



# PULSE OF THE SECTOR



## The Coconut Industry's Sustainability Report: Executive Summary

*Observations, Trends, Solutions to the Industry's Sustainability challenges*

2025



SUSTAINABLE  
COCONUT  
PARTNERSHIP

# The Coconut Industry's Sustainability Report: Executive Summary

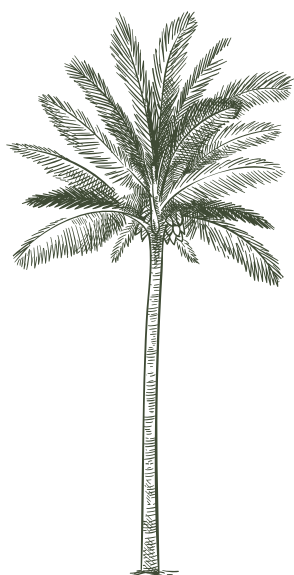


## COCONUT FARMING IS FACING A LOOMING SOCIAL AND SUPPLY CRISIS IN SOUTH EAST ASIA

### THE SECTOR NEEDS RESPONSIBLE REJUVENATION

The sector must work to secure a brighter future for the next generation of farmers, restore plantations at scale and responsibly, and increase investments at the farm level through supply chains.

#### SITUATIONER



The coconut tree, known as the “Tree of Life,” is central to the cultural and economic well-being of millions. It has long sustained communities in Southeast Asia, providing essential food, fuel, and shelter. Its historical and symbolic importance is matched by its practical value, especially for rural livelihoods.

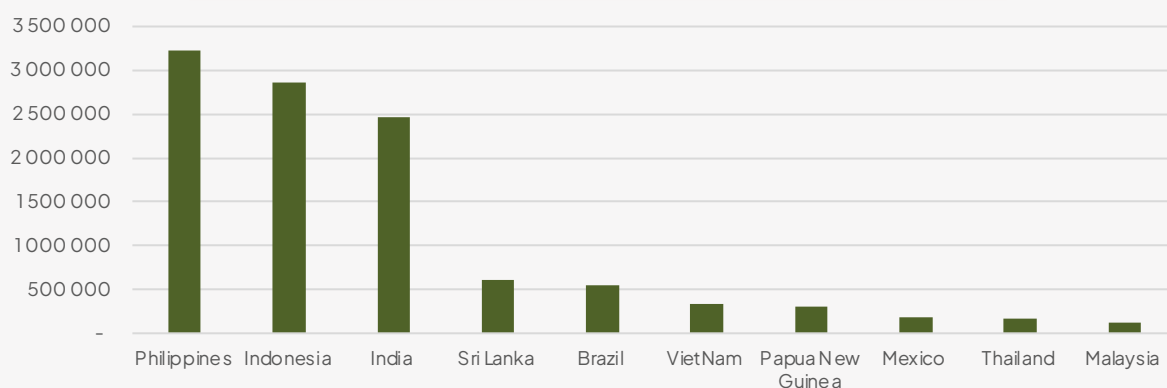
Coconut farming is predominantly smallholder-driven, with over 95% of global production managed by farmers on plots between 0.5 to 4 hectares. The crop spans across more than 12 million hectares—over 70% of which are in Asia. The Philippines, Indonesia are the top producers and exporters, anchoring global supply chains

Coconut supply chains are long and fragmented, with layers of intermediaries connecting farmers to processors and markets. These networks play a vital role in product movement but often lack transparency and coordination, limiting value capture for producers and complicating traceability and sustainability efforts.

Rising international regulations are pushing companies to address sustainability risks—especially those related to human rights. In a context of weak labor protections in producing countries, due diligence and remediation requirements present a major compliance challenge. At the same time, they offer a critical entry point for systemic improvement, urging the sector towards more responsible and future-proof practices.

#### TOP 10 PRODUCING COUNTRIES

Mt in Copra equivalent, 2022



Source: ICC<sup>(18)</sup> based on ICC Member Countries report 2022 and FAO data

## SECTOR'S SUSTAINABILITY ISSUES



**Production stagnates while global demand accelerates.** Despite the crop's growing popularity, these market trends have not translated into improved farmer livelihoods.

**Farmer incomes remain among the lowest in agriculture, often below minimum wage thresholds.** The economic benefits of increased global demand have bypassed many producers, leaving them in persistent poverty, reliant on outdated practices and vulnerable market positions.

**More than half of a farm's yield potential is left on the field. Structural issues such as debt, limited access to fair financing, and exploitative sharecropping arrangements further erode farmer income.** Many farmers must surrender a portion of their earnings to landlords or intermediaries, reducing incentives to invest in productivity or sustainability. In some cases, indebtedness can trap coconut farmers in a cycle of dependency, posing a risk of debt bondage—where they are compelled to continue working under threat of losing property or being excluded from future social and economic opportunities due to their inability to escape financial hardship.



**Low yields, aging trees, and insufficient replanting perpetuate a cycle of declining productivity and poverty.** Over 90% of coconut trees in the eight major producing countries in the Asia-Pacific region are more than 30 years old, with replanting efforts falling far short of what is needed to rejuvenate the sector.

**Worker safety is a serious concern in some areas, where farming practices can be hazardous and protective measures inadequate** exposing companies to ethical and reputational risks.

**Child labour has been reported in small parts of the sector, although the full extent requires further investigation.** These concerns highlight the urgent need for stronger safeguards, traceability, and oversight.

**Climate change is compounding the sector's fragility, affecting yields and threatening the resilience of farming communities.** Although improved, climate-resilient varieties are being developed, their adoption and replanting remain limited.



**Younger generations are turning away from farming due to the lack of economic opportunity, despite the availability of arable land, strong market demand, and a youthful population in producing regions.** The sector is aging with most coconut farmers now between 52 and 55 years old.

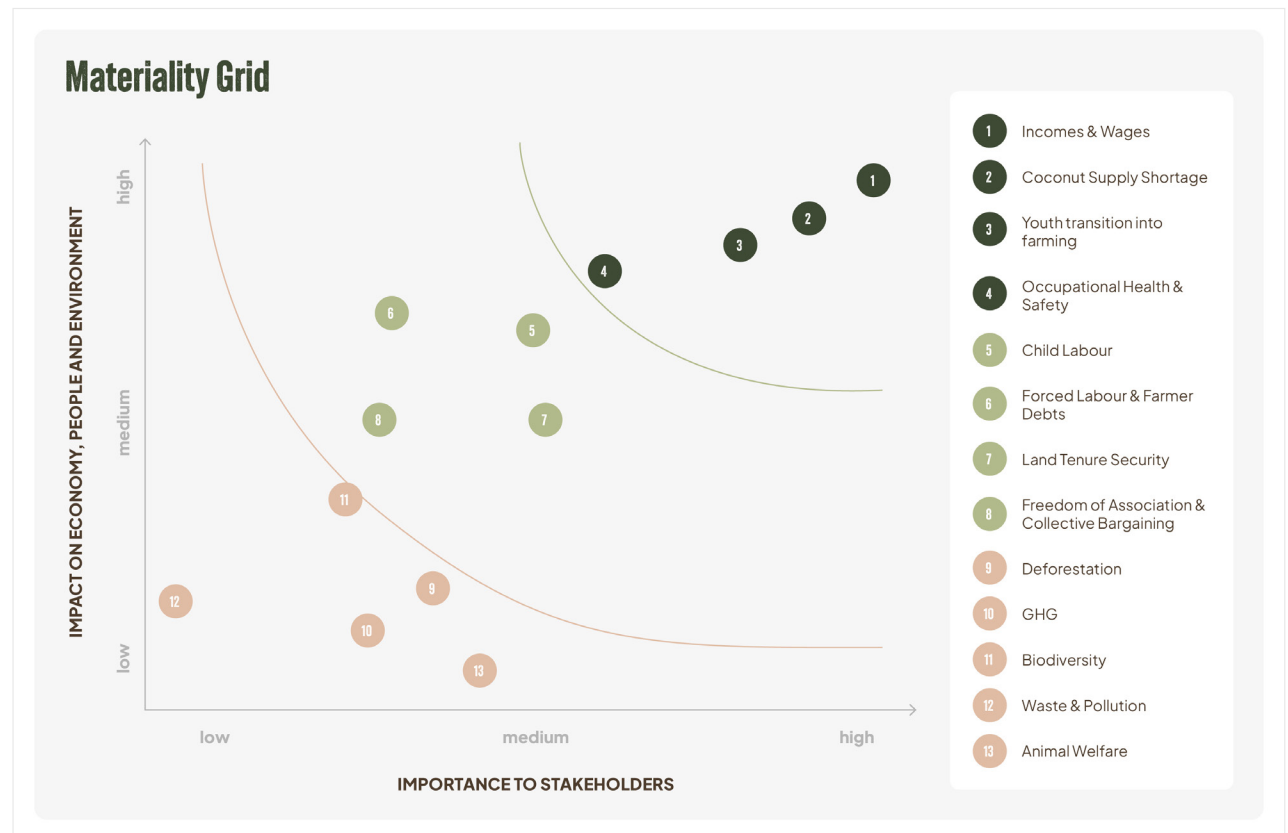
**As global demand grows, competition for limited supply will intensify—further straining a sector that is already struggling to sustain itself.** Without urgent intervention, these compounding issues risk undermining the future viability of the coconut industry.

*Producing countries in South East Asia show different profiles in production, exports, yields, farming practices but are all facing a similar set of sustainability issues.*

*Despite abundant opportunities, stakeholders will face rising costs and increasing supply chain risks in the future without coordinated efforts to rejuvenate the coconut sector responsibly, and the next generation will continue to abandon farms.*

## TOP MATERIAL ISSUES

The top material issues are those identified as the most important to industry stakeholders and key to the sector's sustainability issues.



**Source:** Materiality scores developed based on a weighted analysis of three inputs: stakeholder-validated priorities from the Coconut Charter V2 (50%), public/private sector research (25%), and targeted stakeholder surveys completed (25%) and involved more than 120 organizations

## THE NEED FOR RESPONSIBLE REJUVENATION AND COLLECTIVE ACTION FOR A RESILIENT SECTOR

**To meet rising global demand and ensure long-term supply, the coconut sector must prioritize responsible rejuvenation.**

This means actively investing in replanting efforts and, crucially, helping farmers make a better income and supporting the next generation to stay on the land, equipped with the skills and resources they need to succeed.

**Current industry practices and rejuvenation efforts are falling short—both in scale and impact.** Only by simultaneously replanting aging trees and supporting farmers' livelihoods can the sector secure its future and avoid deepening the social and supply crisis.

**Through collective action, stakeholders have a once-in-a-generation opportunity to revitalize a sector that faces growing risks which threaten its long-term sustainability.**

The opportunity to restore plantations, secure a brighter future for the next generation of farmers, and increase farm-level investment is both urgent and achievable.

**Greater transparency and traceability are essential to building a resilient and investable coconut industry that works for all supply chain actors.** Strengthening supply chain visibility not only supports sustainability goals but also builds market confidence, accountability and increases investability of the sector.



**The case for action is clear:**

**Without immediate intervention, the cost of “fixing” the sector will only escalate for all supply chain actors.**

**By contrast, meaningful collective action can create a responsible and resilient coconut sector that benefits all.**

**This is the mission of the Sustainable Coconut Partnership and its members.**

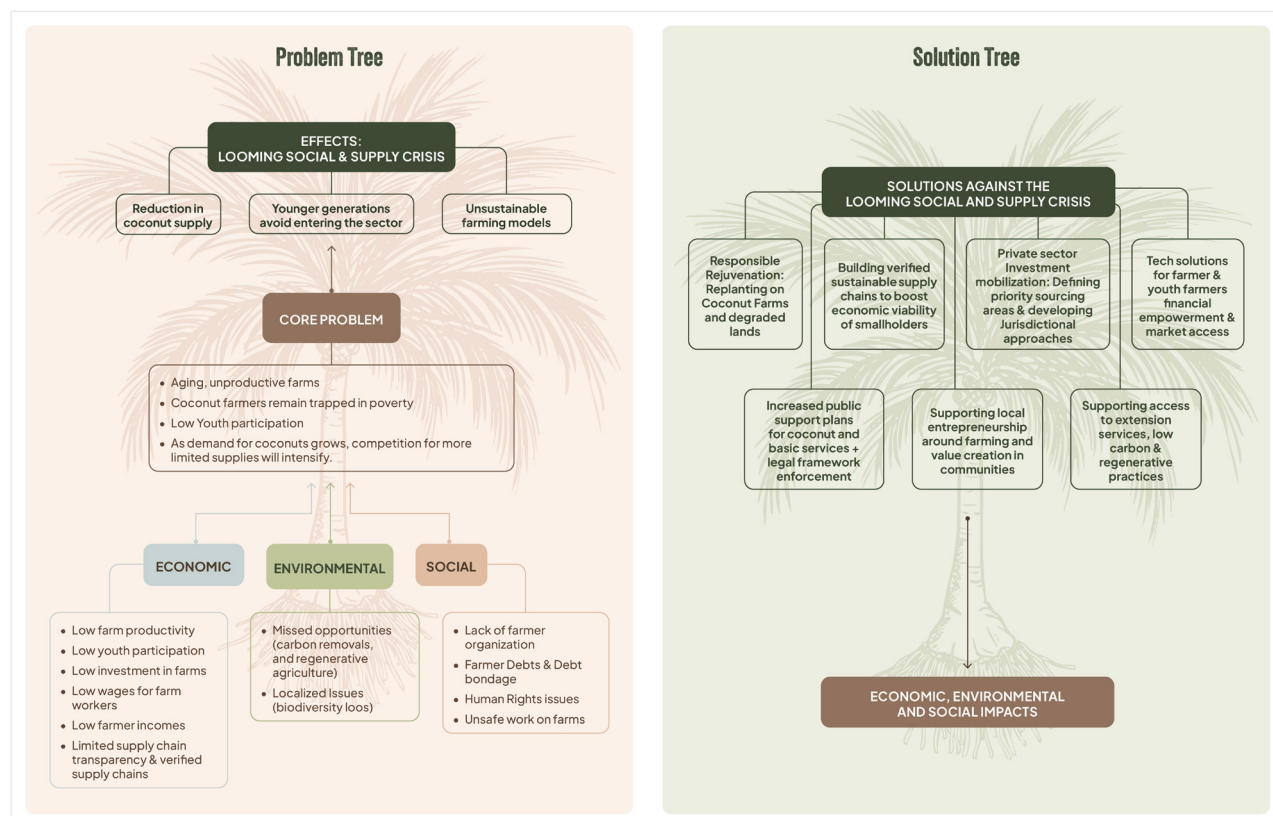
## SOLUTIONS TO ADDRESS MATERIAL ISSUES FACING THE COCONUT SECTOR

Despite pressing challenges, the coconut sector holds strong potential for responsible rejuvenation: The land can do much more. So can the farmers — if we invest in them. The path forward lies in practical, scalable, holistic and affordable solutions that improve farm profitability. These include:

- **Replanting with high-yielding, climate-resilient varieties** to restore productivity and future-proof supply.
- **Supporting adoption of sustainable, income-boosting practices** such as good agricultural practices, intercropping, regenerative soil management, and improved water and pest control.
- **Building verified supply chains** using the Sustainable Coconut Charter and its assurance system—a tiered, context-adapted verification tool that facilitates investment and measurable progress toward responsible sourcing.
- **Scaling up impact through jurisdictional approaches** that bring together companies, governments, and communities to tackle local and systemic issues—particularly well-suited to fragmented coconut oil markets where sustainability demand is limited and indirect.
- **Unlocking smallholder potential through tech-enabled market access**, proven effective in other sectors, but underutilized in coconut. Digital tools can boost transparency, improve efficiency, and empower farmers.
- **Robust grievance mechanisms and strengthened public support to uphold farmer's rights**, including stronger legal frameworks and investment in research and infrastructure, are crucial for driving systemic change and ensuring a sustainable future for the coconut industry.
- **Private sector efforts and supply chain transparency remains a cornerstone of sector transformation.** Platforms like the newly released SCP Links play a critical role in enhancing data access, informing better decision-making, and building trust across the value chain.



*The report maps out the building blocks for the responsible rejuvenation of the coconut sector and what each company can do to support this goal and secure its supply chains.*







## WHAT INDUSTRY STAKEHOLDERS ARE SAYING ABOUT THE SECTOR'S SUSTAINABILITY

Drawing upon extensive industry engagement and insights gathered through a series of stakeholder consultations revealed a number of shared issues reflecting the sector

- **Industry stakeholders report fears of a severe coconut shortage** in the very near term with some countries already raising the alarm bell.
- **Economic issues such as farmer income, farmgate prices, replanting and rejuvenation, low yields and youth participation** are seen as the greatest risks to the coconut industry.
- **Lack of transparency and traceability hinders the detection and resolution of material issues**, impeding progress towards industry-wide sustainability.
- **While consumer demand and regulatory pressures are driving some sustainability efforts, corporate commitments often prioritize other commodities over coconuts**, or overly focus on productivity projects rather than addressing the key material issues.
- **A recent stakeholder survey on collaboration among industry players reveals:**
  - **Only 23% of supply chain partners have reached the investment stage** for collaboration on sustainable supply chains.
  - **More than 70% of supply chain partners** operate with minimal transparency —focusing solely on basic legal compliance, lacking traceability beyond the first or second tier, and not yet aligned on consistent sustainability reporting systems.
  - **Suppliers and customers have recently agreed on a common reporting framework through the Sustainable Coconut Charter's supply chain standard, to be streamlined via the new SCP Links digital platform—** laying the groundwork for consistent and transparent sustainability metrics across the supply chain.

*Crucially, the industry through the Sustainable Coconut Charter set in motion to develop sustainable and inclusive growth models that demonstrate the profitability of coconut farming and cost-effective sustainability frameworks, attracting the next generation of farmers and securing the future of the coconut supply chain.*



## INDUSTRY SUSTAINABILITY, GOALS AND TARGETS

The coconut sector is in its early stages of integrating sustainability principles into business practices despite the upsurge of sustainability efforts across many agricultural products and the escalating legal pressures in the sector.

The majority of companies along the supply chain do not yet disclose coconut specific commitments and goals hampering the potential for cross company collaboration to

rejuvenate farms and preserve them for future generations to farm successfully.

A small but growing number of organizations have established responsible sourcing policies, mapped supply chains and engaged with suppliers and customers, and those most advanced are conducting in depth risk assessments, as well as, adopting risk mitigation measures.

*Sustainability efforts have been more successful in higher value-added markets (coconut water, virgin coconut oil) and the bulk of the volumes and the larger coconut oil market remains in very early stages not yet attuned to the level of efforts required for a responsible rejuvenation and avoiding the looming social and supply crisis.*

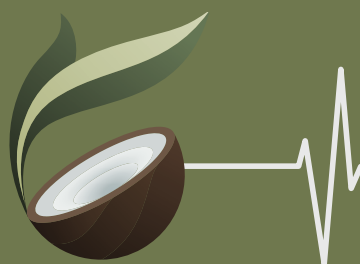
The Sustainable Coconut Partnership unites stakeholders across the coconut supply chain—from farmer cooperatives to international FMCG companies—to build a responsible and resilient coconut sector.

Guided by a Charter developed by its stakeholders, SCP enables its members to adopt best practices and deliver measurable results—improving farmers' livelihoods, protecting nature, and managing the impacts of climate change.

[www.coconutpartnership.org](http://www.coconutpartnership.org)



READ THE FULL REPORT →

A graphic featuring a brown coconut with a green leaf on the left. A white line extends from the coconut, forming a heartbeat shape that passes through the text.

# PULSE OF THE SECTOR

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