

# Sustainable Coconut Charter's Assurance System



	SCHEME RULES
	THE SUPPLY CHAIN STANDARD
<b>X</b>	<b>CHAIN OF CUSTODY</b>
	ORIGIN STANDARD

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# Chain of Custody Standard 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.

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 than the producers. So anyone handling or altering the product.

## Introduction

The Chain of Custody (CoC) Module is designed to ensure the integrity and traceability of sustainable coconut products within the supply chain. This module specifically covers two supply chain models: mass balance and segregated supply chains. By implementing these models, companies can maintain clear oversight of their coconut-derived products, ensuring that sustainability claims are credible and verifiable.

The CoC Module is intended to be used in conjunction with the Supply Chain or Origin Standard, serving as a complementary framework that reinforces the credibility of sustainability claims. By aligning with the Origin Standard, the CoC Module safeguards the claims made under it, ensuring that all products claimed as sustainable truly adhere to the established sourcing requirements. This integration allows businesses to substantiate their sustainability commitments with confidence, offering consumers and stakeholders verifiable claims.

While the CoC Module focuses on ensuring traceability within the supply chain, the Supply Chain Standard addresses broader sustainability aspects such as commitment to sustainability, management structure, continuous improvement, supply chain mapping, due diligence, and grievance mechanisms. These topics are not covered within the CoC Module, as its primary function is to enable traceability and protect the integrity of sustainability claims.

The Supply Chain Standard offers supply chain actors the ability to demonstrate their commitment to sustainability and showcase their progress. This is practical in a supply chain where traceability is challenging making the availability of origin compliant materials scarce.

Claims it supports are outlined in the Scheme Rules and Origin standard documents.



# Definitions

A set of definitions is included in the table below to help navigate the SCP standard.

<b>Assurance</b>	Demonstration that specified requirements relating to a product, process, system, person, or entity are fulfilled.
<b>Buyer</b>	An individual, company or entity that purchases raw materials, processed materials, or finished products from an supply chain actor.
<b>Chain of Custody</b>	The process by which inputs, outputs, and associated information are transferred, monitored and controlled as they move through each step in the relevant supply chain.
<b>Claim</b>	An intended message to describe or promote a product, process in the supply chain, business, or service with respect to its sustainability attributes or credentials.
<b>Child Labor</b>	<p>Work that deprives children of their childhood, their potential, and their dignity, and that is harmful to their physical and mental development. International standards set the general minimum age for admission to employment or work at 15 years (13 for light work) and the minimum age for hazardous work at 18 (16 under certain strict conditions). They provide for the possibility of initially setting the general minimum age at 14 (12 for light work) where the economy and educational facilities are insufficiently developed.</p> <p>Hazardous work is work which, by its nature or the circumstances in which it is carried out, is likely to jeopardise the health, safety, or morals of young persons. Children between the ages of 13 and 15 years old may do light work, as long as it does not harm their health or development, or hinder their attendance at school or participation in vocational orientation and training.</p>
<b>Collective Bargaining</b>	All negotiations that take place between an employer, a group of employers, or one or more employers' organisations, on the one hand, and one or more workers' organisations, on the other, for: (i) determining working conditions and terms of employment; and/or (ii) regulating relations between employers and workers; and/or (iii) regulating relations between employers or their organisations and a workers' organisation or workers' organisations.
<b>Trader</b>	A business that purchases and sells raw or primary processed agricultural or forestry materials. Traders commonly also provide transport services for these goods. Trading companies may also engage in primary or secondary processing.
<b>Deforestation</b>	Loss of natural forest as a result of i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.
<b>Degradation</b>	Changes within a natural ecosystem that significantly and negatively affect its species composition, structure and/or function, reduce the ecosystem's capacity to supply products, support biodiversity, and/or deliver ecosystem services.
<b>Direct Supplier</b>	Supplier having direct contractual agreements with a supply chain buyer further downstream.
<b>Downstream</b>	A position in the supply chain further from raw material origin and closer to the stage of final sale and consumption.
<b>Due Diligence</b>	A risk management process implemented by a company to identify, prevent, mitigate, and account for how it addresses environmental and social risks and impacts in its operations, supply chains, and investments.
<b>Farm Group</b>	A producer group whose membership is composed of smallholder producers.
<b>First Processing Plant</b>	A business, cooperative, or other entity that conducts the first stage of processing after an agricultural or forestry raw material is harvested.
<b>Forced Labour</b>	All work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered themselves voluntarily, including all forms of debt bondage and human trafficking for the purpose of forced labour.



<b>Grievance Mechanism</b>	Any routinised process through which grievances concerning business-related negative impacts to human rights or the environment can be raised and remedy can be sought.* Grievance mechanisms may be state-based or non-state-based and they may be judicial or non-judicial.
<b>Jurisdictional Initiative</b>	A type of landscape initiative that is delineated by administrative boundaries and implemented with a high level of government involvement.
<b>Livelihood</b>	A person's or a group's way of making a living, from the environment or in the economy — including provisions for basic needs and assurance of access to food, clean water, health, education, housing, and the materials needed for their life and comfort — either through their own direct use of natural resources or through exchange, barter, trade, or engagement in the market. It encompasses the capabilities, assets, and activities required to secure the necessities of life.
<b>Plot of land</b>	Land within a single real-estate property, as recognised by the law of the country of production, which enjoys sufficiently homogeneous conditions to allow an evaluation of the aggregate level of risk of deforestation and forest degradation associated with relevant commodities produced on that land.
<b>Management System</b>	A set of policies, processes, procedures and resources used by an organization to ensure it can fulfil the tasks required to achieve its objectives.
<b>Mass Balance</b>	A supply chain model for administratively monitoring the inputs and outputs of certified/verified material throughout the supply chain. It allows for the mixing of these materials at any stage in the supply chain.
<b>Non-compliance (NC)</b>	The state of not complying with or fulfilling (or only partially complying with or fulfilling) a given law, standard, commitment, or target.
<b>Producer</b>	The owner or manager of a production unit. This includes smallholders and other individual owners/managers, corporate entities, and communities that own or manage production systems.
<b>Segregation (SG)</b>	A supply chain model where coconut material is sourced from two or more verified sources and kept separate from any other coconut material throughout the supply chain.
<b>Smallholder</b>	A person who farms a plot of land to support his or her household. A plot of land is a smallholding up to 25 acres (10.12 hectares) of land or is defined to be a smallholder farm by the national government or partnership organization.
<b>Supplier</b>	A producer or company that supplies raw materials, processed materials, or finished products to a buyer.
<b>Traceability</b>	The ability to follow a material or product or its components through each of the supply chain stages (e.g. production, processing, manufacturing, and distribution).
<b>Third-Party</b>	A person or organization performing or providing a specific service to an SCA, other than the SCA itself.
<b>Upstream</b>	A position in the supply chain closer to the raw material origin
<b>Verification Body</b>	An independent body selected by an SCA to perform the independent verification assessment.

## Chain of Custody

The requirements below depict the practices relevant to ensure a strong chain-of-custody system is in place to protect the claim made and prevent double counting of verified volumes. Verification of these practices is included in the verification process of the Supply Chain standard. When Mass Balance is preferred, all practices must be complied with except practice 2.2.8. If segregation is achieved, all practices must be complied with in this table.

TOPIC	PRACTICES	
CHAIN OF CUSTODY	2.2.1	There is no double selling of volumes covered by multiple attestations. The same volume can be sold with multiple certificates/verified claims.
	2.2.2	Equipment used to measure product volume is calibrated annually.
	2.2.3	A volume summary is submitted for verification on an annual basis. This registers any inputs, volumes purchased, in stock, processed, outputs, lost/waste volumes and sold volumes to the buyers. All sales and purchase invoices and receipts are kept.
	2.2.4	Mass balance: Volumes of SCP verified products sold to buyers must be equal or lower than the purchased SCP verified products by the member. It is not possible to reconcile old verified SCP volumes, with future SCP verified purchases.
	2.2.5	Mass balance: Only verified sourced content claims can be made equal to the sourced volumes of SCP verified products. It is not possible to add a declared percentage on the labelling of individual end products.
	2.2.6	Mass balance: Multiple sites covered in the same certification scope can trade volumes without physical product shipment to reconcile the volumes.
	2.2.7	Mass balance: The organization must develop a plan to increase its purchase of SCP verified products over time (or other mutually recognized sources by SCP).
	2.2.8	Segregated: The organization must demonstrate that SCP verified products are not mixed with conventional products at any stage of processing or storage of the product. SCP verified products from different verified farms can be mixed. This requirement is not relevant for organizations implementing a mass balance supply chain model.

	2.2.9	The organization shall ensure compliance with all applicable laws and regulations at all the sites covered in the verification.
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