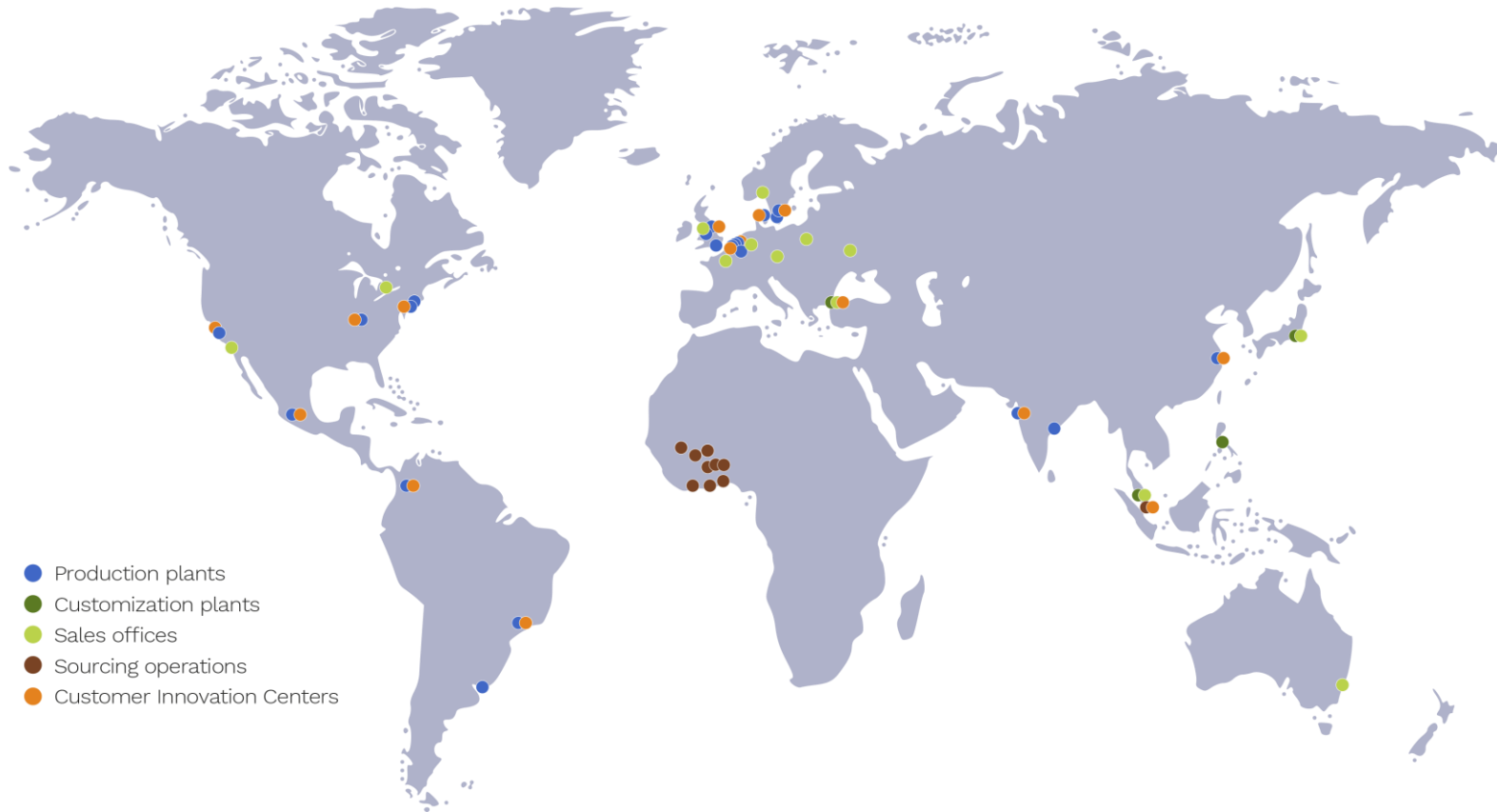


# Coconut: An Industry in crisis

Why we need to come together to drive change

# AAK – a global player with local presence



Listed on **Nasdaq Stockholm** with our headquarters in **Malmö, Sweden**

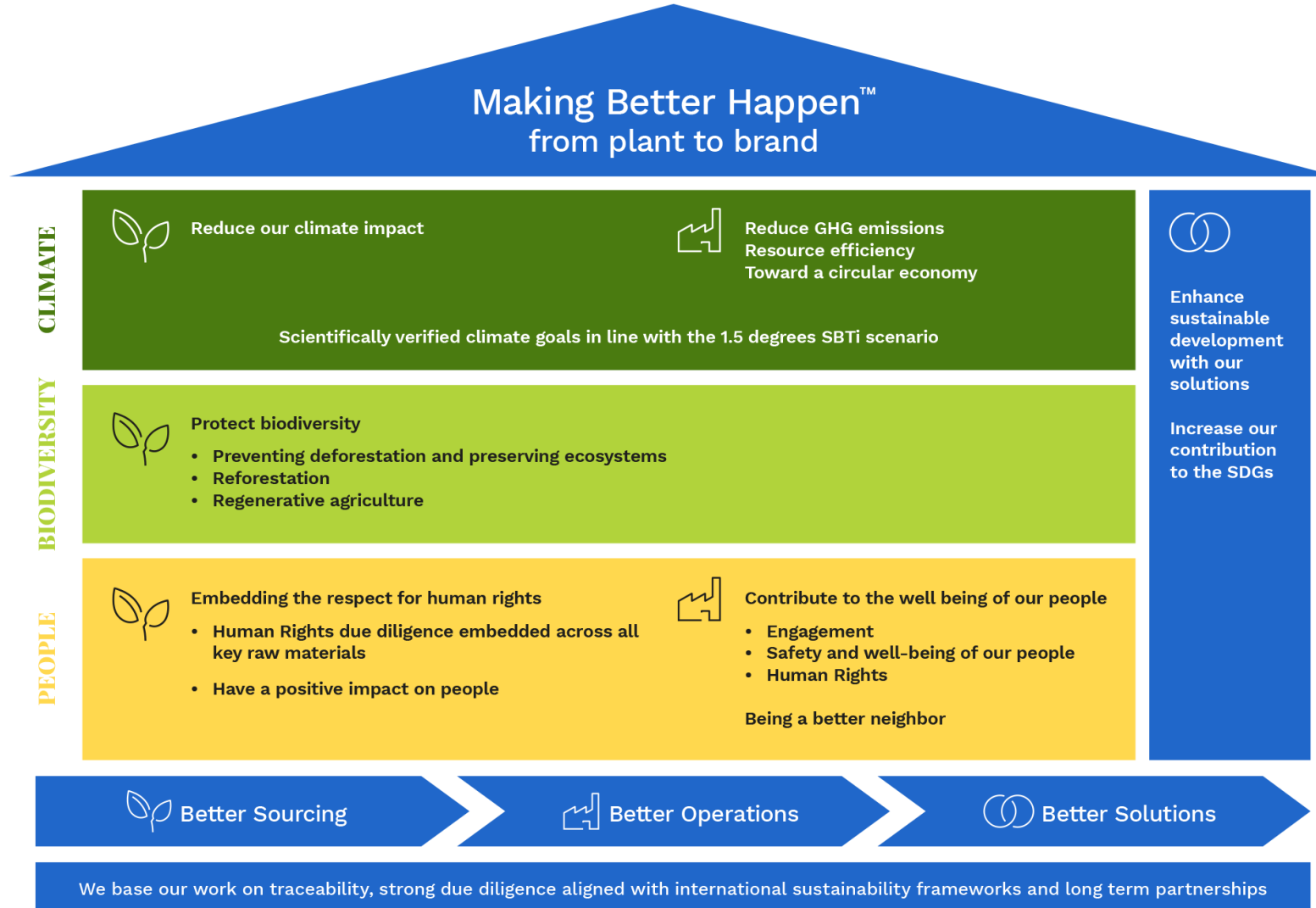
**4,000 employees** collaborate closely with our customers through **25** regional sales offices, **16** dedicated Customer Innovation Centers and more than **20** production plants around the world

**Net sales** of SEK 50.5 billion (2022)

# AAK in the *food value* chain



# The AAK House of Sustainability







How are coconuts grown?



# Who is growing your coconuts?

- 95-97% of coconut farmers are smallholders
- Coconut growing countries in Asia-Pacific rely on the sale of coconut products as export income
- Coconut farming is very labor intensive, and the nuts are harvested in bunches every 45–60 days  
Coconut oil is made from the dried meat of the coconut which is called "copra"
- No industrial farming. Every single step is done by hand:



1) Picking



2) Splitting



3) Carving



4) Drying





*Key Challenges*  
in coconut  
supply chains



# Main challenges in coconut supply chains:

## Social



## Environmental



## Supply chain:





AAK's approach to *Better  
Sourcing* in coconut





# Global roadmap to a sustainable coconut supply chain

## Engage to transform

### Coconut oil benefits

- Versatile ingredient
- Alternative lauric oil
- Sustains millions of livelihoods
- Essential crop against coastal erosion

### Key issues

- Traceability and transparency
- Smallholder livelihoods
- Climate change
- Human rights and labor rights
- Smallholder inclusion

### Ambitions

- By 2025:
  - 100% traceability to sub-national level
  - Human rights due diligence fully embedded
- By 2030:
  - 100% deforestation free supply chains

### Priorities







- Supplier engagement - traceability
- Human rights risk assessment and monitoring of our supply base – in collaboration with suppliers
- Livelihoods: Smallholders inclusion in our supply chain
- No-Deforestation- compliance

### Achievements

- Global rollout of supplier score cards
- Member of Sustainable Coconut Partnership
- 100 percent traceability to crusher
- 100 percent supply chain human rights risk assessed
- 100 percent low deforestation risk from main sourcing region



# AAK Global Key CNO sustainability KPIs and achievements

<p><b>Climate</b> </p> <p><i>Tree planting:</i> Accumulative; base year 2020 <b>Ambition 2025:</b> 10,000 trees planted</p> <p>Achievement 2022:</p> <p><b>6.397</b> trees planted <b>+7%</b> vs. 2021</p> 	<p><b>Biodiversity</b> </p> <p><i>Verified Deforestation free</i> <b>Ambition 2030:</b> 100%</p> <p>Achievement 2022:</p> <p><b>100%</b> of supply base monitored by satellite monitoring and classified as 'low risk'</p>	<p><b>People</b> </p> <p><i>Human Rights due diligence (HRDD)</i> <b>Ambition 2030:</b> Fully embedded HRDD process and risk mitigation</p> <p>Achievement 2022:</p> <p><b>100%</b> of supply base risk assessed; HRDD process developed</p> 
<p><b>Governance</b></p>		
<p><i>Traceability</i></p> <p><b>Ambition by 2025:</b> 100% traceability to municipalities</p> <p>Achievement 2022:</p> <p><b>100%</b> traceability to crushing plant</p> <p><b>15%</b> traceability to municipalities</p>	<p><i>Percentage of suppliers engaged under score card</i></p> <p>Achievement 2022:</p> <p>100% maintained since season 2021</p> 	<p><i>Rainforest Alliance Certification</i></p> <p><b>94 ha</b> achieved RA certified in India</p> <p><b>500-600 MT</b> CNO / Year</p>



# We are steering ahead in the coconut industry

A founding member of the coconut industry's *first global Sustainable Coconut Charter*

*AAK is steering committee member in Sustainable Coconut Partnership*

*First supplier able to deliver coconut oil traceable to smallest jurisdictional unit (municipalities level)*

*First company in the industry to launch coconut supplier score cards*

*One of the first company who monitor supply chain deforestation risk and age mapping*





Introducing:  
*The Sustainable  
Coconut  
Partnership*

**AAK**





Get in contact with us





# TOGETHER, WE CAN WORK TOWARDS A RESPONSIBLE AND RESILIENT COCONUT SECTOR



*“Research and practices have shown that industry players are poorly equipped to tackle alone the underlying systemic sustainability issues in the coconut sector.*

*We address this capacity gap working collaboratively to solve the most meaningful issues while helping members produce and source responsibly”*

*The nascent alignment on sustainability with the formation of the Sustainable Coconut Partnership means there is an increasing will to meet a sustainability demand and address the lack of meaningful, impact collaborations at scale to match demand and avert a true sustainability crisis”*



AAK

BARRY CALLEBAUT



Earthworm

FERRERO



JDE Peet's



Toacker

LDC.  
Louis Dreyfus Company

FRONERI



proforest



COCO fina  
THE COCONUT EXPERTS

SATELLIGENCE

TMDuche & sons ltd



transitions



HARMLESS HARVEST

si**l**bury

Saputo  
Dairy UK





# MEMBERS COME TO US TO...

## **FUTURE PROOF THEIR SUPPLY CHAINS**

Take part in our constructive and collaborative **sector-wide consultations** to develop and benefit from tools to **drive more transparency** and build assurance of sustainability.

## **ACT ON THE GROUND COLLABORATIVELY**

Benefit from the means and access to **develop on the ground positive outcomes** through connection to **collaborative impact projects** with members.

## **SHAPE ALIGNED SUSTAINABILITY COLLABORATIVELY & NETWORK**

Become members of the **largest community of private sector professionals** driving positive impact for farmers livelihoods and **enabling sustainable coconut production and supply chains at scale.**





**SUSTAINABLE  
COCONUT  
PARTNERSHIP**



**Increasing smallholder  
farmers income & livelihood**





**SUSTAINABLE  
COCONUT  
PARTNERSHIP**



**Enhancing supply chain  
traceability**





**SUSTAINABLE  
COCONUT  
PARTNERSHIP**



**Developing industry best practices  
and climate smart impact programs**





**SUSTAINABLE  
COCONUT  
PARTNERSHIP**



**Catalyzing responsible coconut  
production and market transformation**

# NETWORK



**Now structured as a formal impact and dialogue organization & The global platform for sustainable coconut**

- ❑ Launched in April 2023 after 6 month preparatory process and 4 years as a meeting series
- ❑ Supported by **Sida** and **GIZ** – inaugural steerco **AAK, Barry Callebaut, Unilever, Nestle, Ferrero**
- ❑ Global scope ; all coconut products and companies types along the supply chain
- ❑ Working towards a responsible and resilient coconut sector that drives positive impact for farmers’ livelihoods, the climate and the environment.
- ❑ Currently **22** corporate members and **6** affiliate members (NGO’s & sustainability organizations) and a pipeline of new prospective members interested in partnerships and market assurance

**180+**

Organizations participating to events and consultations since 2019

**600+**

Buyers, processors and other actors actively involved



# FIRST MILESTONES

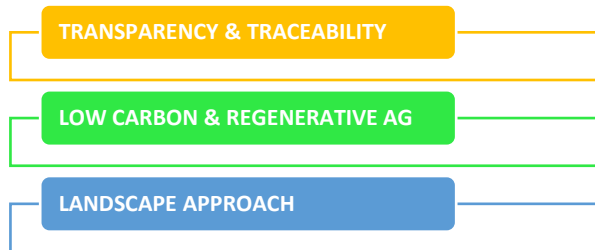


## ❑ The only industry aligned and recognized sustainability framework

- ❑ The Sustainable Coconut Charter is endorsed by **25+** leading companies and developed in consultation with 180+ organizations

## ❑ 3 working groups

- ❑ To deliver operational solutions



## ❑ 1 Impact Project Accelerator already at work

- ❑ To connect members with impact project opportunities and give guidance to project conveners

## ❑ Partnerships with public sector entities

- ❑ In the Philippines & Indonesia especially (ICC, PCA, Dekindo)

## ❑ Center of expertise through our Advisory board

- ❑ comprised of leading experts to guide collective investments in the sector

## ❑ Convened one of the largest sustainable coconut coalition project

- ❑ GIZ PPP in the Philippines

# AND THE NEXT ONES...



- Q4 23'

  - An updated Coconut Charter “V2”**
  
- Q4 2023'

  - Joint Deforestation & replanting monitoring capabilities for members**
  
- Q4 23' – Q1 24'

  - Guidance on effective low carbon farming & regen ag practices**
  
- Q4 23' – Q1 24'

  - 2 jurisdictional projects currently in scoping (Philippines + Indonesia)**
  
- Q4 23' – Q1 24'

  - An industry aligned Transparency framework between buyers, suppliers and producers**
  
- Q1-Q2 24'

  - Upcoming assurance scheme of the charter made accessible to membership**
  
- Q1-Q3 24'

  - A joint sustainability information sharing system to remove reporting fatigue and align on metrics**
  
- Q1 24'

  - 2 additional working group expected to open for 2024**
    - Living income / human rights
    - By products of coconut





# THE SUSTAINABLE COCONUT CHARTER

A global guidance towards a responsible  
and resilient coconut production

## OUR WORKING GROUPS

Our biggest collaborative activities to deliver collaborative change and precompetitive solutions at scale

## IMPACT PROJECT ACCELERATOR

Dedicated support from expert mentors and advisors to accelerate collaborative impact projects through their design, recruitment and funding phases



**SUSTAINABLE  
COCONUT  
PARTNERSHIP**

# **SAVE THE DATE**

Sustainable Coconut Roundtable Conference 2023

**20<sup>th</sup>**

NOVEMBER, 2023

**JAKARTA, INDONESIA**



Implemented by  
**giz**





**SUSTAINABLE  
COCONUT  
PARTNERSHIP**



Become a member:

**[coconutpartnership.org](https://coconutpartnership.org)**

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