Sustainable Coconut Charter's Assurance System

X	**SCHEME RULES**
	THE SUPPLY CHAIN STANDARD
	ORIGIN STANDARD
	CHAIN OF CUSTODY

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Contents

1 INTRODUCTION

1.1 Background

The Sustainable Coconut Assurance System aims to provide a mechanism to substantiate sustainability claims and champion companies as agents of change and sustainable trade partners.
Its framework is designed to verify and ensure compliance with the Charter across the supply chain, fostering transparency, accountability, and sustainable practices. It is pragmatic, progressive, and aligned with the needs of the sector and meant to be.

Designed to foster alignment and common ground among buyers, processors, cooperatives, and farmers alike, the Sustainable Coconut Charter aims to unite stakeholders across the coconut supply chain to improve farmers' livelihoods, protect the natural environment, and build climate resilience — ensuring a responsible and resilient sector for all.

The Assurance System development involved leading experts in coconut production and standard-setting. A voluntary taskforce comprising companies within the SCP—some of the industry's top processors and buyers—brought practical, on-the-ground experience. It benefited from extensive consultations outside the partnership, looking for alignment with international standards such as Accountability Framework and ISEAL standards to ensure robustness and completeness and best practices to overcome gaps in certification while tackling the unique challenges of the coconut sector. Expert consultants from Peterson Solutions also supported the system's development.

Inception: Members of SCP publicly voted to create and adopt the Assurance System on November 23, 2023, during the Sustainable Coconut SCP Roundtable annual conference in Jakarta, in the presence of senior representatives from production-country governments after underscoring a critical need for market interventions that can genuinely drive positive change as current assurance schemes used in the sector are perceived to have major complexities and niche-focus for a sector still not mature in sustainability and therefore not always suitable for implementation in the wider coconut sector especially in the markets where coconut is sold as an ingredient of other food& beverages, fuel, oleochemical and wood, shell and fiber products.

The framework also addressed complexity, cost effectiveness and specific challenges unique to coconut production, such as the industry's heavy dependance on smallholder farmers, the complexity of its supply chain, among others. The documentation and record requirement has often proven complex for these smallholder farmers to implement. This assurance system therefore took these challenges into account to ensure the development of a suitable framework, tailored to the coconut industry.

The Sustainable Coconut Charter Assurance system seeks to stimulate market transformation by leveraging trade dynamics to support scalable, sustainable solutions for both the industry and coconut growers.

A comprehensive review of industry practices was undertaken to ensure this approach offers a gradual pathway towards greater sustainability within the coconut industry and developed for a stepwise progress versus thriving for perfection in a long, complex supply chain at a time where traceability and transparency is still a challenge globally.

SCP addressed the current limitations of the coconut supply chain in meeting the demands of existing certification programs, by developing a practical alternative while continuing to promote the achievements on other sustainability standards. This approach offers a gradual pathway towards greater sustainability within the coconut industry.

The system was officially launched on September 27, 2024, at the 2024 Sustainable Coconut Roundtable in Manila, where it was celebrated as a major milestone for the industry in the presence of senior representatives from production-country governments.
Stakeholder feedback is welcomed and can be submitted to the SCP Secretariat at info@coconutpartnership.org for future consideration.

This document is part of the assurance scheme of the Sustainable Coconut Partnership. This scheme consists of 4 key documents:

- **The Scheme rules, outlining the management of the assurance scheme.**
- The Supply chain standard, outlining requirements for supply chain members.
- The Origin standard, outlining requirement upstream supply chain actors.
- The Chain of Custody standard, outlining requirements to ensure credible claims.

1.2 Unique features of the Sustainable Coconut Charter Assurance System

This standard offers several unique features that distinguish it from other assurance schemes and make it specifically suited to the needs of the coconut sector. Key features include:

A Progressive Approach
The Assurance System adopts a grading approach with three claim levels. By design, this system promotes a culture of continuous improvement rather than enforcing rigid step-by-step progress or striving for perfection in coconuts' long and complex supply chain.
This progressive framework empowers businesses to drive market transformation and gradually provide essential support across the supply chain, addressing the ongoing global challenges of traceability and transparency.

Integrated Verification
Responsibility for applying the Assurance System is distributed across the supply chain. The application of the system is designed to encourage upstream stakeholders—farmers,

cooperatives/traders, first points of processing, and other actors—to work collaboratively, rather than placing a disproportionate burden on farm groups to meet requirements.
By addressing this often-overlooked aspect of supply chain management in smallholder systems, we aim to create better pathways for investments to reach farmers, who are the backbone of the supply chain.
Our system focuses on a tailored set of practices for each actor in the chain. It ensures that assurance reports provide clear insights into the performance of each stakeholder within the system.

Coconut-Specific Strategy
In order to establish transparent, reliable metrics that are industry aligned, and focus on coconut specific issues, we conducted extensive research and consultations with experienced operators. This pointed to the need to go beyond a sole focus on agricultural practices and farm boundaries to solve systemic issues in the coconut sector.
Our system includes focusing on: replanting programmes, youth engagement, market prices transparency and key aspects of supply chain management and transparency in smallholder supply chains.

Designed with operational profitability and economic sustainability in mind
To make the system more cost-effective and efficient, we considered how better-designed interventions, operational efficiency, and improved break-even projections could help operators maintain their verification status.
Our system incorporates features such as a grading approach, a lean and fit-for-purpose standard, and allowances for additional scopes like supply chain management and jurisdictional approaches. These elements aim to share responsibility for sustainability more equitably across the chain.

Active management of the standard by the Sustainable Coconut Partnership ensures that it remains adaptive and calibrated for operational profitability and economic sustainability. At the same time, it delivers credible, data-driven, and verified insights.

Volume and Performance Claims
Our system will verify both volume claims and assess companies' sustainability performance, recognizing verified companies as sustainable trade partners and agents of change. We are aligning our practices with leading sustainability standards to ensure robust performance recognition.

Together, we are building a sustainable future for the coconut industry—one that values integrity, inclusivity, and steady progress.

1.3 Scope and documents

Figure 1 provides a schematic overview of the relevant documents that make up the Sustainable Coconut Charter Assurance System. Three documents constitute the assurance scheme which

are the Origin standard, Supply Chain standard and the Scheme Rules. Each of these standards is designed for specific actors across the supply chain. The Origin standard is focused on upstream supply chain actors aiming to facilitate collaboration to achieve sustainability. The Supply Chain standard is focused on supply chain actors throughout the supply chain so they can differentiate themselves based on their dedication towards the implementation of sustainable practices.

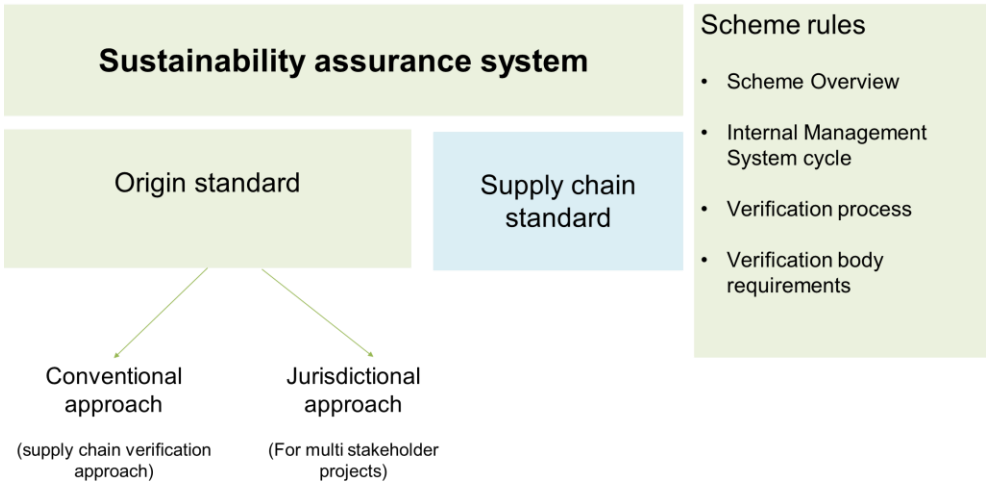

Figure 1, Overview of the Sustainable Coconut Charter Assurance System and related documents and implementation approaches.

The Sustainable Coconut Charter Assurance System applies to all assurance-related activities of the Sustainable Coconut Partnership (SCP), including the SCP Origin and SCP Supply Chain standards. This document aims to clarify:

- Responsibilities related to the Sustainable Coconut Charter Assurance System,
- Requirements for the involved stakeholders implementing the Sustainable Coconut Charter Assurance System,
- Procedures that need to be followed to attain successful verification.

Figure **2** is a schematic overview of the coconut supply chain related and the applicability of the different standards / requirements developed. Chain-of-Custody requirements are needed to protect claims made as a result of the Origin standard across the supply chain.
The Chain-of-Custody requirements allow for two CoC models; Mass Balance and Segregation. Currently, implementation of the Supply Chain standard is optional; however, in order to make sustainability claims related to the origin standard, a Chain-of-Custody is mandatory.

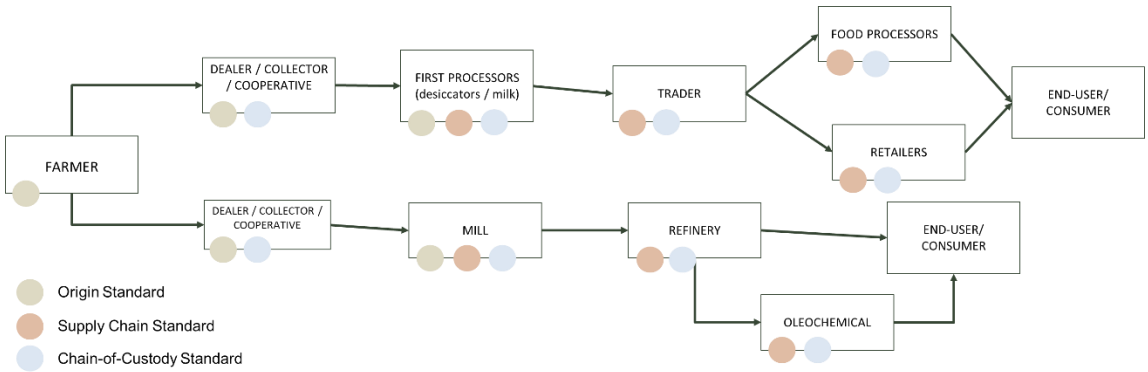

Figure 2, A schematic presentation of the supply chain. The colors indicate the standard documents that are relevant for each stakeholder.

1.4 Membership

For any claim to be made based on either the Origin or Supply Chain standard, the organization applying for verification must be a legal entity and a member of the SCP. For membership an exception is will be made for traders who are only involved in transportation, dealers, collectors, cooperatives and farmers. These stakeholders only need to register with SCP to be included in the verification scope. For the Supply Chain standard, an organization applying for verification must be a legal entity as well and a SCP member. For further information regarding the registration and membership process and fees, please contact the sustainable coconut partnership's team at info@coconutpartnership.org.

2 SUPPLY CHAIN STANDARD

The Supply Chain Standard is developed with the intention of enabling members to demonstrate progress and showcase their commitment towards sustainability, despite there not yet being verified Origin materials available. This way, a supply chain actor is allowed to differentiate itself from its peers.

Purpose	Verification	Scope
A company level verification for organizations sourcing and processing coconut products enabling overarching company-level verification.	This standard recognizes and controls the level of performance and continuous improvement of an organization of the supply chain principles of the Charter.	It promotes market transformation and collaboration among sectoral change-makers, signalling to the market that the organization is a responsible trade partner committed to creating a responsible and resilient coconut sector.

This section is focused on the verification cycle of the Supply Chain Standard.

2.1 Verification cycle

Figure **7** provides an overview of the verification cycle for the Supply Chain standard.

Verifications are conducted via a digital platform that streamlines the audit process by digitizing data verification and enabling remote meetings.

Organizations have two options:

1. Information can be shared on a declarative basis (no external verification).
2. Information can be verified by an accredited verification body (VB).

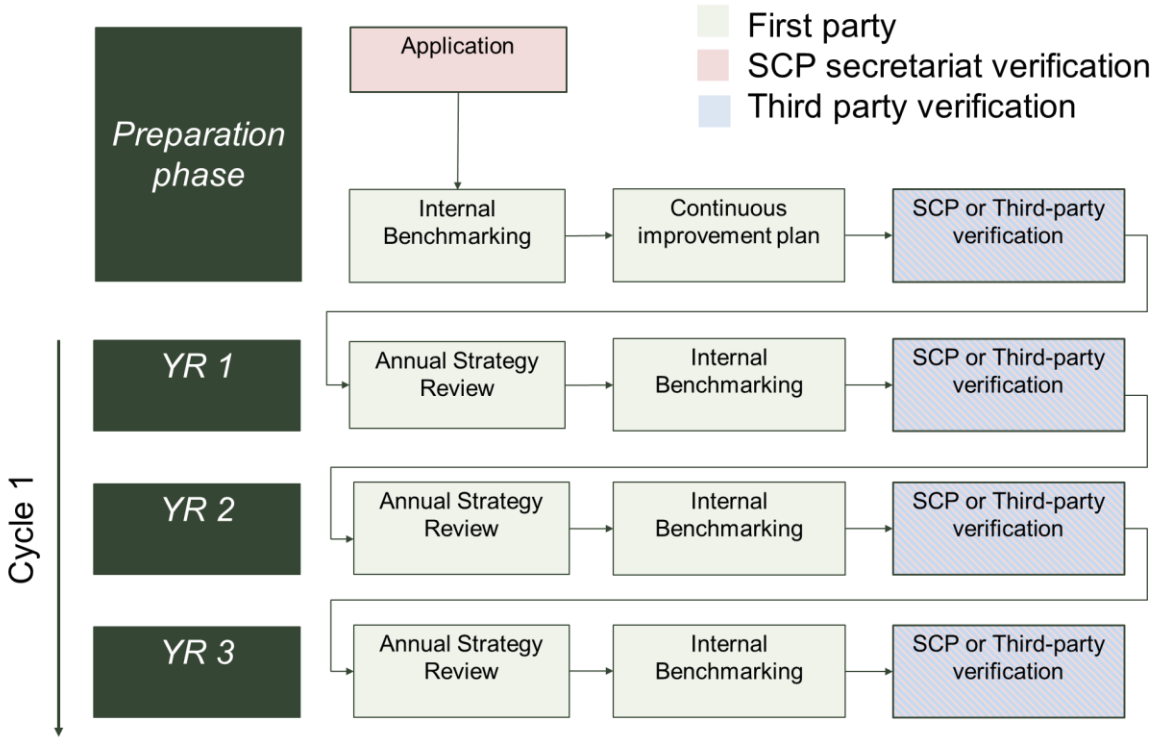

Figure 3, a schematic overview of the verification process for the supply chain standard. The dotted line towards the box indicating 'CoC verification' means this is optional. CoC requirements are included in the Origin standard document.

This cycle starts with an **application** [application form] and membership in order to proceed with the Supply Chain verification. Organizations applying for verification can conduct an **internal benchmarking** [checklist] verification to understand their current compliance level with the Supply Chain Standard. **A continuous improvement plan** should be developed explaining how the organization intends to drive sustainability in their supply chain based on the Supply Chain Standard.

The continuous improvement plan, along with any additional evidence will be verified by the SCP and a score assigned based on the scores assigned for each practices. This is an annual process and the continuous improvement plan should be reviewed every year in the **Annual Strategy Review**. This strategy review is then again followed by an Internal Benchmark to track compliance.

2.2 Continuous improvement plan and strategy review

The supply chain standard is organized around 5 key topics that can help shape the implementation strategy. This is the same strategy that should be outlined in the 'continuous improvement plan' and which is reviewed in the 'annual strategy review' from the verification process. The SCP aims not to be too prescriptive on how the requirements ought to be implemented or what should be mentioned in the continuous improvement plan, but would like to offer some guidance in this chapter. The Supply Chain Standard is formed around 5 key topics:

1) *Commitments:*

This first step starts with the establishment of a commitment or a target. It outlines the need for policy commitment levels to the "ORIGIN standard" principles, requiring an intention to progress towards at least 50%, 75%, or full adoption of its ambitions. It also mandates the development of appropriate business ethics. Based on these commitments, a plan can be developed to achieve them. This can be the continuous improvement plan.

2) *Mapping:*

Creating an overview of stakeholders involved in the supply chain can be helpful to identify next steps and potential partners to collaborate with. It also form the foundation for the traceability and due diligence assessments to understand where the coconut product originates from and assess its potential risks.

3) *Supplier risk and due diligence:*

Ensuring sustainable sourcing a thorough supplier due diligence should be conducted focusing on the risks associated with that suppliers. Those risks can be based on various aspects like the size of the supplier or their location for example.

4) *Action plan formulation:*

Results from the due diligence should eventually be incorporated into an action plan outlining how the organization aims to collaborate with their suppliers to achieve a supply of more sustainably produced products.

5) *Updating commitments*:

Once the action plan has been rolled out and successfully implemented, new targets ought to be set to maintain progress and further improvements towards a more sustainable supply chain. Based on that revision the project steps can be revised and updated, resulting in an updated continuous improvement plan.

How these steps are implemented is dependent on the organization implementing them and their current position in the sustainability journey. As mentioned this is only intended as guidance.

2.3 Verification process

The intention of this process is to explain in more depth what steps are taken to complete an actual verification. It thus serves as a more detailed description of the '*SCP or Third party verification*' step in the verification cycle. Verifications are conducted via a digital platform that streamlines the audit process by digitizing data verification and enabling remote meetings.

Organizations have two options:

1. Information can be shared on a declarative basis (no external verification). The SCP logo or SCP supported claim cannot be carried based on a self-declaration.
2. Information can be verified by an accredited verification body (VB). This would enable the use of the SCP logo and SCP endorsed claims to be made.

Figure **9** shows the verification process. The process begins with sharing an application form, in the online platform or to the VB depending. After this step, the member completes the online questions posed and includes the evidence needed to confirm their compliance to the requirements outlined in the standard. Following the review of the documents a more in-depth session can be planned to confirm compliance. In case of any NCs, time is provided to close them before the compliance statement is issued.

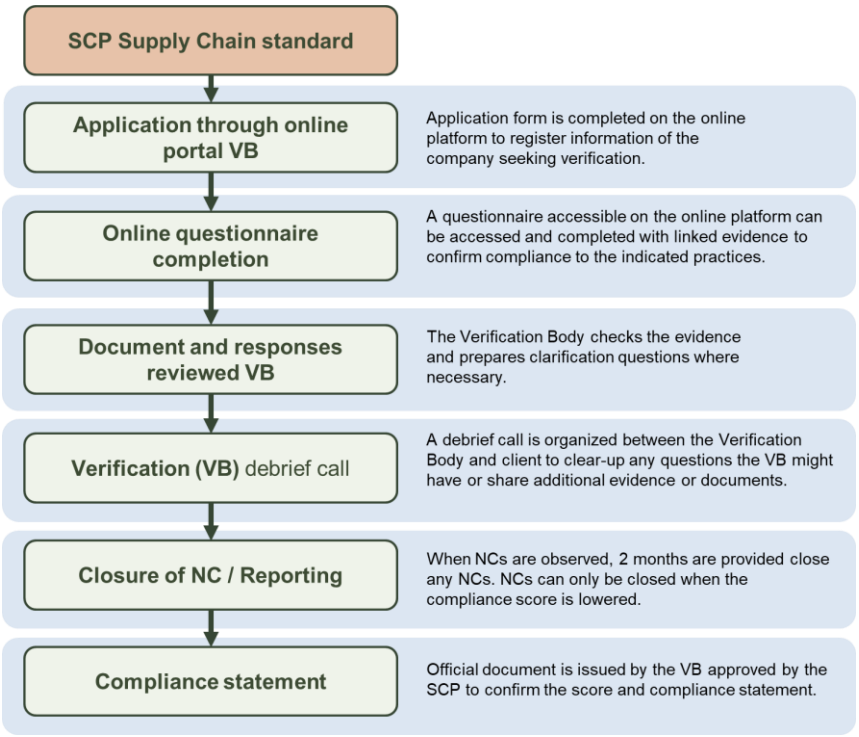

Figure 4, the verification process for the Supply Chain Standard. The verification in the process is conducted by the SCP secretariate.

The following principles need to be observed during the Supply Chain verification:

I. Annual Supply Chain verification (the debriefing call) must be conducted within a 4 month window of the anniversary date of the first Supply Chain verification (2-months before the anniversary date and 2-months after the anniversary date).
II. The Supply Chain standard score will be based on the findings during the verification.
III. Verification call needs to be organized within a month after sharing the questionnaire results and evidences with the Verification Body.
IV. The verification report will be shared within 2 weeks after the verification.
V. The verification report will include an overview of all requirements, with a clear decision regarding compliance and the evidence that was reviewed to justify that outcome.
VI. If any NCs are established during the verification, the member has an option to close those NCs during a 2 month period after the verification under the following conditions:
    - If the newly established score results in a negative claim change. If the score increases or is maintained, no additional NCs can be closed.
    - Evidence of NC closures should be shared with the verifier and approved by the verifier within the 2-month deadline.
VII. If the claim level has not changed or sufficient evidence has been submitted to close the NC and maintain the claim level, an attestation can be issued. This should be done within 5-days of sharing of the verification report to the member or after the CB acceptance of the NC closures (and evidence).

2.4 Claims and logo's

Table **4** gives an overview of the 3 level logo's and claims that can be made based on the Supply Chain Standard. Each level signals 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 and is at a certain level of maturity in their journey.

Table 1, overview of the logo's and claims that can be made based on the Supply Chain Standard.

Logo:	Claim:
SUSTAINABLE COCONUT PARTNERSHIP GOLD MEMBER	Gold Member Score: >80% *Only B-to-B claim possible, no on product or volume claim possible. Claims can be displayed on company websites and commercial documents but do not certify specific products or traded volumes.*
SUSTAINABLE COCONUT PARTNERSHIP SILVER MEMBER	Silver Member Score: >60% to <80% *Only B-to-B claim possible, no on product or volume claim possible. Claims can be displayed on company websites and commercial documents but do not certify specific products or traded volumes.*

	Bronze Member Score: >30% to <60% *Only B-to-B claim possible, no on product or volume claim possible. Claims can be displayed on company websites and commercial documents but do not certify specific products or traded volumes.*

3 ORIGIN STANDARD

This section focuses on the Origin Standard and its verification cycle, process and practical implementation.

Purpose	Verification	Scope
A production and processing level verification for "sustainable farming projects" verifying volumes of product compliant with the Charter.	This standard recognizes and controls levels of performance and continuous improvement of Core Principles and Ambitions of the SCP Charter for sustainable production of coconut products.	• At the local/jurisdictional / landscape / island levels allowing volumes of products to be verified and traded. • At a supply chain level

3.1 Verification cycle

Figure **3** shows the verification cycle of the Origin Standard. There are two types of approach to implementation (Conventional and Jurisdictional) for the origin standard; The conventional approach focusses on assessing sustainability of the upstream actors of a supply chain. Upstream actors of the supply chain are verified using the Origin standard on a sampling basis through a third-party verification process. The upstream actors eligible for the verification are farmers, dealers/cooperatives/traders, first processors and millers. The certificate holder is the organization that pays for the verification. The certificate holder is the only entity that can trade SCP claimed materials, on behalf of the stakeholder group.
The audit cycle is based on a 3-year validity of the onsite initial/main verification, with annual remote surveillance verifications in between to ensure compliance is maintained.

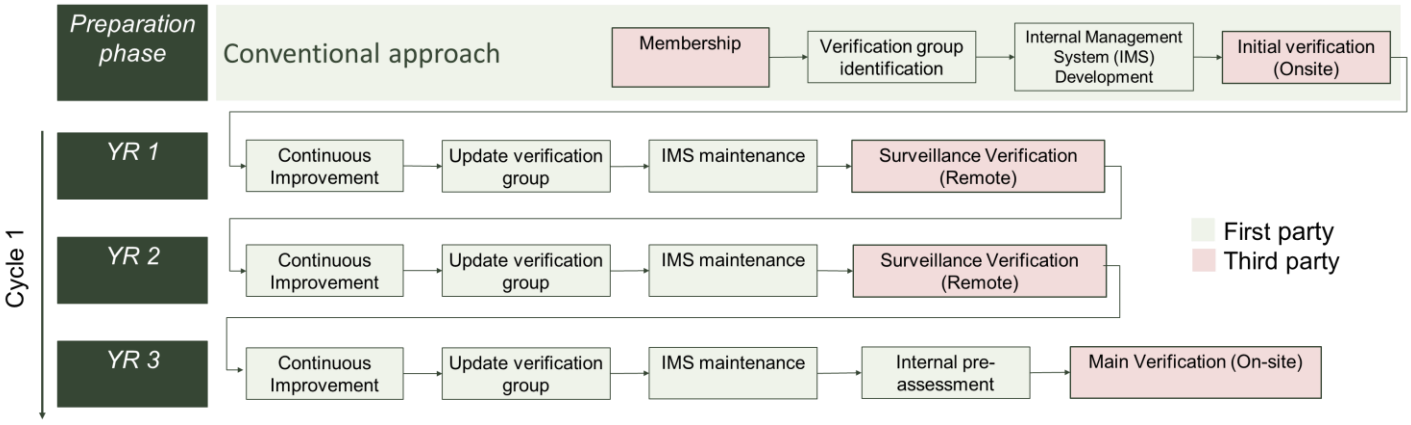

Figure 5, the verification cycle highlighting the different steps necessary to successful achieve verification.

Member organizations apply through an [application form] identifying the **verification group** together with its supply chain partners.

The verification group isa group of farmers, dealers/cooperatives/collectors, first processors and millers and depends on the structure of the upstream supply chain. Identification of this group is essential since the Origin standard includes practices relevant for all upstream actors to foster collaboration. The verification group needs to be updated every year to account for potential stakeholders entering or leaving the supply chain.

The next step is the development of the **Internal Management System (IMS)**. The IMS is a structured framework within the verification group or the organization applying for verification that is designed to manage, monitor and ensure compliance with the Origin Standard. It includes policies, procedures and tools to guide activities, track performance and address issues related to sustainability. In terms of verification, an IMS helps to systematically oversee and document compliance to the Origin standard enabling more efficient and cost-effective auditing. Further information is provided in chapter 2.2.

Continuous improvement serves as a step to strengthen and potentially expand the implementation of the Origin Standard, aiming to achieve a higher compliance score. The objective is to foster ongoing progress toward a more sustainable supply chain.

An **internal pre-assessment** **[checklist link]** should be done in preparation for each onsite verification, with the aim of assessing the level of compliance and detect any potential non-compliances. This will allow time to resolve any non-compliances prior to the third-party verification. The sampling strategy is detailed in Chapter 2.4.

3.2 Internal Management System

Figure **4** shows the cyclical nature of the IMS. The IMS cycle consists of 5-steps:

- ***Step 1**. Identify / action plan.*
  This step focusses on the identification of what activities need to be conducted with the relevant actors to implement the SCP or maintain compliance. The activities should be outlined in an action plan **[document link]** which includes objectives formulated inline with SMART principle.
- ***Step 2**. Implementation planning.*
  An implementation plan **[document link]** should be developed outlining when the activities defined in the first step should be implemented and completed. This also includes a clear identification of who will conduct the activities and which stakeholders will be involved in the verification process itself.
- ***Step 3**. Internal assessments.*
  An internal assessment **[document link]** is intended as a first party assessment where the organization assesses compliance to the SCP amongst the verification group. This is an important tool to understand the current levels of compliance. Such assessments can be done using the entire standard, or focus on specific topics or levels of compliance. The scope of the assessment should be the SCP Origin standard practices.
- ***Step 4**. Analyze results.*

After the internal assessments have been conducted, results should be reviewed, analyzed and summarized to inform the next step. Results could indicate the need for capacity building on a particular topic, training or any another intervention that could support the verification group.

- ***Step 5***. *Continuous improvement.*
  Any activity conducted to help the verification group close the observed compliance gaps observed during step 3 and 4. This is step is also intended to further develop and implement additional SCP requirements to increase the score and keep improving the sustainability score of the group.

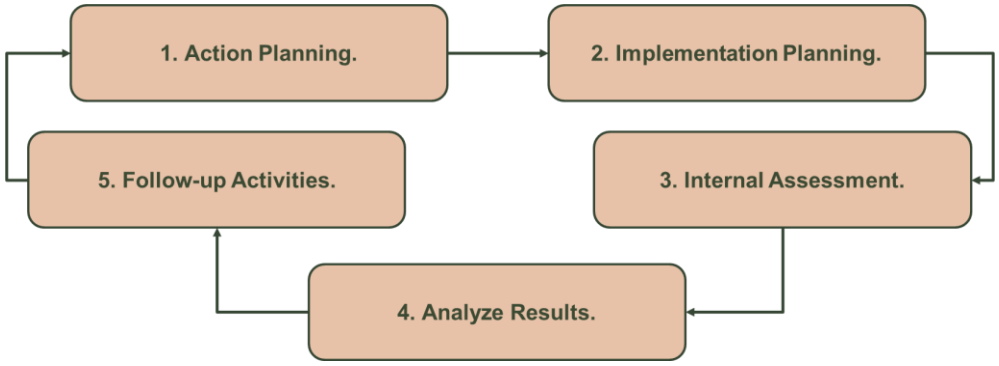

Figure 6, the cyclical Internal Management System (IMS) system in place to support the implementation of the SCP Origin standard across the upstream stakeholders.

To ensure proper organization of the IMS, the following practices must be implemented and documented through clear SOPs and records:

I. *Organizational Structure*: The IMS must establish a clear structure with defined roles and responsibilities for all individuals and entities involved. These roles must at least include:
   a. An IMS manager responsible for the day-to-day operations of the IMS.
   b. The support staff needed properly implement the IMS across the verification groups (example, internal assessments, follow-up activities, trainings, etc..).

II. *Legal Entity*: The IMS should operate within an existing legal entity or be established as a legal entity itself.

III. *Actor Database*: A comprehensive database must be maintained, covering all actors and entities within the IMS:
   a. For farmers, this includes names, contact details, ID numbers, land status, location (address/GPS), land size, production volume, and date of inclusion.
   b. For organizations, this includes the organization name, representative, contact information, location (address/GPS), activity, date of inclusion, and output volume.

IV. *Training*: All IMS personnel must receive training on the IMS functions and at least the Origin standard.

V. *Sanctions and Appeals*: Sanctions must be in place for un-cooperative stakeholders, with an appeals process for reviewing cases when necessary. This appeals procedure may be

integrated with existing grievance procedures under the Supply Chain and Origin standards.

VI. *Continuous Improvement*: The action plan should prioritize continuous improvement, with annual goals targeting higher compliance scores and progressively more ambitious targets.

VII. *Actor engagement*: During the 3 year verification cycle, all actors in the verification scope must be visited at least once. For example, 33% of farmers visited each year. Internal assessment should be done by competent personnel trained in the Sustainable Coconut Charter Assurance System.

VIII. *Verification group changes*: New farmers or organizations can be added to the verification scope. Any new farmer/organization added to the farm group has to receive a:
    a. training on the Sustainable Coconut Charter Assurance System,
    b. an internal assessment (first party) needs to be conducted and
    c. a follow-up activity needs to be done to support the farmer to close compliance gaps.

IX. *Maintaining group integrity*: When third party verified claims are being made over the coconut materials, the number of new farmers that can be added to a group cannot exceed 30% of the total number of existing group members the year before.

X. *Evidence*: Developed and completed checklists and reports, SOPs, records and other documents need to be kept as evidence. These documents will be checked during the actual verification and surveillance verifications to establish compliance with the IMS system.

3.3 Verification process

The verification process is intended to provide a systematic procedure used to assess compliance with the Origin Standard. The goal of verification is to provide an objective assurance that compliance is achieved and to determine the claim that can be made. In the Origin standard the verification cycle is based on a 3-year cycle with annual verifications. During the verification process, the IMS, as well as a sample of the individual entities and actors within the verification group will be subject to verification, which may include on-site visits, document reviews and interviews.

There are two types of verification; an on-site **Initial/main verification** and a remote **surveillance verification**. The first verification (known as year 0, or the initial verification) must be conducted on-site. The next two verifications (known as year 1 and 2, or surveillance verifications) will be conducted remotely and focus on the groups' IMS and evidence collected as part of the IMS implementation. In year 3, another on-site verification is required to renew the attestation and the three year cycle begins again. Figure **5** shows the process for both type of verification and includes detailed descriptions per step.

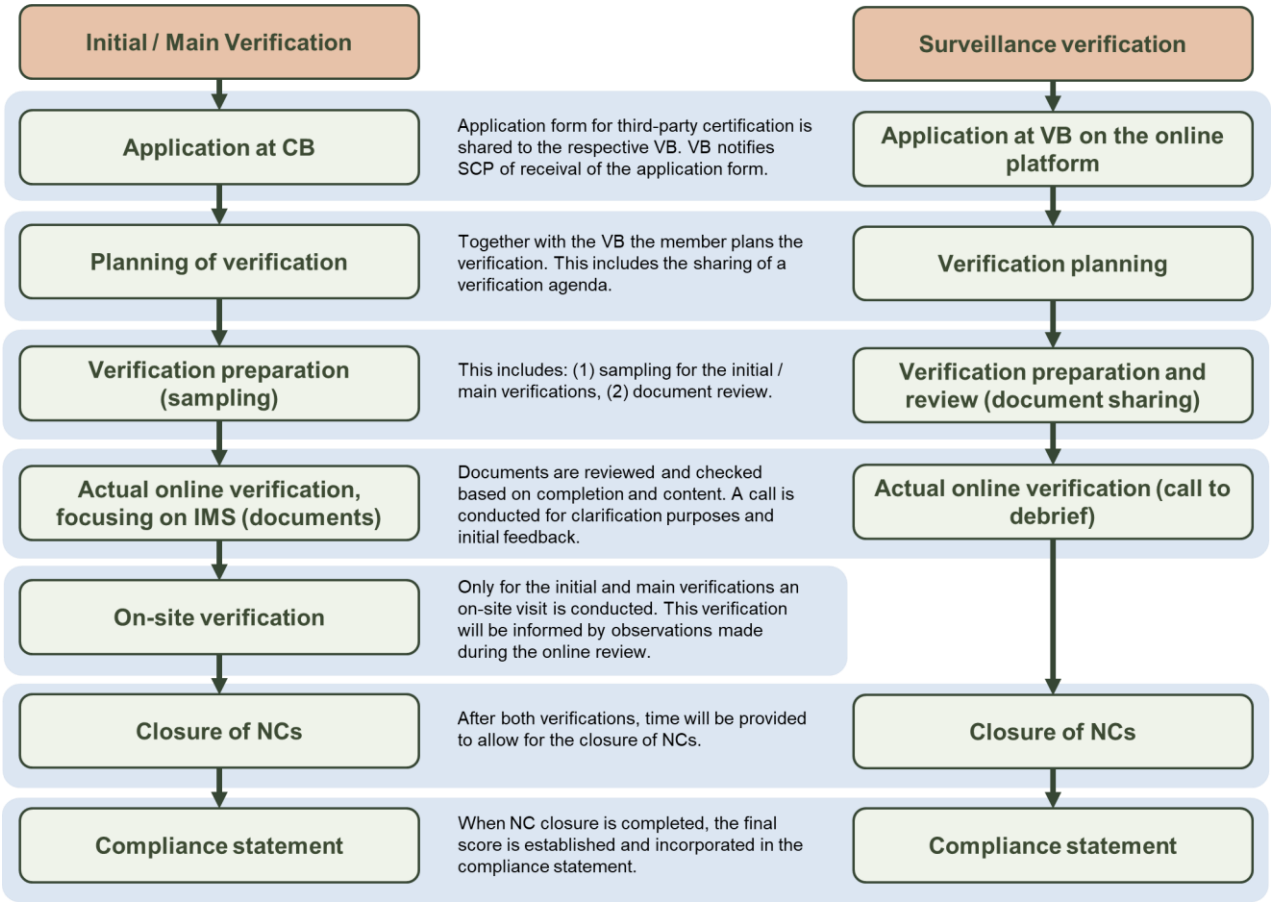

Figure 7, overview of the verification process of the Origin Standard. Both the process for the Initial/Main verification and for the surveillance verification are outlined. Both need to be conducted by third party VBs as verifiers.

During the verification the following principles are to be followed:

I. Surveillance verifications and main verifications must be conducted within 4 months of the anniversary date of the initial verification (2-months before the anniversary date or 2-months after the anniversary date).
II. Scores can only be updated during on-site verifications. If members want to publicly claim a score increase during year 1 or 2, an onsite element can be added to the surveillance verification. This must be indicated in the application form shared with the VB.
III. The score will be based on the findings during the verification.
IV. The application form should be shared at least 6 weeks before the first day of the verification.
V. The verification agenda should be shared at least 4 weeks before the first verification day.
VI. In case of an onsite verification, the sample will be communicated no sooner than 2 weeks in advance of the first verification day.

VII. In case the claim level is maintained or improved, there is no option to further close any NCs. This refers to the onsite verifications.
VIII. The initial/main and surveillance verifications must be conducted by an independent VB.
IX. The verification report must be shared within 2 weeks from the last day of the verification.
X. The verification report includes an overview of all requirements with a clear decision regarding compliance and the evidence that was reviewed to justify that outcome.
XI. If the newly determined score results in a negative claim change, the member has 2-months to close its NCs in order to maintain its claim level (where a newly determined score results in a positive claim status, any open non compliances do not need to be resolved) from the moment the verification report has been received.
    - The member will need to prioritize which NCs to close to maintain their compliance levels. This should be outlined in their action plan and shared with the verifier within two weeks from receiving the verification report.
    - Evidence of NC closures should be shared with the verifier and approved by the verifier within the 2-month deadline.
XII. If the claim level has not changed or sufficient evidence has been submitted to close the NC and maintain the claim level, a compliance statement can be issued.

3.4 Sampling

SCPs sampling methodology is based on the procedure recommended by the SAI platform. SAI offers guidelines on both the sampling methodology for the internal assessments and the actual verification sample. This approach was selected to limit the verification costs, making the Origin standard more accessible to the various members, whilst still providing a reasonable assurance. The goal of the verifications is to verify the management system that is in place to implement the Sustainable Coconut Charter Assurance System. The sampling method is based on the statistical fixed accuracy method, resulting in a fixed accuracy of 12.5%. [1]

The following general requirements need to be observed:

I. An internal pre-assessment should be completed by the project proponent for a sample of the farmers in the group. Based on the pre-assessment sample the verification sample should be drawn. Table **2** provides guidance on the sampling approach for the initial assessment and main verification. In this approach the sample is reviewed against the internal assessment reports to check that there is consistency in scoring, as an indication of an effective IMS system being in place.
II. All non-farmer entities in the verification group must be included in the scope of the verification and visited on-site during the verification.
III. The following strategies can be followed to ensure a representative sample is selected for both the internal pre-assessment and verification:

[1] Version 3 FSA implementation framework: https://saiplatform.org/wp-content/uploads/2016/06/sai_platform_fsa_implementation_framework_version_2__released_15_june_2016_.pdf

a. Sampling should be stratified ensuring different farm sizes, locations and types are included in the sample.
b. Sampling should be random to prevent the same farmers from being assessed or verified each verification.

Table 2 shows the farm group sampling methodology employed by the SCP. For the self-assessments done by the project proponent column 2 indicates the necessary number of farmers that need to be part of the self-assessment. For the verification conducted by the Verification Body column 3 indicates the number of farmers to be visited. The number of farmers for verification by the VB should be drawn from the already self-assessed farmers (column 2) by the project proponent.

Table 2, Farm sampling methodology for verification of the Sustainable Coconut Charter Assurance System.

1	*2*	*3*
Number of farmers in farm verification group	**Self-assessment sample (by proponent)***	**Verification sample (by VB)****
0 to10	6	4
11 to 20	10	4
21 to 30	13	7
31 to 50	18	7
51 to 100	24	9
101 to 200	30	9
201 to 500	36	9
501 to 5000	40	9

* Sample drawn from total number of farmers in the verification group.
** Sample drawn from number of self-assessed farmers by the proponent.

3.5 Claims and logo

Table **3** indicates the logos and claims that can be made based on the verification conducted. In case of group compliance the owner of the verification statement is the organization that has paid for the verification to take place and has applied for verification with the CB.

Table 3, the logo's and claims that can be made based on the achieved scoring as a result of the verification.

Logo:*	Claim:
	Charter assured *'Coconut [material name] issued from an origin/jurisdiction creating a responsible and resilient coconut sector' following the sustainable coconut charter'* Score: >80%
	Verified in transition *'Coconut [material name] issued from an origin/jurisdiction in transition towards sustainability following the sustainable coconut charter'* Score: >60% to <80%
	Engaged *'Coconut [material name] issued from an origin/jurisdiction that engaged in transition towards sustainability following the sustainable coconut charter.'* Score: >30% to <60%

**Whether Mass Balance or Segregated is added to the logo depends on the result of the Chain-of-Custody compliance.*

4 CHAIN OF CUSTODY

The Chain-of-Custody (CoC) standard is here presented as a separate module from both the Supply Chain standard and Origin standards. The purpose of the CoC standard is the protect the credibility of the claims enabled by the Origin standard. It does this by verifying the sequence of ownership, handling and control of a product/material as it moves through each stage of the supply chain.

Separating the CoC module from the Supply Chain or Origin standard enables the individual implementation of each standard. Therefore enabling Supply Chain actors to demonstrate their commitment and progress towards more sustainable supply chains by implementing the Supply Chain standard, despite there not being any Origin materials available yet.

Purpose	Verification	Scope
To protect the integrity of the claims made as a result of Origin Standard compliance of upstream actors.	This standard ensures the traceability of coconut materials by documenting the handling, transfers and storage to prevent tempering, loss or contamination.	This standard covers supply chain actors other then the producers. So anyone handling or altering the product.

4.1 Chain of Custody models

The SCP recognizes 2 types of CoC models, the mass balance and segregated model.

4.1.1 Mass Balance:

This CoC model allows for verified and non-verified product/materials to be mixed in controlled proportions, while still accounting for the volumes of verified product/materials that enter and leave the supply chain. Under this model, the quantity of verified product/materials purchased by a member matches the amount of product/materials it claims to sell, despite being mixed with non-verified products during production.

Key requirements include:

- The balancing of inputs and outputs of verified materials. The volume of verified materials must be aligned with the volume the member sells.
- Controlled mixing of verified and non-verified materials. Mixing of verified and non-verified products is allowed as long as proper records are kept to track the total volumes of verified and non-verified volumes.
- If materials with varying claims levels (‘Engaged,’ ‘Verified in Transition,’ and ‘Charter Assured’) are purchased and combined, the product is sold under the lowest claim level. This is to prevent overstating the achieved level of compliance.

Mass-balance claims follow the ‘verified sourced content’ principle, as defined by ISEAL ALLIANCE (Chain of Custody models and definitions). This means that the quantity of product sold with a verified claim must match the amount of verified product purchased. Any non-verified volume remains unlabeled. Partial verified claims (e.g., stating a product contains X% verified content) are not allowed on labels.

4.1.2 Segregated:

This CoC model refers to a situation where the verified product/material is kept separate from the non-verified product/material. This means that verified product/materials remain physically isolated from non-verified products during the various stages of the supply chain.

Key requirement include:

- The physical separation of verified and non-verified products is strictly needed to avoid any contamination.
- Guaranteed verification from origin to final product due to the separation of the product throughout the supply chain.
- If materials with varying claims levels (‘Engaged,’ ‘Verified in Transition,’ and ‘Charter Assured’) are purchased and combined, the product is sold under the lowest claim level. Unless the various claim levels can be segregated and are therefore not mixed. Then products with different claim levels can be sold. In the latter case, it is allowed to mix products with the same claim level.

Claims based on the segregated supply chain are based on the ‘segregation’ principle as described by ISEAL ALLIANCE (Chain of Custody models and definitions). This means the verified product is kept separate from non-verified products throughout each stage of the supply chain. All verified products can be labelled with the appropriate claim as outlined in this document.

If verified raw materials are mixed with different scores achieved under the Origin standard. The volume with the lowest score is used as a basis for the claim that is made on the product. This is relevant to both mass-balance and the segregated supply chain.

5 Jurisdictional approach

Jurisdictional approaches aim to address the root causes of deforestation and other environmental and social issues by focusing on systemic changes within an entire region or jurisdictions (e.g., provinces, states). This differs from the more common farm-level certification approach, which can be challenging to scale and may not address broader landscape-level issues. By focusing on entire landscapes, jurisdictional approaches can address socio-economic and environmental issues more holistically. They can also help to protect critical ecosystems and ensure the long-term sustainability of natural resources.

An increasing number of governments, foundations, NGOs, and companies are looking to jurisdictional scale approaches as a way to help deliver sustainable commodities while improving the health and sustainability of rural and farm communities' economies. The most important and promising element of these initiatives is the opportunity to drive dialogue and convergence of common goals across business, government, and community stakeholders with a long term thinking in mind.

Where the conventional system is often very effective to ensure compliance at a given supply chain level, A jurisdictional approach is a method of assessing sustainability that focuses on entire regions or jurisdictions, rather than the supply chains of individual companies. It brings together local governments, producers, and other stakeholders to align on sustainable practices across a defined geographic area. This approach can address socio-economic and environmental issues more holistically. by verifying that sustainability standards are met on a jurisdictional/landscape/ island level scale. By assessing entire jurisdictions, it aims to drive systemic change and scale sustainable practices more effectively.

The jurisdictional approach also leverages the Internal Management System (IMS) to operate effectively, providing a structured, cyclical process for advancing sustainability; however, relying solely on the IMS is not sufficient.

A key challenge with a jurisdictional approach is the ambiguity surrounding what will be verified and who holds responsibility, especially when multiple stakeholders are involved. To address these challenge, additional steps are included in the verification cycle, as shown in Figure **6**. If a conventional verification approach is chosen, these additional steps may be omitted.

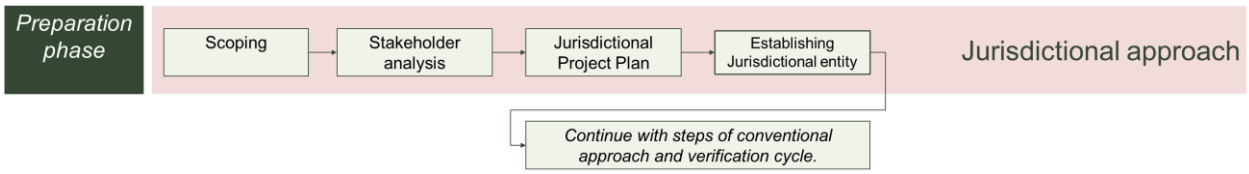

Figure 8, overview of the additional steps needed to implement a successful jurisdictional approach.

Scoping:
The first step involves clearly identifying the area or jurisdiction where the SCP will be implemented. The following must be considered:

I. Define a specific jurisdiction or area to focus SCP implementation efforts.
II. Precisely delineate this area using GPS data to clarify which farms are included, ensuring there is no ambiguity.
III. Provide a justification for selecting this jurisdiction.

Stakeholder Analysis:
The success of a jurisdictional approach depends on the inclusion and cooperation of stakeholders involved in the coconut industry within the designated area. A plan should be developed to describe how these stakeholders will be engaged to preserve the jurisdictional integrity of the approach.

IV. Conduct a stakeholder analysis to identify all relevant stakeholders in the jurisdiction.
V. Develop an engagement plan for each stakeholder. Tools like stakeholder matrices or interest-power grids may inform tailored engagement strategies for different stakeholders. This also needs to include an explicit consent of all stakeholder part of the jurisdiction in which the SCP is supposed to be implemented. Clear documentation of the agreement and responsibilities outlined are required (contract/MOU).
VI. Ensure representation of these stakeholders within the final project team.

Jurisdictional Project Plan:
Once the project entity is established, it should create a comprehensive plan for implementing the Sustainable Coconut Charter Assurance System. This plan should outline strategies for stakeholder engagement and methods for tracking implementation progress.

VII. Include a strategy detailing how Sustainable Coconut Charter Assurance System will be implemented across the jurisdiction.
VIII. Describe how the entity will incorporate and respond to stakeholder feedback to enable adaptive management.

Project Entity:
To ensure successful SCP implementation within the jurisdiction, a project entity must be established to manage SCP implementation and oversee the verification process, ensuring inclusion of all relevant stakeholders.

IX. The project entity should be a legally registered organization.
X. An organizational chart should clearly outline team roles and responsibilities within the entity.
XI. Legal documents providing evidence of their legal status should be readily available for review.

6 ANNEX: ISEAL comparison

This Annex gives an overview comparing the contents of the Sustainable Coconut Charter Assurance System with the ISEAL Code of Good Practice for Sustainability Systems. This document sets out good practices for a scheme owner to ensure a holistic and well governed sustainability system.

The ISEAL code consists of 8 topics. For the purposes of Sustainable Coconut Charter Assurance System, we will focus on chapter 7 of this code, which provides detailed guidance for assurance scheme development. Other requirements are more focused on the general governance and functioning of the scheme which is important, but beyond the development and management of the assurance scheme itself.

ISEAL requirement code	Description	Compliance
7.1 assurance model	Establishing the assurance structure includes deciding on roles and responsibilities in the assurance system, e.g., decisions about the role of the scheme, its decision-making bodies, and external partners such as oversight bodies and assurance providers.	Scheme scope is mentioned in chapter 1.3, intended impacts in the chapter 1.2. Value creation is mentioned in chapter 1.1 and 1.2. Types of claims are highlighted in chapters 2.5 and 3.4.
7.2 Assurance policies and procedures	The scope of the assurance system includes the scheme's sustainability standards and any other requirements applied to clients in support of scheme integrity, e.g., chain of custody requirements, etc.	Origin Standard (includes Chain-of-Custody req.) and Supply chain standard documents. Chapter 3.5 focuses on the CoC and models allowed. Oversight of assurance scheme is mentioned in Chapter 4, will be expanded in VB requirements. *Details to add*: legal contract models, document control system, change protocols for system updates and stakeholder inclusion.
7.3 Assessment methodology	The scheme owner can also choose to define the minimum evidence needed to assess criteria or requirements.	Chapters 2.1 and 3.1 highlight assessment frequency and intensity. The Origin Standard and Supply Chain Standard set out requirements for compliance.

		Chapters 3.3 and 2.3 outline more details about the verification process including content of reports and timelines. *Details to add*: knowledge and skill level of assessors (VB requirements will partly cover that), consideration of exceptions to the standard and data sources to be used.
7.4 Risk-based assessments.	Assurance providers and oversight bodies can implement their own risk assessments but the scheme owner is responsible for ensuring overall consistency of approach.	This standard is not based on a risk-based approach. Only risk elements are in Supply Chain standard when due diligence is carried out by the member, during the IMS implementation plan and during the verifier sampling.
7.5 Sampling protocol.	The scheme owner develops a sampling protocol for assurance providers and oversight bodies to use during assessments that includes, at a minimum, a description of when sampling is to be employed in the assessment, what influences the depth and intensity of sampling, and the type of sampling to be employed in each instance.	Chapter 2.4 sampling. For farmers a sampling strategy is highlighted, for other upstream actors all will need to be visited.
7.6 Decision-making protocol.	The scheme owner defines a decision-making protocol that enables consistent determination of conformity or performance status, the severity of non-conformities, and repercussions for each level of non-conformity. The scheme owner requires assurance providers and oversight bodies to implement this protocol.	This should be worked out in more detail in the VB requirements. This will also be informed during the pilot tests of the standard. In the standard documents practices are prioritized based on their scoring.
7.7 Performance insights	The scheme owner requires assurance providers to provide sufficient information to clients to enable those clients to derive insights about their performance. At a minimum, this includes detailed information about any non-conformities	The need to share a report with findings and the need to underpin those findings is highlighted in chapters 3.3 and 2.3.

		Details to add: Template checklists should be developed in order to standardize reporting.
7.8 Appeals mechanism.	The scheme owner requires assurance providers to implement a publicly available appeals procedure where clients can appeal their assurance decisions. It also requires oversight bodies to implement this for assurance providers.	Although a grievance or appeal procedure is mentioned in Chapter 4, no details are yet given regarding its details and should be expanded upon.
7.9 addressing non-conformities	The scheme owner defines consistent procedures for addressing non-conformities.	Chapters 3.3 and 2.3 outline the policy on NC closures.
7.10 Group assessment	Where the scheme owner allows for group assessments, it specifies requirements for assurance providers to consistently evaluate the effectiveness of a group's internal management system in identifying and resolving non-conformities within the group.	Chapter 2.2 highlights the management of groups under the SCP.
7.11 Assurance equivalence	Where the scheme owner accepts as equivalent or partially equivalent assurance results of another scheme, it defines the steps taken or the additional assurance activities or documentation required to have confidence in the results of the other scheme.	This benchmarking exercise still needs to be done. This should be conducted after the pilots of the standards have been completed.
7.12 Internal audits	The scheme owner requires that assurance providers and oversight bodies: 1. conduct annual internal audits of their performance relative to the requirements of the scheme 2. share the results of these internal audits and how any findings were addressed with the scheme owner	This needs to be outlined in the VB requirement document to streamline this.
7.13 Responsibility for outsourcing	The scheme owner requires that assurance providers and oversight bodies retain: 1. authority for assessment decisions 2. responsibility for ensuring the	This needs to be outlined in the VB requirement document to streamline this.

	quality and integrity of all assurance activities they outsource to other parties	
7.14 Calibration of assurance personnel	The scheme owner requires assurance providers to implement calibration activities that support consistent interpretation of the standard by auditors and assurance personnel, including sub-contracted personnel. Where the scheme owner works with multiple oversight bodies, it requires a similar program of calibration for the auditors working for these bodies.	This needs to be outlined in the VB requirement document to streamline this.
7.15 Impartiality of interpreters and technical experts.	The scheme owner requires that interpreters or technical experts contracted by assurance providers or oversight bodies are independent of the client or assurance provider being assessed and do not have conflicts of interest. The scheme owner can allow for exceptions due to logistical constraints such as absence of alternative options, and in such cases, requires that exceptions are justified and recorded.	This needs to be outlined in the VB requirement document to streamline this.
7.16 Impartiality in assessment	Where the scheme owner allows assessors or other assurance personnel to provide information to clients about improving performance, the scheme owner documents the types of information that can be provided and the steps taken to avoid conflicts of interest.	The need for impartiality is highlighted in Chapter 4.2 and 4.3. More detailed procedures can be added in the VB requirements.
7.17 Impartial decision making	The scheme owner requires that assurance providers and oversight bodies assign competent personnel other than the assessor or assessment team to review assessment findings and any other relevant information and make impartial decisions about the client or assurance provider's assurance status.	This is highlighted in Chapter 4. More elaborate procedures should be detailed in the VB requirements document.
7.18 Oversight mechanism	The scheme owner defines an approach to oversight of assurance	Basic oversight activities are mentioned in Chapter 4.3.

	activities and assurance providers, ensuring this is consistent with the scheme's assurance models (7.1).	However, they do need to be more detailed in the VB requirement document.
7.19 independence of oversight	The scheme owner ensures that its oversight mechanism, including any oversight bodies, is independent of the assurance providers being assessed.	In case of the Origin standard this is clearly the case as described in Chapter 4 and Chapter 2 at various places. For the Supply Chain standard the SCP is doing the verifications themselves. Hence a provision is included in Chapter 4.3 to ensure a basic role division. As the SCP is a small team more elaborate roles are not practical yet.
7.20 Authority for oversight	Mechanisms to ensure that issues raised are addressed can include public reporting of the findings of the oversight body and/or direct reporting of the findings to decisionmaking bodies within the scheme.	This is covered in the grievance and appeals procedure of the SCP. In a separate document this procedure should be laid out in more detail.
7.21 Accreditation	Where the scheme owner relies on accreditation bodies for its oversight, it ensures that accreditation bodies conform to the current version of ISO/IEC 17011 in addition to the requirements in the ISEAL Code that apply to oversight bodies.	At moment no accreditation bodies are involved yet, as the SCP is in its infancy. This could change depending on the VB requirements document.
7.22 Proxy accreditation	Where the scheme owner accepts an assurance provider's accreditation against other similar standards as a proxy for the assurance provider's competence, it requires that these assurance providers carry out regular internal audits against the schemespecific scope and share the findings and any resulting actions with the scheme owner. The scheme owner takes additional measures to ensure these assurance providers meet its personnel competence requirements (2.4).	Whether this is the case will depend on the benchmark assessment to be done against other standards that are relevant in scope. Not relevant yet at this stage.

7.23 Public information on assurance	The list of current and past clients and information a bout their assessments can alternatively be made publicly available by the assurance provider. For information about results of assessments, it is recommended that the scheme owner discloses additional information about the nature of non-conformities detected and the corrective actions planned or taken. Non-conformities that are mitigated before a decision on certification is taken do not need to be made public.	Although stakeholders need to be assured of access to key information which should be made public on the SCP website, this is for now not the main priority as the SCP is still piloting the standard and fine-tuning it.