



INTRODUCTION

1	This spreadsheet provides an updated version of the Sustainable Coconut Charter - The Sustainable Coconut Charter V2 . The updated version is drafted incorporating comments in the public revision process of the Coconut Charter that happened between Oct 7th and Oct 27th 2024.
2	This has two tabs. The first tab provides the CORE principle & ambitions, and the second tab covers the SUPPLY CHAIN principles & ambitions for the sustainable coconut with goal statement for each of them.
3	The ' supply chain ' expectation is an addition to the previous coconut charter.
4	The CORE principles & ambitions has three impact areas - Economic, - Social, - Environmental
5	The SUPPLY CHAIN principles & ambitions has four impact areas - - Governance, - Chain of Custody, - Partnership for Active Implementation, - Reporting/assurance
6	Both CORE and SUPPLY CHAIN principles & ambitions have goal and rationale to help understand their importance
7	COLUMNS EFG: These columns are currently empty will be further elaborated when drafting the assurance system based on the charter the charter setting levels of performance and expectations to meet compliance levels with the sustainable coconut charter.
8	The purpose of the Charter is to create an industry aligned market transformation system by: - Outlining areas of focus, principles and outcomes that should be expected from industry's sustainable practices in coconut supply chains based on coconut supply chain's unique conditions and multi-stakeholder consultation. - Harmonizing buyers' requirements and align metrics for supply chain partners. - Improving companies governance and transparency in coconut supply chains. - Developing an assurance system based on the charter's principles and ambitions truly enabling market transformation in the sector and helping companies verify and recognize their sustainability practices for coconut. - Streamline action towards meaningful pre-competitive collaboration and mutually recognized, robust sustainability programs.



CORE Principle & Ambitions

CORE Expectations

Impact	Goal	Pinciple & Ambition	Rationale	EXPECTATION LEVEL <i>(To be developed during the assurance system drafting process)</i>		
IMPACT # 1: Economic Income, livelihoods, and economic opportunities	Achieving increased smallholder farmers' economic opportunities, income and subsequently their livelihoods	1.1. Enhancing good agriculture practices and improve productivity	The farmers are receiving lower coconut yields in the recent years than what they expect. Zainol, F.A. et al. (2023) report that the coconut yields on farms are 33 to 84% less than anticipated harvest because of low quality planting materials, poor agronomic methods, climate pressure and biotic variables. The low productivity and yield are combined with farmers' limited technical know-how. It is essential to support farmers increase productivity and re-invest in their farms to break poverty traps without compromising the environment.	Section to be developed during the assurance system drafting process		
		1.2. Improving financial capacity, access to finance, and market	Coconut business contributes to social and economic well-being of local farmers by providing food, and employment opportunities (Zainol, F.A. et al., 2023). However, with the reduced yields, the livelihoods are at risk. For example, Danida Green Business Partnerships (DGBP) reports that the coconut farmers are usually poor and about 50% of 3.5 million farmers in the Philippines have been living below poverty line (<\$2 per day). Most of these farmers are smallholders who cultivate less than four hectares of land. A lack of funds to invest back into the farm; know-how to maximize farm productivity, coconut yield, and quality improvement; strengths of collective bargaining; access to market; and suitable financial service lead to poor agriculture practices.			
		1.3. Rejuvenating farms by replanting and replacing unproductive coconut trees, and improving farm health and safety	It is estimated that up half the world's coconut trees are senile, and up to 80% of coconut trees are over 32 years old in Southeast Asia leading to low yields and incomes. Some replanting are done with poorly selected materials, without cutting down the old trees (see Zainol, F.A. et al., 2023).			
		1.4. Increasing access to technology	In many rural areas, poor infrastructure and access to technologies for planting, inputs management, monitoring insects and pests, harvesting, market information or even processing limits farmer's abilities to create value and farm as a business. There is a lack of reliable information and financial services to adapt technology (Wijekoon, R., 2021). In addition, farmers do not have easy access to market information and outreach, and the online marketing of products at farmers level is still inadequate. In absence of these, farmers have not been fully engaged with buyers as well as extension services to benefit them, and maximize benefits.			
Impact #2: Social Social capacity and security	Protecting fundamental human rights, and preventing child labor and forced labor in coconut production and processing	2.1 Assuring farmers health and safety	International Labor Organization of United Nations outlines agriculture as one of the most hazardous occupations worldwide with harvesters and farm processors with the highest frequency and fatality rates of injury. With dangerous harvest and dehusking processes observed all across coconut supply chain mixed with exposure to pesticides and other agrochemicals constitutes a major occupational risk which may result in poisoning and death and, in certain cases, work-related cancer and reproductive impairments.	Section to be developed during the assurance system drafting process		
		2.2. Protecting farmers rights	In many countries, coconut farmers are smallholders. Livelihoods Funds report that 80% of coconut farmers in Davao, Philippines are smallholders with less than 2 hectares of land, and they are engaged in decades of monocropping and intense farming and work in their farms without any holidays. Moreover, the small holder farmers' land rights is contested in some countries, where farmers face challenges to own, occupy, use and administer formal and customary rights.			
		2.3. Ensuring fair recruitment of workers	Coconut farmers face shortage of workers and the wage rate is usually high (Zainol, F.A. et al. 2023). In addition, there are practices of wage difference between men and women (Pathiraja, P.M. et al. 2010), where women are paid less than men. Similarly, the use of child labor is in practice as a means to meet the family's economic needs (DOL).			
		2.4. Enhancing youth capacity and engagement in coconut farming	Youths are gradually moving out of coconut farming, they are demotivated to work in the coconut production fearing their lives to be trapped in vicious circles of poverty. Decades long public authorities surveys, consultations and research are documenting youth exile while showing that farmers need not be poor with sufficient level of education and awareness to opportunities on coconut farms.			
IMPACT # 3: Environmental Forest protection, and climate resilient coconut	Protecting ecosystems, soils and biodiversity in coconut plantations and mitigating climate change impacts for coconut farmers	3.1. Protecting forest and other natural ecosystems in coconut production and processing (no-deforestation)	Deforestation in coconut landscapes has been reported in high-biodiversity lowland coastal forests where coconut cultivation is a key land use. A study (Eddy, S., et al. 2021) conducted in Sumatra reports three major drivers of deforestation and forest degradation i.e., land clearing for agriculture, coconut plantation, and aquaculture. The deforestation has contributed to degraded biodiversity and reduced wild life and birds.	Section to be developed during the assurance system drafting process		
		3.2. Developing climate resilience farms and farmers	Climate change has already started impacting coconut farming. A study (Appelt, J.L et al., 2023) projects that about 127,000 ha of current coconut farms are likely to be affected by changes in precipitation and longer dry seasons in insular part of Southeast Asia, reducing coconut yields and displacement of cultivation areas in the region. This, in turn, will add pressure on biodiversity conservation. Good agricultural techniques, enhanced irrigation coupled with replanting with more adequate varieties is a good way to improve climate resilience.			
		3.3. Strengthening energy efficient coconut processing	Usage of fossil fuel such as coal, oil, natural gas and biomass in coconut processing for machinery and plants produce greenhouse gas emissions. Replacing such energy sources with improved biomass or other renewable energies can yield significant emissions reduction, savings and energy efficiency at processing level.			
		3.4. Including low carbon and regenerative agriculture principles	With increasingly senile trees and inadequate agricultural practices, soil health and farm ecosystem are degrading resulting low yield and depletion of soil carbon. In addition, on-farm residue is one of the sources of carbon emissions in coconut production. Moreover, the farmers use coal and fossil fuel. Regenerative agriculture principles like intercropping, crop rotation, increasing use of biological amendments, and reduced use of persistent chemical pesticides and fertilizers are supporting both low carbon, soil health and biodiversity while increasing yields			



SUPPLY CHAIN Principle & Ambitions

SUPPLY CHAIN Expectations

Impact	Goal	Principle & Ambition	Rationale	EXPECTATION LEVEL <i>(To be developed during the assurance system drafting process)</i>		
IMPACT #1 Governance & Transparency	Enable sustainability management in coconut supply chains through good and transparent governance	1.1. Developing policies and commitments in line with the core expectations of the sustainable coconut charter	Transparent policies and commitments enable to mobilize organizations and help manage and measure compliance responding to stakeholders requests and the increasing need for sustainable coconut products. Hence, organizations are expected to develop transparent policies and commitments for coconut products.			
		1.2. Developing adequate sustainability governance structure	An effective governance requires distribution of rights and responsibilities among different stakeholders, including board of directors, managers, teams and stakeholders in coconut value chain. Developing adequately resourced sustainability governance structures can help make implementation of commitments and policies possible.			
IMPACT #2 Chain of Custody	Enhance supply chain traceability through sustainable and efficient sourcing, processing, production and other related value chain strategies for greater transparency.	2.1. Mapping for supply chain compliance	Managing sustainable supply chains involves identifying, visualizing, and understanding the various components, processes, and stakeholders within a supply chain. It is a crucial tool for creating transparency, gathering key sustainability information to enable an organization to manage its supply base and enable truly sustainable supply chains. It helps organizations identify, manage, and improve various aspects of their supply chain to align with sustainability goals, reduce risks, and enhance overall performance.			
		2.2. Improving traceability and transparent supply chain	One of the key challenges to many buyers and processors looking to advance on their sustainability journey is limited traceability – not knowing where the products 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 chemicals, laborers, and animals.			
		2.3. Practicing risk assessment and due diligence	Organizations involved in agricultural supply chains generally face supply chain risks, and at least 89% of the companies have experienced it in the last five years (Vicente, 2023). The regulatory expectations for due diligence and risk monitoring practices in supply chains is increasing globally. Supply chain risk management, supply chain segmentation and due diligence practices are an integral part of organization's overall risk management strategy and provide a layer of oversight, ideally reducing the likelihood and/or severity of risk exposures and helping to build a baseline towards sustainable supply chains.			
IMPACT #3 Partnerships for active implementation	Ensure partnership between actors along the supply chains to meet the charter's principles and ambitions	3.1 Implementing effective supply chain engagement plan	Supply chain engagement plan is an important practice to ensure sustainability of coconut production, processing and sourcing. An engagement plan across a segmented supply chain is an essential tool to address issues identified in risk assessments and due diligences.			
		3.3 Participating to collaborative initiatives	Research and practices have shown that industry players are poorly equipped to tackle alone the underlying systemic sustainability issues in the coconut sector alone. Collaborative initiatives addressing capacity gaps and working collaboratively to solve pre competitive issues helps demonstrate organization's commitment to responsible and ethical practices while fostering innovation and long-term sustainability in the industry.			
Impact #4 Reporting & Assurance	Establishing regular monitoring and reporting in relation to the coconut charter's core and supply chain expectations	4.1. Practicing transparent disclosure & reporting	Many coconut companies in coconut supply chain have made commitments to eliminate deforestation, respect human rights, ensure child/forced labor free supply chain. However, in absence of public disclosure, monitoring of the commitments, and reporting of the progresses, the stakeholders do not get awareness on the good practices of the company.			
		4.2. Substantiating claims	The reporting of the sustainable practices in coconut industry is important. However, the reporting are supposed to be substantiated with the valid methods and verification. In absence of them, the companies will have challenges to get the acceptance of claims as the credible information.			

Section to be developed during the assurance system drafting process