

Sustainable Coconut Charter's Assurance System



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

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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
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.

Introduction

The Supply Chain standard is based on the Sustainable Coconut Charter developed in 2024 as a result of stakeholder discussions. Through multi-stakeholder process the current Supply Chain standard has been conceived. This has resulted in a standard with 9 principles and 42 progressive indicators / practices. Figure 1 provides an schematic overview of the standard.

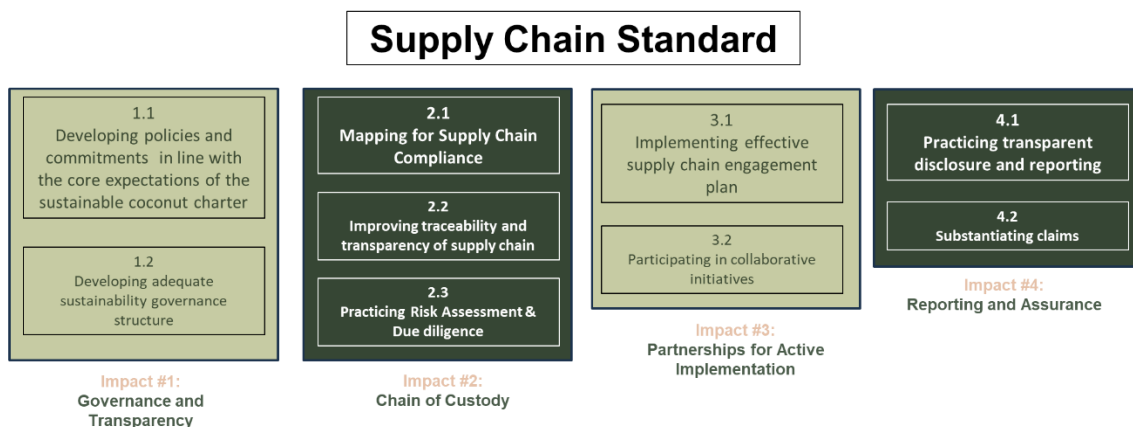


Figure 1, schematic overview of the Supply Chain Standard showing its principles and the number of indicators.

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.

The **purpose** of the sustainable coconut supply chain standard is to provide a company-level verification framework aimed at organizations that source and process coconut products. Its purpose is to promote industry-wide transformation by encouraging sustainable practices within the coconut sector. The standard enables companies to gain recognition as sustainable trade partners committed to creating a responsible, resilient industry that supports farmers' livelihoods, protects the climate, and safeguards the environment. It also fosters ongoing improvements in environmental and social impacts across the supply chain.

The standard **scope** applies to company-level policies and activities, aligning with the supply chain principles and goals outlined in the associated charter. It encompasses all relevant aspects of sustainable sourcing, processing, and company practices related to coconut products.

Claims and Scoring

To allow for a gradual route to compliance a point-based grading system is incorporated in the standard. The allowable claims to be made will depend on the score achieved based on the level of compliance. Figure 2 demonstrates the relation between the scores and claims that can be made.

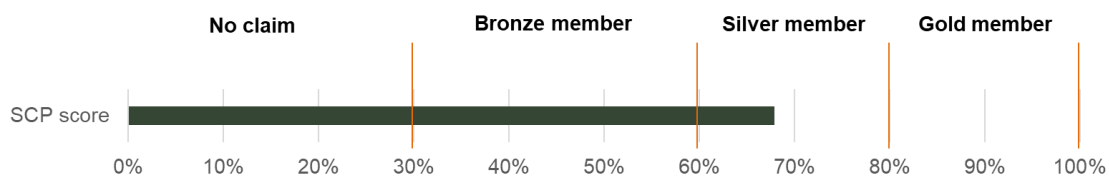


Figure 2, an example of the scoring mechanism indicating the relation between claim and score.

Scores are calculated by dividing the achieved scores with the total achievable scores. By adding the scores associated to the practices the organization is compliant with, the obtained score is calculated. This calculation is shown in Equation 1.

$$\text{SUPPLY CHAIN std. SCORE (\%)} = \frac{\text{Obtained score}}{\text{Total attainable score}}$$

Equation 1, the equation to calculate the score.

The standard offers a three-tier company-level claim system (Bronze, Silver, Gold), allowing companies to communicate their sustainability achievements and level of commitment to stakeholders. Those claims are detailed in Table 1.

Table 1, overview relating the claim with the condition needed to make that claim.

CLAIM	CONDITION TO MEET CLAIM
Bronze member	Achieve a score >30% but <60% as a result of a second party (SCP secretariat) verification.
Silver member	Achieve a score >60% but <80% as a result of a second party (SCP secretariat) verification.
Gold member	Achieve a score >80% as a result of a second party (SCP secretariat) verification.

- *Third party verification.* This is only needed when a volume or product claim needs to be made based on the Chain-of-Custody requirements outlined in the Origin standard. This is to protect the claim that is to be made.

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

Organizations have two options:

- Information can be shared on a declarative basis (no external verification): This is intended to encourage members to critically examine and share with other members their own compliance on a declarative basis. Based on this self-declaration, the member organization can also understand whether improvements need to be made. The SCP-logo cannot be used based on a self-declarative basis.
- Information can be verified by an accredited verification body: The goal of this verification is to assign a score to the organization based on the level of their compliance to the Supply Chain Standard.

Definitions

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

Assurance	Demonstration that specified requirements relating to a product, process, system, person, or entity are fulfilled.
Buyer	An individual, company or entity that purchases raw materials, processed materials, or finished products from an supply chain actor
Chain of Custody	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.
Claim	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.
Child Labor	<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.</p> <p>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>
Collective Bargaining	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.

Trader	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.
Deforestation	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.
Degradation	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.
Direct Supplier	Supplier having direct contractual agreements with a supply chain buyer further downstream.
Downstream	A position in the supply chain further from raw material origin and closer to the stage of final sale and consumption.
Due Diligence	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.
Farm Group	A producer group whose membership is composed of smallholder producers.
First Processing Plant	A business, cooperative, or other entity that conducts the first stage of processing after an agricultural or forestry raw material is harvested.
Forced Labour	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.
Grievance Mechanism	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.
Jurisdictional Initiative	A type of landscape initiative that is delineated by administrative boundaries and implemented with a high level of government involvement.
Livelihood	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.
Plot of land	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.
Management System	A set of policies, processes, procedures and resources used by an organization to ensure it can fulfil the tasks required to achieve its objectives.
Mass Balance	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.
Non-compliance (NC)	The state of not complying with or fulfilling (or only partially complying with or fulfilling) a given law, standard, commitment, or target.
Producer	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.

Segregation (SG)	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.
Smallholder	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.
Supplier	A producer or company that supplies raw materials, processed materials, or finished products to a buyer.
Traceability	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).
Third-Party	A person or organization performing or providing a specific service to an SCA, other than the SCA itself.
Upstream	A position in the supply chain closer to the raw material origin
Verification Body	An independent body selected by an SCA to perform the independent verification assessment.

Supply Chain Standard Criteria

Governance and Transparency impact area 1

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.

TOPICS	PRACTICES		SCORE
Commitment	1.1.1	The policy or commitment's scope is in line with more than 50% of the "ORIGIN" principles and ambitions of the coconut charter (see charter)	0,5
	1.1.2	The policy or commitment's scope is in line with more than 75% of the "ORIGIN" principles and ambitions of the coconut charter	1
	1.1.3	The policy or commitment's scope is in line with 100% of the "ORIGIN" principles and ambitions of the coconut charter	2
	1.1.4	The policy or commitment explicitly mentions that the organization commits to continuously supporting its upstream suppliers.	1
	1.1.5	The organization has an anti-bribery and ethical business policy in place of which is also implemented through trainings.	1

Training	1.1.6	The organization identifies/appoints at least one relevant personnel who will be able to implement the supply chain requirements whose job description includes this scope.	2
	1.1.7	The personnel appointed to implement the supply chain requirements is well-versed in the Sustainable Coconut Charter, or has undergone the appropriate training to be able to implement the Supply Chain requirements.	2
	1.1.8	The organization holds an internal annual training / preparation event / awareness raising event on upholding and maintaining the principles and ambitions of the charter.	1

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.

TOPICS	PRACTICES		SCORE
Management structure	1.2.1	The organization has a clear description of the management structure to meet its commitment, as well as the responsibilities of relevant personnel in implementing the supply chain requirements	1
	1.2.2	The organization has written procedures or equivalent to ensure the implementation of the supply chain requirements, updated records demonstrating progress or compliance with the requirements.	1
	1.2.3	All documents related to the supply chain requirements are stored for at least 3 years (one verification cycle).	1
Continuous Improvement Plan	1.2.4	The organization conducts an annual top management review of their sustainability goals and alignment with the supply chain requirements. This includes the development of a continuous improvement plan with clear measurable targets.	1

Chain-of-Custody impact area 2

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.

TOPICS	PRACTICES		SCORE
Supply Chain Mapping	2.1.1	A stakeholder mapping exercise is conducted to indicate the different stakeholders/groups influencing coconut charter's compliance of the organization.	1
	2.1.2	The organization has an onboarding process for their suppliers, including sustainability requirements aligned with the coconut charter.	2
	2.1.3	In cases where off-site processing facilities, storage or sub-contractors are engaged, a clause in the contract with the sub-contracted party indicates the need for the sub-contracted party to comply with the supply chain requirements.	2
	2.1.4	The organization has included in their responsible sourcing policies a requirement for suppliers to comply with the principles and ambitions of the Sustainable Coconut Charter.	2

2.2 Traceability

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 longterm supply, including responsible use of chemicals, laborers, and animals.

TOPICS	PRACTICES		SCORE
External traceability	2.2.1	The organization has an internal dashboard reporting % of traceability to country / region crusher or 1st point of processing / plantation, which is updated at least once a year.	2
	2.2.2	The organization publicly reports: > 50% traceability to country.	0,5
	2.2.3	The organization publicly reports: 100% traceability to country.	1
	2.2.4	The organization publicly reports: >50% traceability to the first point of processing (The first actor in the supply chain that conducts any raw material processing)	1.5
	2.2.5	The organization publicly reports: 100% traceability to crusher/first point of processing.	2
	2.2.6	The organization publicly reports: >50% traceability to region/jurisdiction (smallest administrative division according to the respective national government)	2.5
	2.2.7	The organization publicly reports: 100% traceability to region/jurisdiction (smallest administrative division according to the respective national government)	3
	2.2.8	The organization publicly reports: > 50% traceability to farms.	3.5
	2.2.9	The organization publicly reports: 100% traceability to farms.	4

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. 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.

TOPICS	PRACTICES		SCORE
Risk assessment	2.3.1	A risk assessment is done on all Tier-1 suppliers providing products to the organization to assess social and environmental risks such as but not limited to risks related to the origin of coconut and the supply chain, identification and management of grievances and compliance to legislation.	1
	2.3.2	Due diligence (comparing existing practices of the suppliers with the Sustainable Coconut Charter ORIGIN requirements) is conducted for T1-suppliers of interest (identified earlier through the risk assessment).	1
	2.3.3	> 50% of the sourced volume is covered by a due diligence.	1
	2.3.4	100% of the sourced is covered by a due diligence.	1

Partnership for Active Implementation impact area 3

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.

TOPICS	PRACTICES		SCORE
Action plan	3.1.1.	The action plan contains at the minimum: Challenges, Needs, Support Activities, Timelines, investments.	1
Implementation	3.1.2	The organization monitors their suppliers performance and progress on compliance, with evidence of the implementation of the action plan recorded.	1
	3.1.3	The organization sets continuous improvement targets for their suppliers, and the action plan is updated accordingly.	1

3.2 Participating in 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.

TOPICS	PRACTICES	SCORE
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Collaborative initiatives	3.2.1.	The organization is a member of one or more industry sustainability associations, or other external multi stakeholders initiatives to reduce negative environmental or social outcomes associated with coconut production (Including the SCP).	1
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Reporting and Assurance impact area 4

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.

TOPICS	PRACTICES		SCORE
Transparent Disclosure	4.1.1	The organization provides adequate information on their membership and activities related to sustainable coconut and their engagement through the partnership to relevant stakeholders publicly on their website and directly to their stakeholders identified in the mapping.	1
	4.1.2	The organization publishes a clear annual target for compliance with the supply chain requirements, and publicly reports on the progress made.	2

Grievance mechanism	4.1.3	A grievance mechanism is in place, which includes elements of (1) anonymity for the person raising the grievance, (2) multiple language submissions are possible and (3) grievance raisers are protected from contract termination.	2
	4.1.4	Evidence of any grievance being monitored is available to show that grievances received are being screened, recorded, responded to, categorized and assigned a consequence rating.	1
	4.1.5	Grievances raised directly at the organization are tracked and processed accordingly.	2
	4.1.6	Evidence of efforts or mechanisms (e.g. emails, meetings) to collaborate with T1 suppliers to track and process grievances raised at the of the organization is available.	1
	4.1.7	Evidence of efforts or mechanisms (e.g. emails, meetings) to collaborate with T2 suppliers to track and process grievances raised at the of the organization is available.	1

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.

TOPICS	PRACTICES	SCORE
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Verification	4.2.1.	The organization has a sustainable sourcing target that aims at increasing the share of sustainably verified products.	1
	4.2.2	The organization has a sustainable sourcing target that aims to reach 100% sustainably sourced products within a given timeframe, and is able to show progress over time.	3

