SUSTAINABLE Coconut &
Coconut Oil Roundtable

Sustainable Coconut Charter

Setting a global benchmark for sustainable coconut origins

Version: September 2020

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BACKGROUND

Why we need the charter: what it is and isn't

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Preamble

- Global demand for coconuts has grown by 10 percent per year, but annual average production has fallen by 0.1 percent since 2010. At this rate, demand far outpaces supply, and continues to rise.
- Investments are needed for more sustainable production, new coconut trees, and farms to replace lost productivity from aging trees. Otherwise Asia's tree productivity is estimated to decline by more than 80 percent by 2027.
- Without responsible safeguards, new coconut plantations may drive deforestation.
- Several big challenges undermine coconut production in the Philippines and Indonesia, the two largest producers of coconut, including disaggregated smallholder producers, high logistic and transportation costs, insufficient know-how, and poverty.
- Sustainability in the coconut industry is nascent; there are no guidelines to shape/assure sustainability in coconut supply chains.

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Why a charter?

- A multi-stakeholder charter helps companies sourcing coconut products to harmonize principles and focus areas important to improving the sustainability of coconut farming.
- A charter helps companies define and gain confidence in their sustainable sourcing practices.
- It responds to an industry will harmonize buyers' requirements in a long, complex supply chain at a time where traceability is still a challenge in most origins globally, while not creating strict standards/ methodologies.
- A charter enables company action towards meaningful pre-competitive collaboration and mutually-recognized, robust sustainability programs.

Why sign now?

- Early adopters/signatories are poised to capitalize on growing interest/concern in dwindling coconut supply and sustainable agriculture, can translate policy positioning into market gains, and amplify sustainability credentials in multiple industries given the wide use/popularity of coconut products. Latecomers risk missing the first wave of media coverage and "founding" member status.
- Critical mass. A significant number of purchasing companies endorse/follow the charter, creating a pre-competitive positive movement to drive supply chain improvements while reducing complexities of overlapping multiple definitions.

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What it is and isn't

What it is	What it is not
Guidance **outlining basic areas of focus, principles and outcomes that should be expected of sustainability programs in coconut supply chains based on multi-stakeholder consultations**	Not a new auditable or verifiable standard
A tool to help **harmonize buyers' requirements to their supply chain partners**	Not requirement to suppliers Not a tool to make product claims
A tool to benchmark sustainability assurance programmes and schemes in coconut supply chains like a more in depth sourcing policy	Not sustainability programme

Consultation

How did we arrive to this draft?

- The Charter is built on discussion outcomes of the 1st Coconut and Coconut Oil Roundtable held in March 2019.
- The draft was discussed at a follow-up Coconut Conversations held in November 2019.
- Two calls were organized on December 4 and 10, 2019 to collect feedback on the draft
- Additional public consultations held from February 5-21, 2020.

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A living reference document:

Guidance in a changing environment

- Disclaimer -

While endorsing this charter, it is important to recognize :

- **This is a living reference document,** the journey towards sustainable sourcing of coconut products is one of continuous improvement requiring collaborative work with many suppliers and farmers in coconut supply chains active in origins.

- Industry stakeholders are encouraged to continuously shape their programmes, criteria and indicators through new collaborations, emerging technologies, best practices and scientific evidence.

- Industry stakeholders following this charter as guideline for responsible sourcing are encouraged to **use regular sustainability assessments, verifications or certifications of their respective and collaborative sustainability programs against the focus area of this charter and measure outcomes as a best practice.** This charter alone does not provide assurance/recognition.

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CHARTER ELEMENTS

Ambition and Principles

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Anticipated impacts

For each focus area, the charter defines Ambition & Principles of sustainability programs aiming to the following impacts:

- **Impact # 1:** Increase smallholder farmers' income and subsequently their livelihoods by improving access to market, technology, increased capacity, productivity, and replanting
- **Impact # 2:** Enhance supply chain traceability through sustainable and efficient sourcing, processing, production and other related value chain strategies
- **Impact # 3:** Prevent deforestation, and prevent climate change

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Impact # 1:
Improve smallholder income and livelihood

Impact # 1.1

Improving capacity, access to finance, market, health and safety

Ambition & Principles

Coconut farmers are among the most marginalized farmers. Most are smallholders who cultivate less than four hectares of land. A lack of know-how, access to market, suitable financial services lead to poor agricultural practices and ageing plantations. This, in turn, leads to low yields and incomes trapping the farmers in a circle of poverty and poor working conditions.

Sustainability programs involving coconut farmers should address the social, economic and environmental well-being of small producers, ensuring they play a positive role in the sustainable development of the coconut-growing region. Such programming should support income-generating activities e.g intercropping and utilization of coconut by-products.

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Impact # 1:
Improve smallholder income and livelihood

Impact # 1.2

Improving productivity

Ambition & Principles

Low-quality of nuts, poor farming practices, value chain defects and farmers with poor access to technical know-how and markets lead to low productivity. It is essential to to support farmers increase productivity and re-invest in their farms to break poverty traps.

Sustainability programs should include a component of productivity improvement to optimize tree yield.

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Impact # 1:
Improve smallholder income and livelihood

Impact#1.3

Increasing access to technology

Ambition & Principles

In many rural areas, poor infrastructure limits farmers' capacity to increase production. Improved communication can help farmers fully engage with extension services and buyers. In other areas, a saturation of assistance projects makes it difficult to engage farmers.

Digitalization of agriculture (cloud computing, computing systems, increased connectivity, open- source software, and other digital tools) can help make farming more attractive to the younger generation, as many coconut farmers approach retirement.

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Impact # 1:
Improve smallholder income and livelihood

Impact#1.4

Replant and replace coconut trees

Ambition & Principles

It is estimated that up half the world's coconut trees are senile, leading to low yields and incomes. With limited additional income sources and upfront capital, farmers generally do not replace old trees with proper seedlings and/or using appropriate planting materials.

Sustainability programs should include measures to replant coconut trees in the origins where they are active with proper adapted planting material ensuring sustainability, health and future tree yield.

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Impact # 2:
Enhancing supply chain traceability

Enhancing supply chain traceability

Ambition & Principles

One of the key challenges to many buyers and processors is limited traceability – not knowing where the products purchased originated – which limits the opportunity for downstream players to support supply chain improvements. Enhancing traceability enables buyers and processors to mitigate risks in supply chains, particularly in relation to farmer livelihood and long-term supply, including responsible use of animals.

While very large investments are needed to have full traceability in the many origins buyers and processors source from, it is possible, as a first step, to identify origins and assess the situation in a cost- effective way. By collaborating with suppliers and buying stations on the ground, it is possible to identify origins and enhance traceability to the origin.

Transparency on known origins (understand region, jurisdiction or community, not to the single farm level) is a must. Sustainability programs should include a traceability component to identify the origin of the coconut product purchased.

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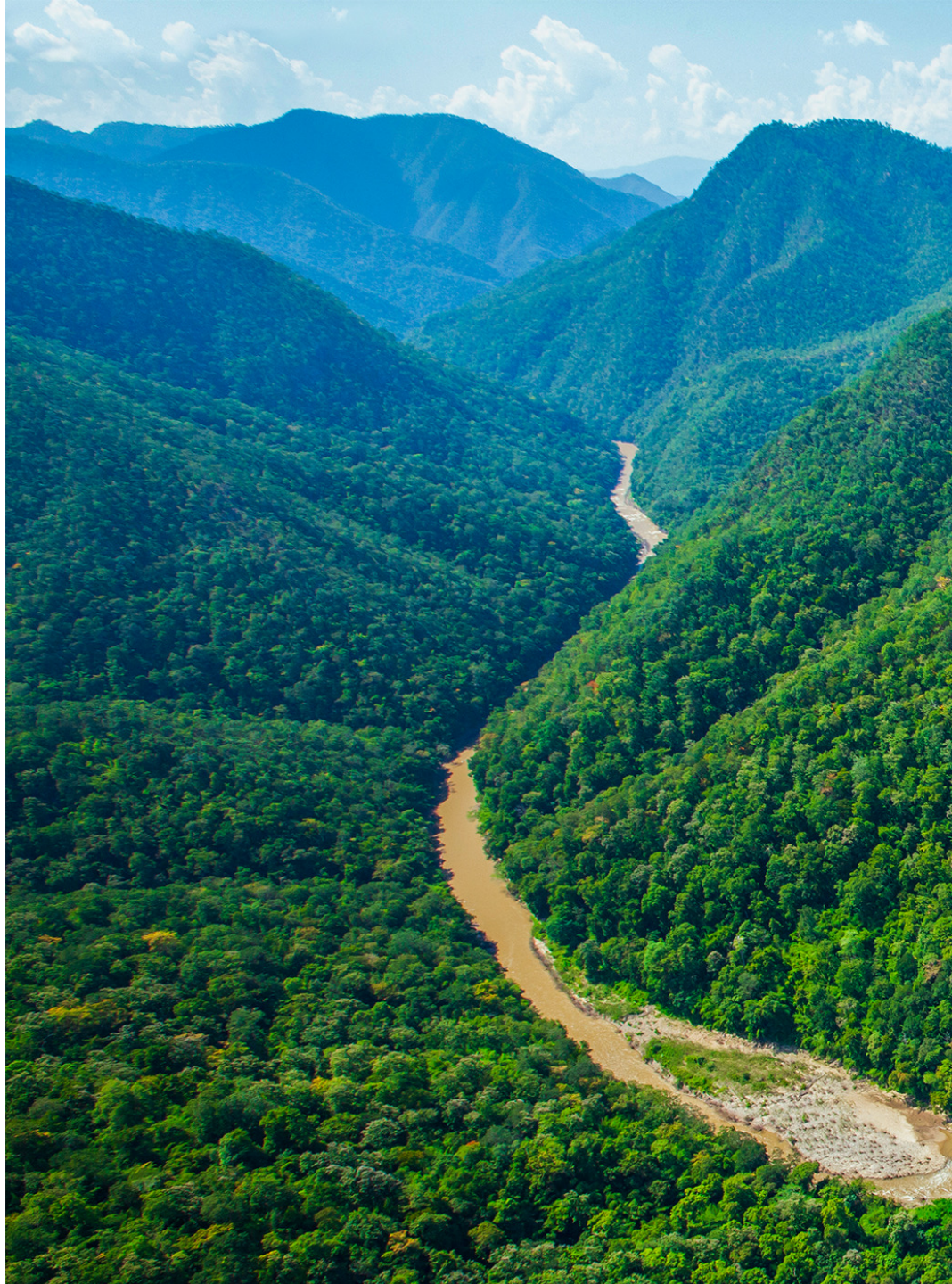
Impact # 3:
Preventing deforestation

Preventing deforestation, increase sequestration, and reduce or avoid greenhouse gas emissions

Ambition & Principles

Deforestation in coconut landscapes has been reported in high-biodiversity lowland coastal forests where coconut cultivation is a key land use.

Sustainability programs should assess and monitor potential deforestation factors to prevent replanting in areas of natural forest, either directly (forest conversion for coconuts) or indirectly (displacement of other forms of agriculture into forest areas).



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REPORTING

Requirements and reporting templates

Reporting requirement

Annual reporting is recommended, following the template provided.

In agreement and collaboration with the reporting organization, an extract of updates may be highlighted at various sustainable coconut meetings the Roundtable organizes.

Sustainability Program Alignment checklist

Follow the checklist provided to align your sustainability program to the Charter's requirements.

Relevant actors and roles

Duration of the sustainability program: From month/year to month/year

Geographical location of the program: Province, region, country

Expected outcomes and targets: Please list them

Organization	Role in the sustainability program	Level of contribution	Expected benefits

Impact # 1

#1.1 Improving capacity, access to finance, market, health and safety

Resault level	Key elements of sustainability programs	Not catered for	Included in the programme	Included + measured through indicators
Inputs	Capacity development of farmers to • Identified and resolved livelihoods issues looking at both farmer's income level and access to basic services, market information and infrastructures			
	• Identified and resolved human rights issues related to forced labor, child labor and young workers as well as gender discrimination and corruption in farming communities			
	• Identified other sources of income at the farm level, e.g., intercropping seedlings with higher value crops to ensure diversification and increased resilience of farmers in the short and medium-term			
	• Identified and improved access to suitable finacial services and products			
Outputs	Farmers with improved capacity for their livelihoods benefits	×	×	
	Farmers with increased access to market information (coconut prices, farm gate price, transport price etc.)	×	×	
	Inventory of occupational health and safety risks within the farms	×	×	
	Farmers with increased access to suitable financial services and products, e.g. credit facilities	×	×	
Outcomes	Business improved standards and policies to enhance farmer income and technical skills	×	×	
	Farmers improved coconut farming practices	×	×	
Impacts	Increased smallholder farmers' income and subsequently their livelihoods by improving access to market, finance, technology, increased capacity, productivity, and replanting	×	×	

Impact # 1

#1.2 Improving produtivity

Resault level	Key elements of sustainability programs	Not catered for	Included in the programme	Included + measured through indicators
Inputs	Organized training on agronomic knowledge and Good Agricultural Practices to improve productivity, safety and quality, fertilizer application, mulching and replanting			
	Conducted training on post-harvesting processing at farm level (copra drying process) - leading to improved quality and less potential for contamination – not applicable to full nuts supply chains			
	Conducted soil health analysis to inform environmentally sensible and rational use of no-n organic fertilizers			
	Assessed opportunities to develop coconut by-products, enabling engagement in value-creating activities from intercrops to maximize farm potential			
Outputs	Increased development of organic inputs from the farm through composting and coc-o peat development	×	×	
	Increased complementary intercropping to increase productivity of both coconut and the intercrop	×	×	
	Timely and increased supply of quality coconut from farmers	×	×	
Outcomes	Farmers adapted and practiced complementary intercropping and organic inputs following the soil health assessment	×	×	
Impacts	Increased smallholder farmers' income and subsequently their livelihoods by improving access to market, finance, technology, increased capacity, productivity, and replanting	×	×	

Impact # 1

#1.3 Increasing access to technology

Resault level	Key elements of sustainability programs	Not catered for	Included in the programme	Included + measured through indicators
Inputs	Development of technology that gives farmers access to market, price, product, inputs information in real time			
	Introduction of technology that enables processing of coconuts at community level, providing technical know-how and increase investment in processing equipment such as copra ovens			
	Enhanced farmer skills on use of technology, also replacing traditional practices like use of animals in coconut harvesting			
Outputs	Farmers have access to phone or tablet to remotely control processes and devices that would increase the speed of decision making, enable incentive programs and offer more flexibility to farmers to obtain information on pest and diseases fighting, weather, Good Agricultural Practices, occupational health and safety risks in their agricultural work	×	×	
	Increased efficiency in coconut production and processing	×	×	
Outcomes	Farmers adapted technology for production, processing and marketing of coconut and their by-products	×	×	
	Business reported timely and increased supply of quality coconut products			
Impacts	Increased smallholder farmers' income and subsequently their livelihoods by improving access to market, finance, technology, increased capacity, productivity, and replanting	×	×	

Impact # 1

#1.4 Replanting and replacement of coconut trees

Resault level	Key elements of sustainability programs	Not catered for	Included in the programme	Included + measured through indicators
Inputs	Robust agricultural extension services and incentives over the long term to distribute seedlings are in place in the area			
	Availability of a variety of planting materials adapted to local soil nutrient deficiencies, climate risks and pest management			
	Availability of quality seeds and/or seedlings for new plantation and intercropping			
Outputs	Developed a successful viable economic model with farmers to replant trees ensuring access to high-quality seedlings	×	×	
	Tree density (per hectare) is optimized through interplanting and underplanting	×	×	
Outcomes	Farmers removed old trees and planted new trees in their farms	×	×	
	Coconut Intercropping in place	×	×	
Impacts	Increased smallholder farmers' income and subsequently their livelihoods by improving access to market, finance, technology, increased capacity, productivity, and replanting	×	×	

Impact # 2

Enhancing traceability

Resault level	Key elements of sustainability programs	Not catered for	Included in the programme	Included + measured through indicators
Inputs	dentified and facilitated data collection points along key parts of the supply chain such as farmer organizations or processor buying stations allowing traceability from mills to origins (jurisdictions, regions, sub regions)			
	Identified market links associated with targeted origins to foster supply chain participants to participate pre-competitively			
Outputs	Established community-based monitoring systems and standards/criteria linked to traceability, including issues like, but not limited to, child labor, bonded labour, use of namials at farm and in value chain	×	×	
	Identified logistic issues and bottle necks outside farm gates	×	×	
	Shared top –level, non-sensitive information collected through supply chain mappings of origin level risks to enable pre-competitive collaboration along the supply chain, continuously	×	×	
Outcomes	Business and/or processor maintained or increased their sourcing areas within their supply base	×	×	
	Business developed or continued responsible and sustainable sourcing practices with long-term farmer engagement	×	×	
Impacts	Enhanced business credibility through sustainable and efficient sourcing, processing, production and other related value-chain strategies	×	×	

Impact # 3

Preventing deforestation

Resault level	Key elements of sustainability programs	Not catered for	Included in the programme	Included + measured through indicators
Inputs	Increased the productivity of existing plantations through scientific management of coconut areas			
	Developed degraded areas (rather than expanding to new forest areas) for coconut plantation and expanstion			
	Conducted environment impact assessment for each new coconut plantation			
Outputs	Integrated monitoring systems for deforestation risks on and around coconut origins and set mitigation measures when evidence found. This should include the identification and monitoring of High Conservation Value / High Ecological Value / High Carbon stock areas (forest, grasslands or wetlands)	×	×	
	Adopted an "integrated" jurisdictional approach for coconut landscapes learning from the new planting procedures developed by the Roundtable on Sustainable Palm Oil.	×	×	
	Increased intercropping, varieties of trees and green space	×	×	
Outcomes	Business produced deforestation free coconut products and merchandise	×	×	
Impacts	Prevented deforestation, and mitigated climate change	×	×	

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COMMUNICATION AND RELEASE STRATEGY

Communication and release Strategy

- Bespoke PR campaign addresses company concerns about heightened reputation risk/ public scrutiny. Not all signatories participate in joint PR campaign/platform (i.e. website). Public release materials will only include company names as approved.

- Charter is not legally binding. Rather, it is an industry-wide pre- competitive ongoing collaboration.

- Companies decide whether and to which extent their Coconut Charter progress report is shared publicly.

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ALIGNMENT WITH VERIFICATION STANDARDS

Existing verification standards

To ensure creditability of the reported activities by the committed companies against the key principles, the use of third-party verification is encouraged. Existing sustainability standards that could be considered include, but not limited to:

Rainforest Alliance
Through SCNO, Cargill, P&G, and BASF use Rainforest Alliance certification for coconut oil from the Philippines

Fair Trade & Fair for Life
Nutiva adopted Fair Trade certification for their organic virgin Coconut Oil Harmless Harvest adopted Fair for Life for coconut water from Thailand

USDA organic
All Coconuts Organics used USDA Organic

JAS (Japanese Organic Regulation)
Cocotnana adopted JAS organic for coconut oil, flakes, chips, flour from Sri Lanka

PhilGAP in alignment with GlobalGAP
Puantispina Farm received PhilGAP for their coconut products

LandscaleShared initiative of the Climate, Community and Biodiversity Alliance, the Rainforest Alliance and Verra to drive landscape level sustainability

GOVERNANCE STRUCTURE

Governance - Future Secretariat of the Charter

Role

- Organize Coconut Roundtables and relevant conversations
- Incorporate feedback and update the Charter, as appropriate
- Receive and review progress reports shared by organizations that adopted the Charter

Potential candidates

giz
Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

GrowAsia

Other suggestions welcome

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For more information, please contact

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