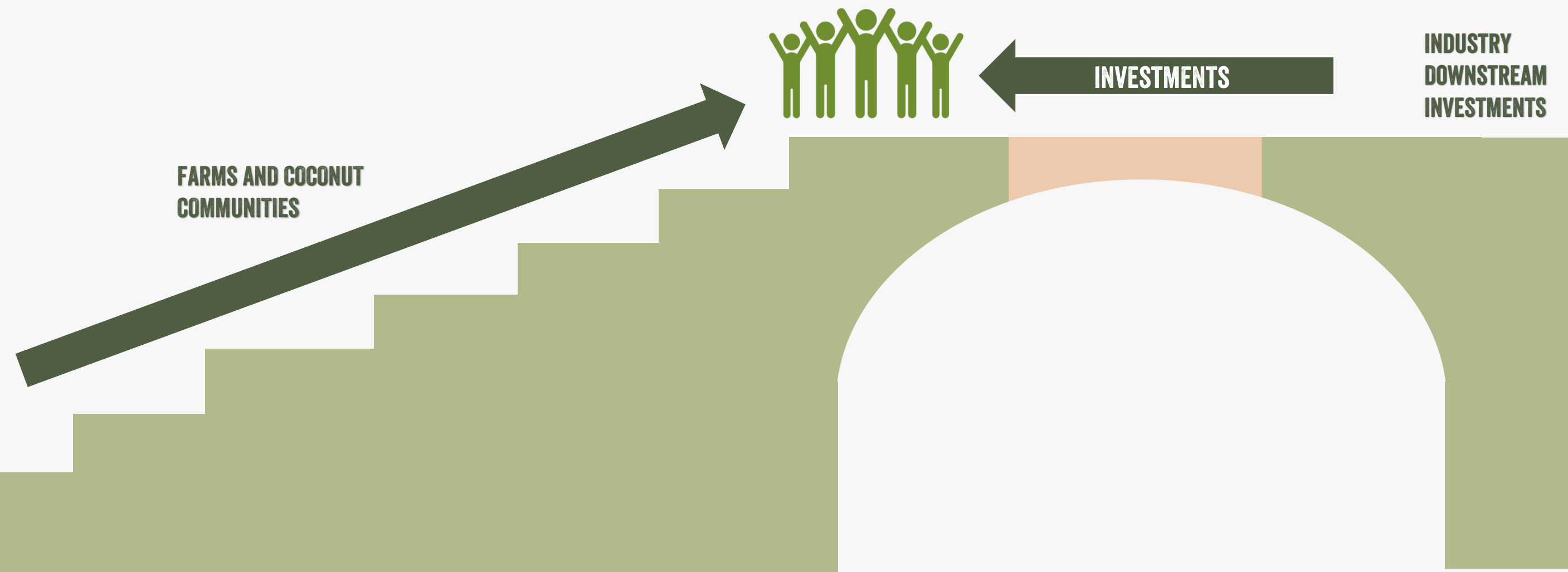
BRIDGING THE GAP TO HELP UNLOCK INVESTMENTS FOR FARMERS

The idea...

A complementary system to existing ones

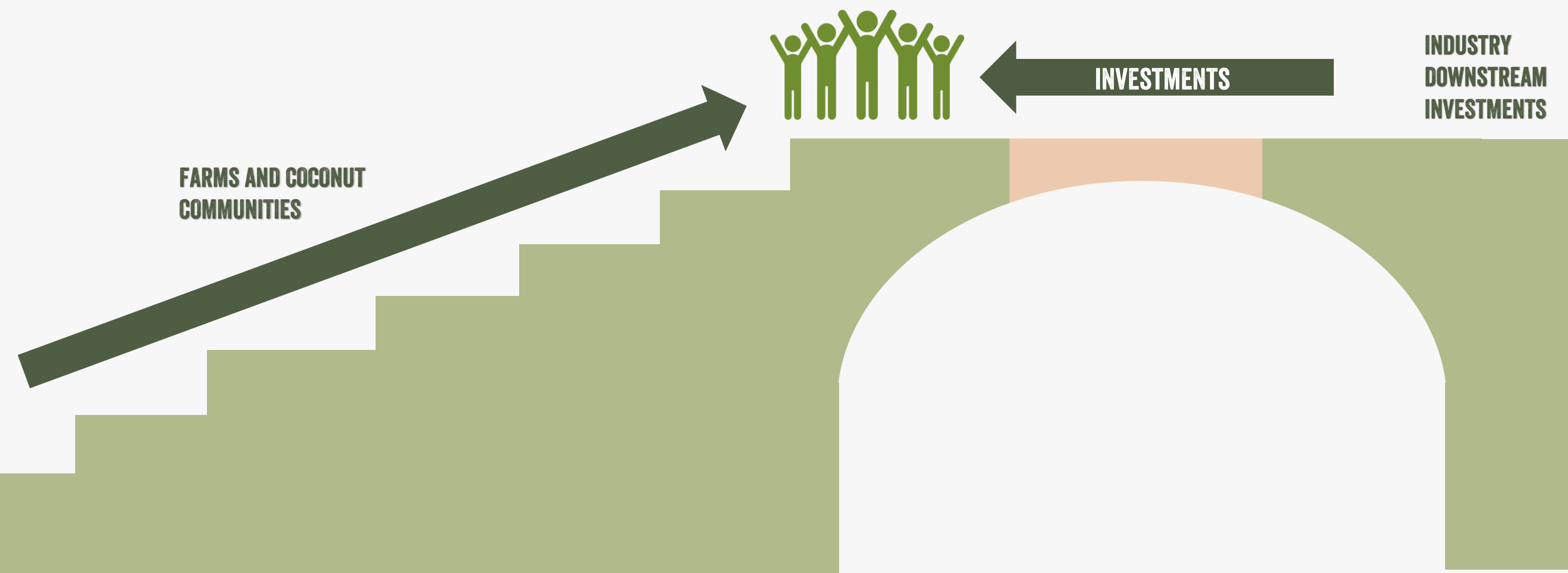
Made to start a profound and widespread transformation

Using the power of markets to unlock private and public investments in supply chains



BRIDGING THE GAP TO HELP UNLOCK INVESTMENTS FOR FARMERS

- Forging stronger links between supply chain actors.
- Enabling transparent, reliable metrics that are industry aligned, coconut specific and meeting global market demands and practices.
- Creating pathways for investments to reach the farmers who are the foundation of sustainable supply chains.



**WE NEEDED AN INNOVATIVE ASSURANCE SYSTEM
TO BRIDGE THE SUSTAINABILITY GAP AND INCREASE INVESTABILITY OF COCONUT
FIT FOR PURPOSE, PRAGMATIC AND PROGRESSIVE, SECTOR ALIGNED SYSTEM**

OFFERING CREDIBLE, DATA-DRIVEN VERIFIED INSIGHTS THAT:

- INCREASE TRANSPARENCY**
- PROVIDE ASSURANCE OF SUSTAINABILITY FOR BUYERS AND PROCESSORS TO
CONFIDENTLY INVEST IN VERIFIED SUSTAINABILITY IN ORIGINS**
- REDUCE RISKS IN THE FACE OF INCREASED REGULATIONS**

**WE NEEDED AN INNOVATIVE ASSURANCE SYSTEM
TO BRIDGE THE SUSTAINABILITY GAP AND INCREASE INVESTABILITY OF COCONUT
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DELIVERING THE ASSURANCE SYSTEM



ASSURANCE TASKFORCE
March 7th 2024 @Nestle's office – Kuala Lumpur



"Breaking new grounds on how assurance in small holder driven supply chains is delivered"



- Members:
Aluan
Oleofats
Ducom
AAK
Primex



- Members:
Nestle
Unilever
TMDuche
Barry Callebaut



One Peterson



- Members:
Transitions/ ASD

This taskforce represents a voluntary body of the membership and subset group of our Traceability & Transparency working group

THE SUSTAINABLE COCONUT CHARTER

A global guidance towards a responsible and resilient coconut production

**THE CHARTER IS RECOGNIZED
BY THE PUBLIC SECTOR
AS THE MARKET BASED FRAMEWORK
FOR COCONUT SUSTAINABILITY**



On September 2nd 2023,

The Sustainable Coconut Charter gained recognition from governmental agencies and authorities as the reference “market-based framework” creating the necessary common language for sustainability in coconut credible and an essential tool to drive industry transparency and work towards a responsible and resilient coconut sector.

The International Coconut Community’s Executive Director Dr Jelfina Alouw (representing the coconut governmental agencies of 21 countries) signed a Memorandum of Collaboration with the Sustainable Coconut Partnership’s Executive Director Gregory Bardies (representing the coconut industry globally)

This creates an opportunity for common ground and joint programmes between the public and private sector in support of improved socio-economic welfare of farmers and sustainability in the sector.

DELIVERING THE ASSURANCE SYSTEM



**PROVIDING A FRAMEWORK FOR WIDESPREAD TRANSFORMATION,
MASS ADOPTION AND PROGRESS FROM THE GROUND UP VS
SHOOTING FOR THE STARS**

DELIVERING THE ASSURANCE SYSTEM



This new assurance system needs to address issues that prevent market transformation and find its “sweet spot” while the Partnership continues to promote all sustainability efforts including the ones of existing standards

ISSUE	SWEET SPOT
High cost of assurance	<ul style="list-style-type: none"> • Designing a cost effective way to verify activities, their impact while tracking verified volumes of coconut products
Lack of linkages and collaborations between public & private sectors	<ul style="list-style-type: none"> • Designing a system that recognizes/Leverages synergies with public extension services that have like minded goals to roll out assurance programs in partnerships through jurisdictional verification
Low farm level organization to obtain / sustain certificates	<ul style="list-style-type: none"> • Promote, encourage, enable, reward farm organization for sustainability on the ground by involving the entire supply chain and not just placing requirements to farmers • Ensuring we have a holistic approach mobilizing equally traders/cooperatives, and initial processing points, with farmers at a time when farmers need help. • Making it easy and attractive for farmers to “embark in”
No/little market pull for the ingredient/compound supply chains	<ul style="list-style-type: none"> • Promote, encourage, enable, reward sustainability & transparency along the supply chain and support consumer engagement • Use a system that encourages market incentives to be progressively integrated into business as usual for the food ingredient supply chains that are least likely to receive any “consumer pull”
Issues beyond the farms affecting change	<ul style="list-style-type: none"> • Set up a system that focuses on farms and also the systemic issues beyond the farms



**SUSTAINABLE
COCONUT
PARTNERSHIP**



ALL ASPECTS NEEDED A VERY CLOSE LOOK

- ✓ **OVERALL APPROACH**
- ✓ **KEY STEPS FOR THE VERIFICATION**
- ✓ **APPLICABILITY**
- ✓ **VERIFICATION CYCLE**
- ✓ **SAMPLING METHOD**
- ✓ **RISK APPROACH**
- ✓ **PROGRESSION EXPECTED**
- ✓ **CLAIMS**



DELIVERING THE ASSURANCE SYSTEM



SUSTAINABILITY ASSURANCE SYSTEM

**SUPPLY CHAIN
STANDARD**

**ORIGIN
STANDARD**

**ORGANIZATION LEVEL
VERIFICATION**

**CONVENTIONAL
VERIFICATION**

**JURISDICTIONAL
VERIFICATION**

✓ SUPPLY CHAIN STANDARD



- A multi level claim system (bronze, silver, gold)
- Enables second party company-level verification, ensuring performance and continuous improvement in line with the charter.
- Claim is placeable in the company website and commercial documents but is not verifying products or volumes of products traded

✓ A SUPPLY CHAIN STANDARD

PURPOSE

A company level verification for organizations sourcing and processing coconut products enabling over arching company-level verification

VERIFICATION

This standard recognizes and controls the level of performance and continuous improvement of an organization of the “supply chain principles and ambitions of the charter”.

It promotes market transformation and collaboration among industry change-makers, signaling to the market that the organization is a sustainable trade partner committed to creating a responsible and resilient coconut sector that positively impacts farmers' livelihoods, the climate, and the environment.



A SUPPLY CHAIN STANDARD

The verification enables to answer the below about the organization:

Impact #1:
Governance and
Transparency

Does the organization have a strong commitment?

Is the personnel trained?

Does the organization have the right governance and management structure to succeed?

Is the organization working towards continuous improvement?

Impact #2:
Chain of Custody

Does the organization engage their supply chain partners effectively?

Does the organization know the traceability of its coconut products?

Is the organization working to improve?

Is the organization conducting appropriate due diligence and prioritizing it's action based on risk in supply chains?



A SUPPLY CHAIN STANDARD

The verification enables to answer the below about the organization:

Impact # 3:
Partnerships for Active
Implementation

Is the organization's action plan proportioned to it's challenges, needs, support requirement? Does it have a adequate targets and timelines?

Is the organization actively contributing to upstream and downstream multi stakeholder sustainability initiatives?

Impact # 4:
Reporting and
Assurance

Does the organization have a public reporting on its progress?

Does the organization use, monitor and support grievance mechanisms?

Is the organization making progress on sustainable sourcing and production of verified sustainable coconut products?



✓ **ORIGIN STANDARD**

**CONVENTIONAL
VERIFICATION**

**JURISDICTIONAL
VERIFICATION**



✓ ORIGIN STANDARD

AN INNOVATIVE ASSURANCE SYSTEM

FIT FOR PURPOSE, PRAGMATIC AND PROGRESSIVE, SECTOR ALIGNED SYSTEM



- ✿ A Progressive Approach: Grading system
- ✿ Integrated Verification: Responsibility for sustainability is spread out
- ✿ Coconut Specific Approach: beyond usual criteria GAP and farm boundaries (eg replanting programmes, youth engagement, market prices transparency)
- ✿ Designed with Sustainability Operational Profitability and economic sustainability in mind

✓ AN ORIGIN STANDARD



MASS BALANCE
SEGREGATED

SUSTAINABLE
COCONUT CHARTER
ENGAGED



MASS BALANCE
SEGREGATED

SUSTAINABLE
COCONUT CHARTER
VERIFIED "IN TRANSITION"



MASS BALANCE
SEGREGATED

SUSTAINABLE
COCONUT CHARTER
VERIFIED "SUSTAINABLE"



CLAIM:

[1 Star]
ENGAGED

'Coconut [material name] issued from an origin/jurisdiction that engaged at transition towards sustainability following the sustainable coconut charter.'

[2 Stars]
VERIFIED IN TRANSITION

'Coconut [material name] issued from an origin/jurisdiction in transition towards sustainability following the sustainable coconut charter'

[3 Stars]
CHARTER ASSURED

'Coconut [material name] issued from an origin/jurisdiction creating a responsible and resilient coconut sector' following the sustainable coconut charter'

- Third party verified
- Claim level is placeable in the company website and commercial documents and on products if third party verified and if the Chain of Custody is maintained.

✓ AN ORIGIN STANDARD

PURPOSE:

A production and processing level verification for “sustainable farming projects” verifying volumes of product compliant with the charter”

VERIFICATION:

This standard recognizes and controls level of performance and continuous improvement of Core principles and ambitions of the sustainable coconut charter for sustainable production of coconut products

SCOPE:

At the **local / jurisdictional / landscape / island** levels allowing volumes of product to be verified and traded



ORIGIN STANDARD

ECONOMIC

1.1

Enhancing good agriculture practices and improve productivity

1.2

Improving financial capacity, access to finance, and market

1.3

Rejuvenating farms by replanting and replacing unproductive coconut trees

1.4

Increasing access to technology

SOCIAL

2.1

Assuring farmers' health and safety

2.2

Protecting Farmer's rights

2.3

Ensuring fair recruitment of workers

2.4

Enhancing youth capacity and engagement in coconut farming

ENVIRONMENTAL

3.1

Protecting forest and other natural ecosystems in coconut production and processing (no-deforestation)

3.2

Developing climate resilience farms and farmers

3.3

Strengthening energy efficient coconut processing

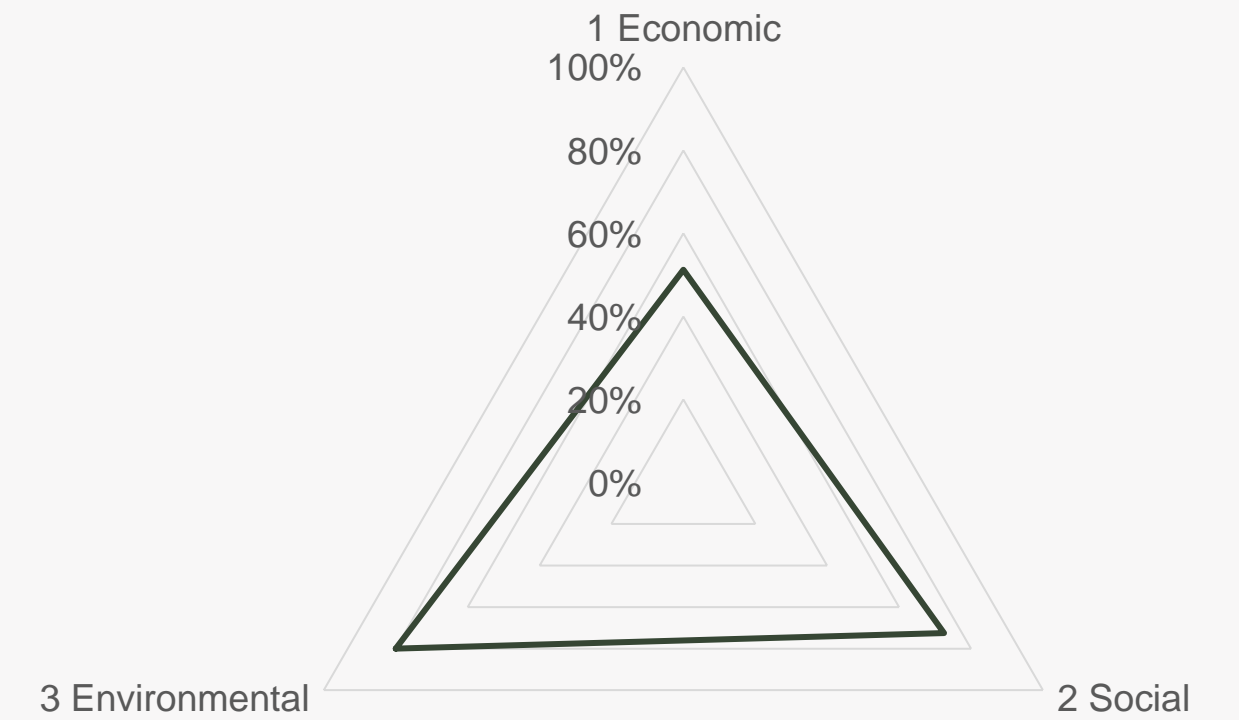
3.4

Building low carbon and regenerative agriculture

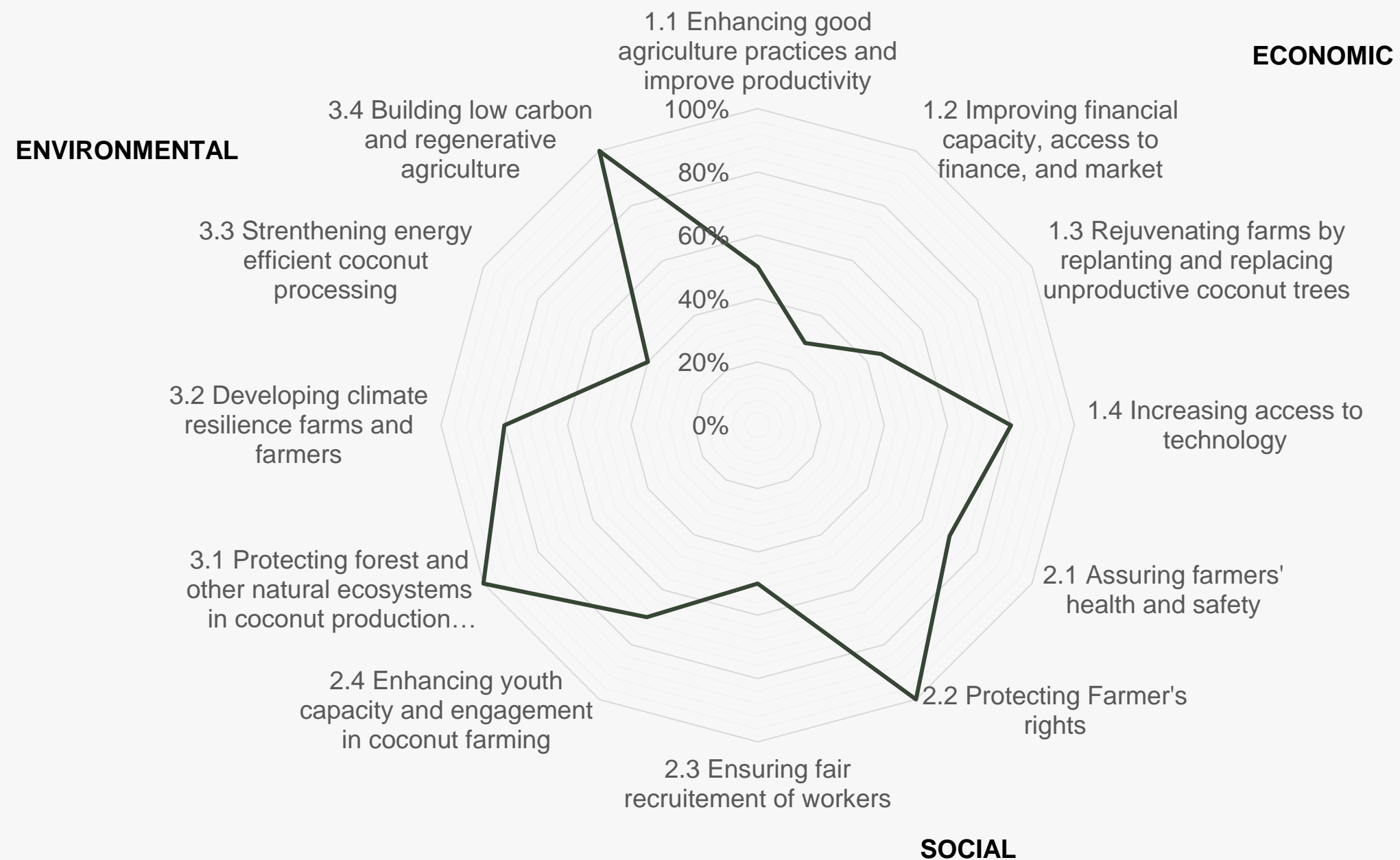
ORIGIN STANDARD

Visualization of performance

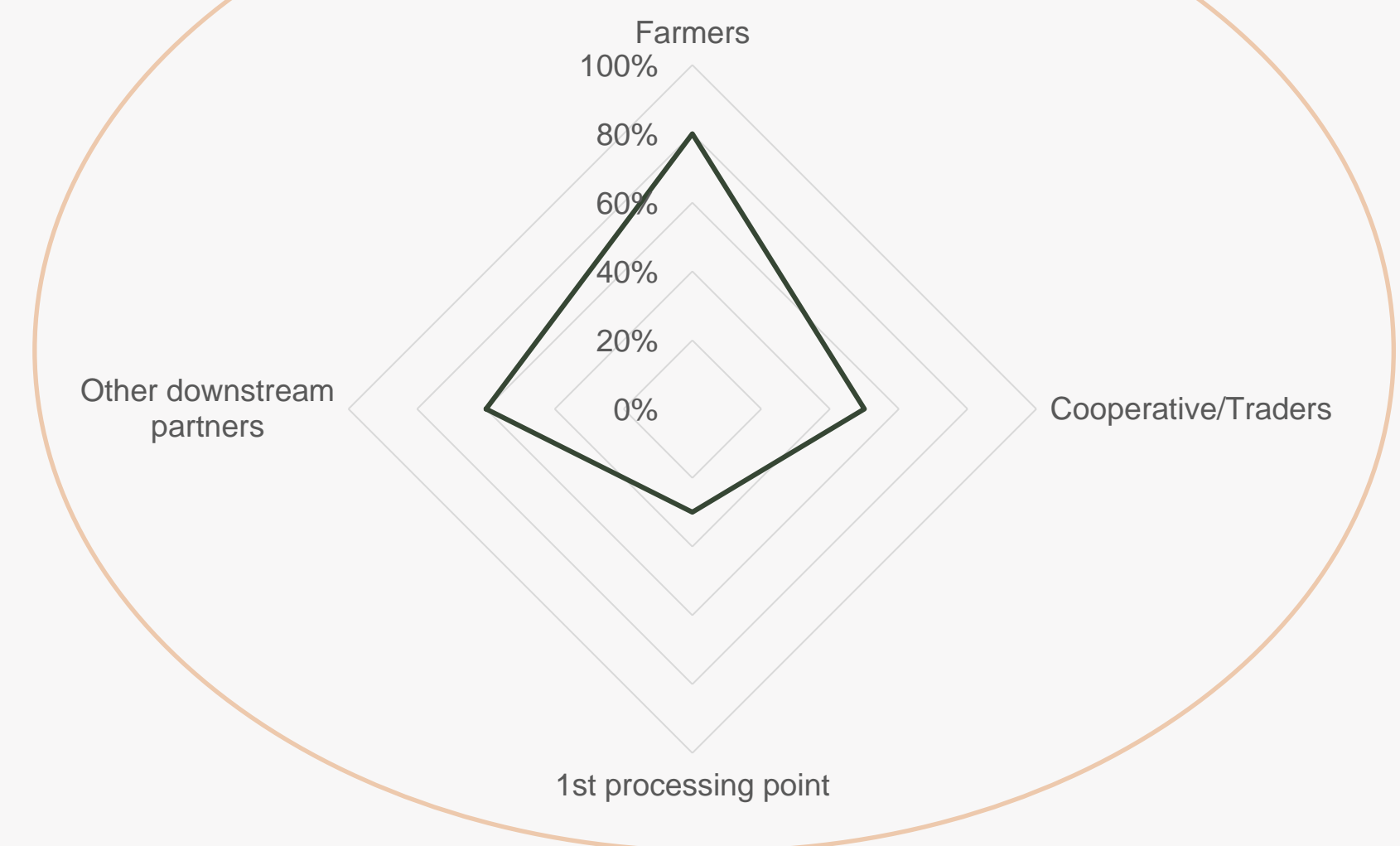
PERFORMANCE IMPACT AREA



PERFORMANCE PER PRINCIPLE



PERFORMANCE PER STAKEHOLDER



DELIVERING THE ASSURANCE SYSTEM

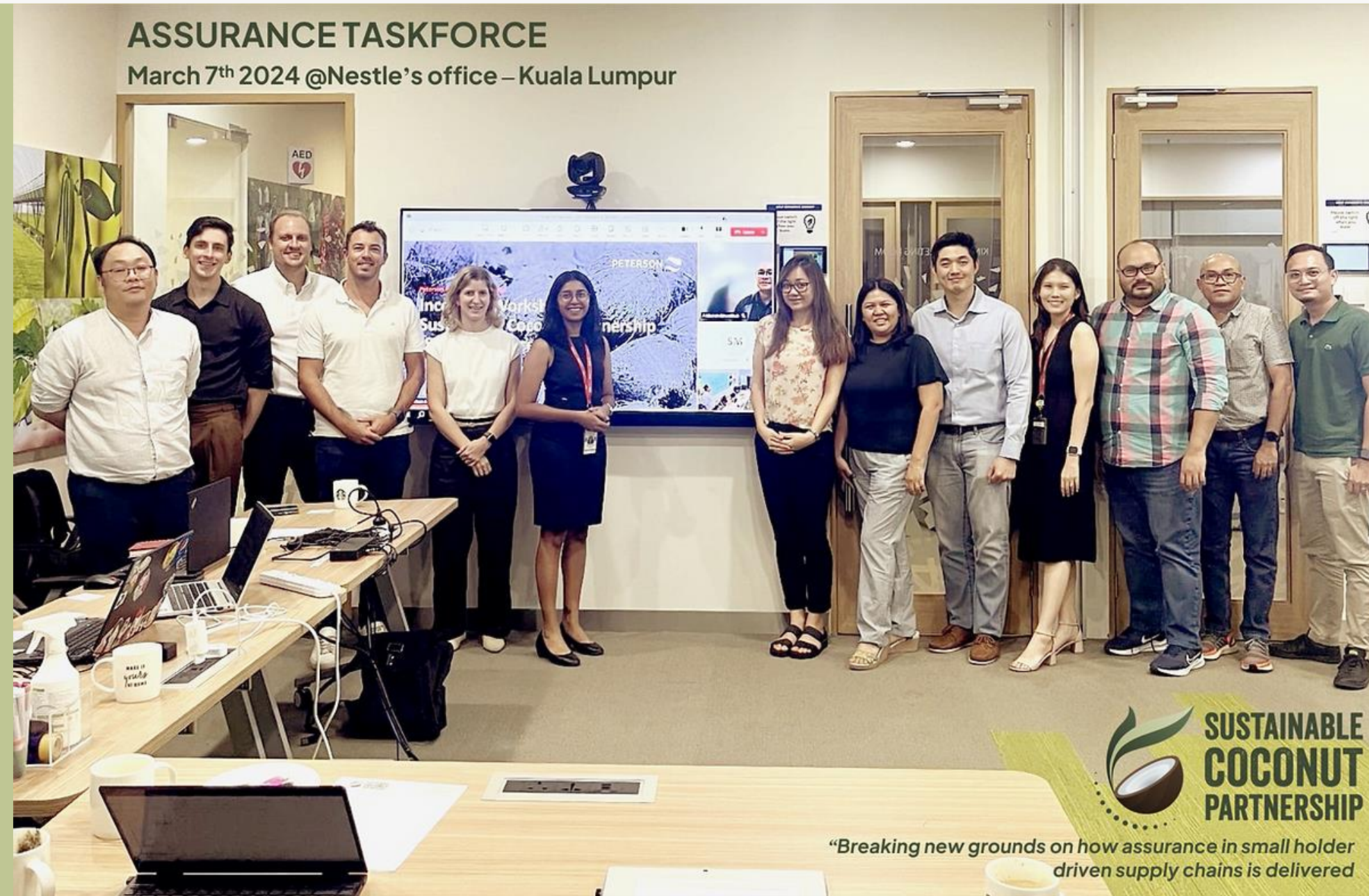


PILOT VERSION HAS BEEN APPROVED BY THE TASKFORCE AND IS NOW READY FOR USAGE

What's ahead of us

- Members are committed to apply the supply chain standard to their organizations
- Members will progressively integrate the origin standard to their origin projects with support from the Sustainable Coconut Partnership through a calibration phase

BRAKING NEW GROUNDS ON HOW ASSURANCE IN SMALLHOLDER DRIVEN SUPPLY CHAINS IS DELIVERED



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March 7th 2024 @Nestle's office – Kuala Lumpur

SUSTAINABLE
COCONUT
PARTNERSHIP



"Breaking new grounds on how assurance in small holder driven supply chains is delivered"

THANK YOU FOR THE INVALUABLE CONTRIBUTIONS