

The background of the entire slide is a close-up, macro photograph of blue liquid bubbles. The bubbles vary in size, with some being very large and filling much of the frame, while others are smaller and scattered. The lighting creates bright highlights on the edges of the bubbles, giving them a three-dimensional appearance. The overall color palette is a range of blues, from deep navy to a lighter, almost white blue where the highlights are.

Making Better HappenTM *in coconut*

AAK

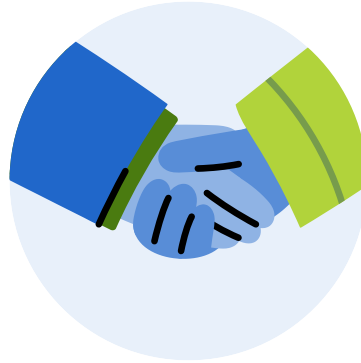
The Co-Development Company

AAK takes a responsible sourcing approach to all our raw materials



Understanding our supply base

- Understand
 - our supply base
 - the origins and regions
 - the risks
- Traceability as a means to drive progress and impact



Engaging with suppliers and farmers

- Understand our suppliers, the specific origins and the risks
- Engage with suppliers and farmers to ensure compliance with global standards



Driving impact beyond our supply base

- Work together in the industry
- Collaborate in landscape projects
- Collaborate in projects beyond our direct supply base

Our Personal Care portfolio of sustainably-sourced, botanically-derived emollients

Shea

- Traditional supply chain
- Direct sourcing program (Kolo Nafaso)

Canola

- Sourced from non-GMO Swedish crops
- Life Cycle Assessments available to analyze environmental impact

Coconut

- Traceability to mill in Philippines
- Traceability to farmer level for Indonesia and Rainforest Alliance certification



Challenges the coconut supply chain faces today



Environmental

- Natural plantations, which lead to low yield per area
- Growing regions vulnerable to tropical storms
- 90% of trees are reaching the end of their productive life cycle, there has been very limited replanting



Societal

- Approximately 90% of coconuts produced by smallholder farmers
- Farmer have limited bargaining power to negotiate prices
- Safety risk during harvesting for tall coconut trees



Economical

- Productivity can be increased. Today there are old trees with limited farm management
- The quality of the coconut meat can also be improved. Today it is often rushed into drying process
- Labor intensive crop with a lot of manual handling, this can be improved with more industrial farming

The supply chain is multilayered – traceability is a challenge

- Vast growing areas → lots of farmers/ sources for the coconut meat (copra) → different qualities
- Several layers of middlemen → complex supply chain → difficult to have traceability
- Limited data management → lack of information on raw material origin → need for education/training



Traceability for coconut is difficult and the bigger the volumes the more difficult it is



However, industry players are joining forces to build a Coconut Sustainability Charter

- Bangkok Nov 16th 2020
- Launch of the first charter on sustainable coconut production
- AAK founding member next to Barry Callebaut, Friesland Campina, Harmless Harvest, Nestle and Unilever

For more info: [Home](#) | [Coconut and coconut oil Roundtable](#) (sustainablecoconutcharter.com)



Setting a global benchmark for sustainable coconut origins

The charter defines Ambition & Principles of coconut sustainability programs aiming to the following impacts:

- Local livelihoods:**
We promote values and initiatives that increase smallholder farmers' income and subsequently their livelihoods, for example, by improving access to market, finance, technology, increased capacity, productivity, and replanting.
- Traceability and transparency:**
We engage stakeholders to enhance supply chain transparency and traceability through sustainable and efficient sourcing, processing, production and other related value-chain strategies.
- Deforestation and climate change:**
We strive to prevent deforestation, and mitigate climate change.

Sustainable Coconut Charter launch: Forging a more sustainable coconut industry

WEBINAR | Monday November 16, 2020 | 16:00-17:45 GMT +7

The Sustainable Coconut Charter is a voluntary framework for companies in the coconut industry, a collective commitment to making a difference for the people, planet and profits. The Charter has been shaped since 2019 through wide consultation with companies, experts, donors and other relevant stakeholders.

Signatories will assess the Charter's ambition and principles, and adapt implementation, including any validation and certification, based on the size and scope of company activities. The Charter's goal is to encourage broad participation to improve the coconut industry's commitment to sustainability.

Coconut Charter: Signing ceremony and endorsement

Organized by

USAID Sustainable Coconut & Coconut Oil Roundtable GrowAsia BARRY CALLEBAUT

Company signatories

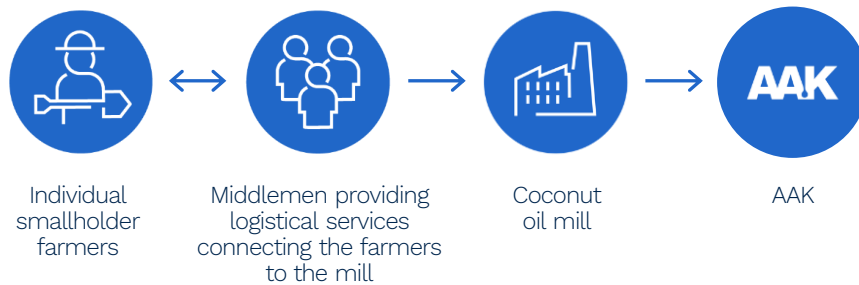
AAK BARRY CALLEBAUT FrieslandCampina

HARMLESS HARVEST Nestle UNILEVER

AAK offers two paths to sustainable coconut oil

Akocare Coconut Oil™

(refined coconut oil, INCI: Cocos Nucifera oil)



- Traceability to one mill in the Philippines: AAK has close contact with the mill in the Philippines but limited engagement at farm level
- AAK is currently deploying efforts to improve the conditions for sourcing from the Philippines, including field visits and supplier engagement by Proforest and a nursery project to increase replanting
- Covered by a vegan-friendly statement. Vegan Society approval is possible.

Akocare Coconut RA SG™

(refined coconut oil, INCI: Cocos Nucifera oil)



- Traceability all the way to farmer level in Indonesia
- Coconut oil is fully traceable due to the segregated supply chain. Complete separation from farmer to cosmetic producer
- The Rainforest Alliance certification covers the whole value chain
- Deep engagement with farmers through AAK training initiatives and RA certification (Example: training on good agricultural practices)
- Entire supply chain audited by third party (NEPCon)
- Vegan Society approved

How does the Rainforest Alliance make a difference?

- **PEOPLE:** focus on the rights and well-being of farmers
- **PLANET:** careful use of land, water and energy while reducing artificial fertilizers and pesticides
- **PROFIT:** focus on increasing productivity and income



Source: <https://www.rainforest-alliance.org/business/marketing-sustainability/people-planet-profit-how-to-summarize-the-impact-of-sourcing-rainforest-alliance-certified-products/>

Make a difference with Akocare Coconut RA SG™

“As for income, we see a big difference between selling to AAK and selling to middlemen. We receive better money from AAK and their partner mill. I can see that this motivates the farmers to deliver more copra with better quality”*

Hamid

Chief of farmers in AAK's partner village in Indonesia

*Verified by third party research project in collaboration with Copenhagen University



The Co-Development Company



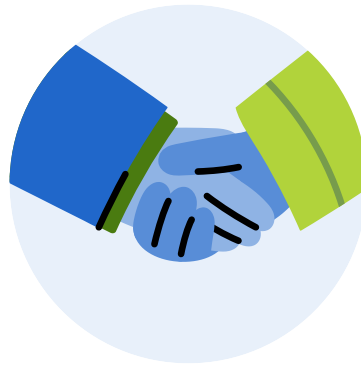
20/03/2023

With Akocare Coconut products you are supporting the AAK approach to responsible sourcing



Understanding our supply base

- Understand the mills, middlemen and farmers in both Philippines and Indonesia
- Understand the risks associated with coconut production and harvesting
- Increase traceability to both regions to drive local impact



Engaging with suppliers and farmers

- In the Philippines: supplier engagement workshops and field visit with Proforest
- In Indonesia: Rainforest Alliance segregated certification obtained for the entire supply chain and training for local farmers secured



Driving impact beyond our supply base

- Be an active member of the working group to create a new standard for the coconut supply chain
- Local project in the Philippines: nursery to grow coconuts and secure replanting



How is this
relevant for
personal care
products?

The personal care market is expected to grow

6%

Expected growth rate between
2017-2022 in skin care
(source: Euromonitor)

21%

Growth of new products being launched globally
y-o-y between 2015-2018
(source: Innova Market)

How can your brand remain relevant to
capture part of this growth?

Source: Cosmetics & Toiletries article

Growth will be driven by consumer interest in natural ingredients as well as ethical products

Consumer interest

- Growing interest in natural and plant-based ingredients
- Demand for ethical, sustainable, free-from and clean label products



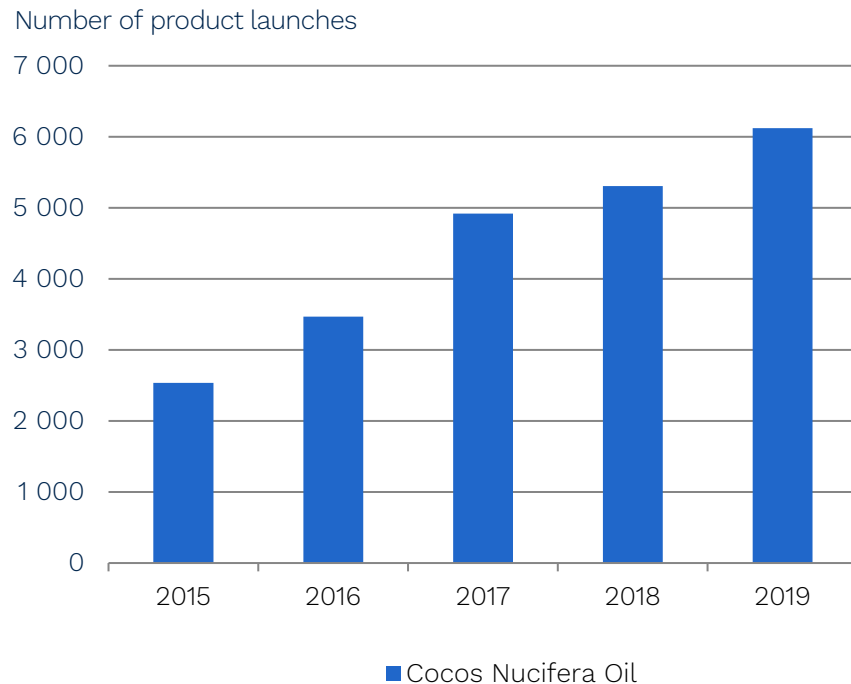
Purchase decision influenced by:

- ingredient sourcing and processing (from farm to final product)
- sustainability (alternatives to petro-based chemicals)
- overall "naturalness" of the product

Source: Innova Market research

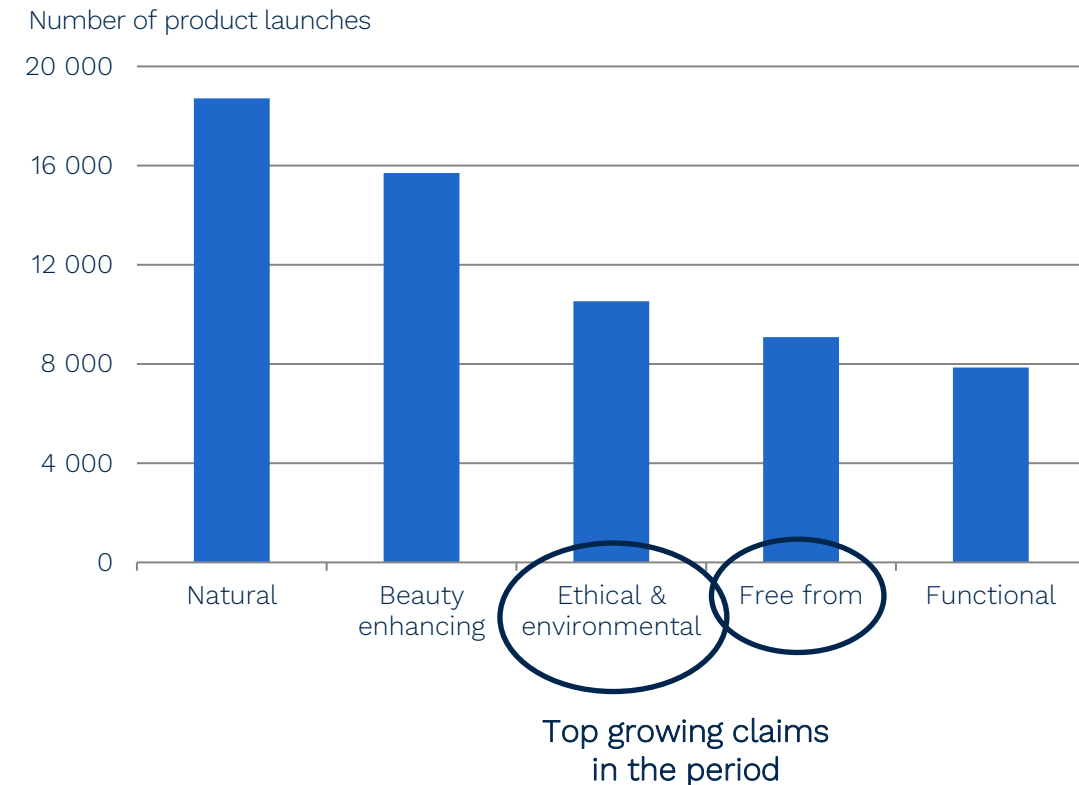
Coconut oil is on the rise in PC launches, where top claims are natural, beauty-enhancing and ethical

Number of launches containing Coconut oil globally across PC categories



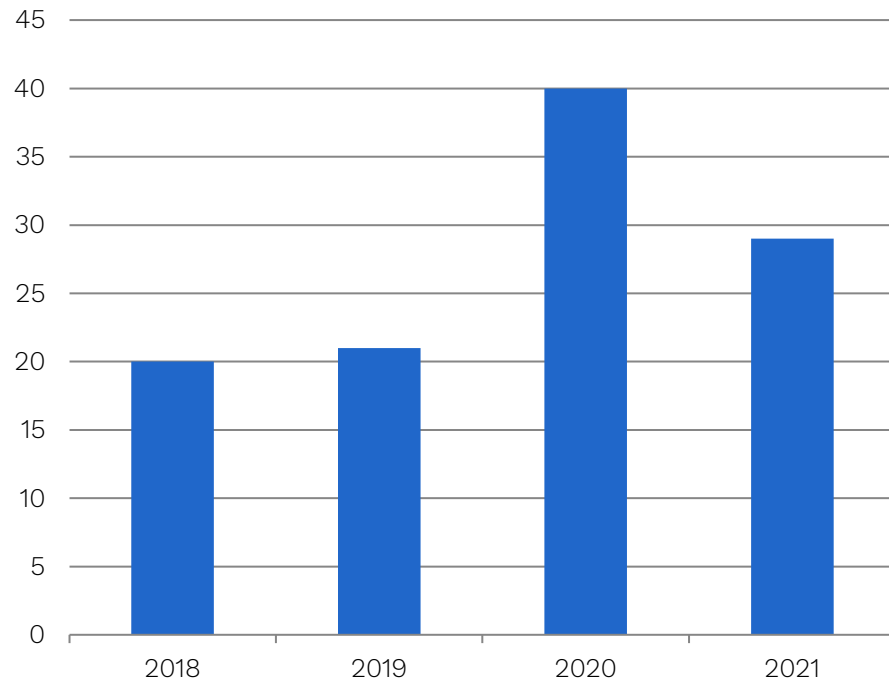
Source: Mintel GNPD data base

Top 5 claim categories in product launches containing coconut oil, Globally across PC categories (2015-2019)

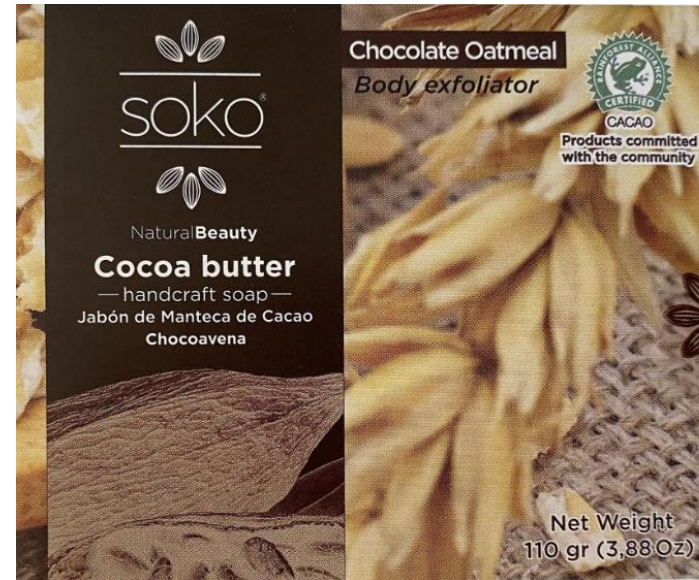


The number of cosmetic products carrying RainForest Alliance is increasing

Number of launches containing “Rainforest Alliance” globally across PC categories



Source: Mintel GNPD data base



Cocoa Butter Chocolate Oatmeal Handcraft Soap
Market: Ecuador
Launch: May 2021



Facial wipes, Simple Truth
Market: USA
Launch: March 2020

Some traditional uses of coconut oil

Coconut oil is renowned for its multi-tasking health and beauty benefits and has been used for centuries by women in Southeast Asia as a treatment for:

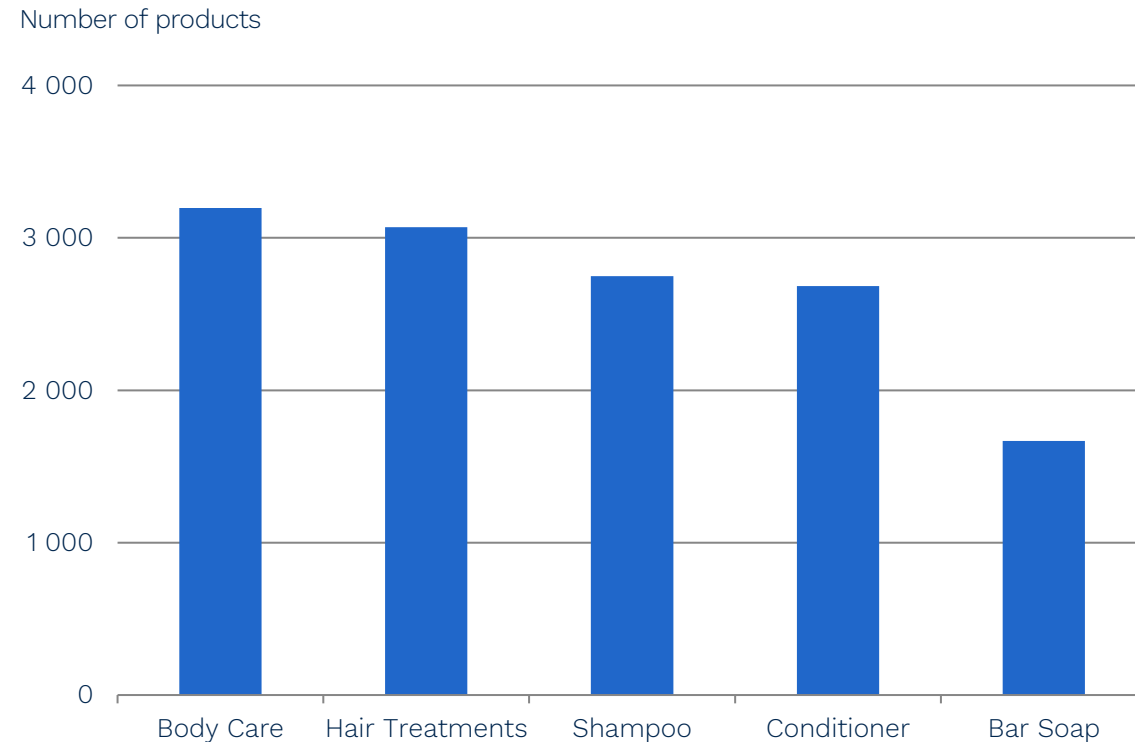
- Skin moisturizing
- Hair conditioning
- Healing minor injuries
- Massaging and soothing babies and children



Coconut oil is particularly suited for body and hair care products

- Particularly appreciated for its emollient, moisturizing and softening properties, which makes it ideal for body care and hair care applications
- Effective base oil for inclusion within lotion, cream, body butter and lip product formulations.
- In soap bars, it allows for improved foaming.

Top 5 categories with products containing Cocos Nucifera oil (2015–2019)

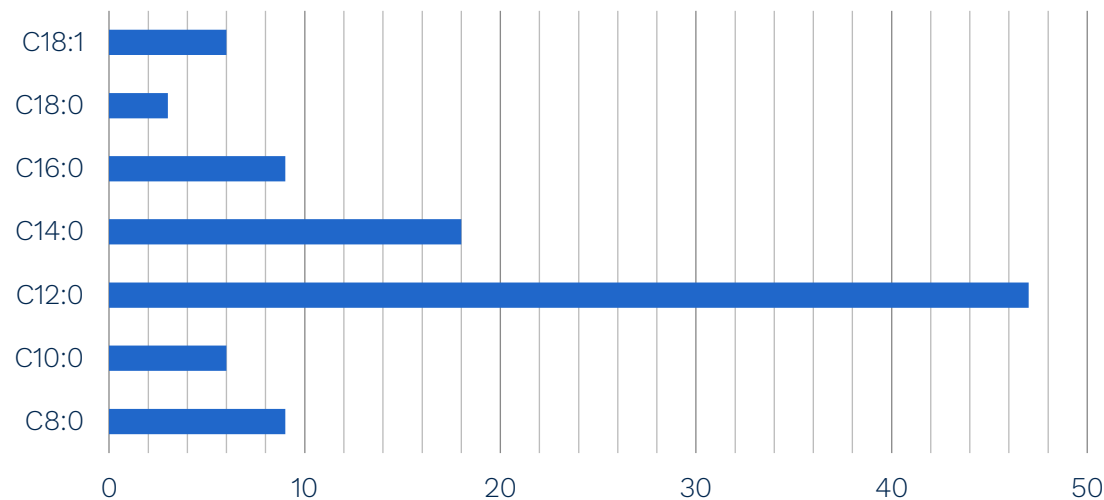


Source: Mintel GNPD data base

Refined coconut oil has excellent stability and sensory properties

- High oxidative stability due to the high amount of saturated fatty acids
 - OSI: 65 h @110 °C
 - 92% of fully saturated fatty acids
 - 6 % of mono-unsaturated fatty acids : C18:1
 - High content of medium chain fatty acid : mainly C12:0
- It offers a sustainable alternative to fossil-based materials in body and baby lotions, in which it provides high stability, good spreadability and delivers a pleasant non-oily after-feel.
- The low melting point (25°C) and sharp melting profile mean it can be rapidly absorbed and instantly melts when applied to the skin, but this is highly dependent on the formulation.

Fatty acid composition (% w/w)



Our NEW Akocare Coconut Oil range helps you develop personal care products that meet consumer demands

Natural

**Sustainably
sourced**

Vegan

Moisturizing

Traceable



On-pack consumer claims for Akocare Coconut

Akocare Coconut Oil

1. Vegan-friendly coconut.
2. Traceable coconut
3. Sustainably-sourced coconut

Akocare Coconut RA SG™

Same as the above, *PLUS*

1. Vegan Society certified coconut
2. Rainforest Alliance certified segregated coconut



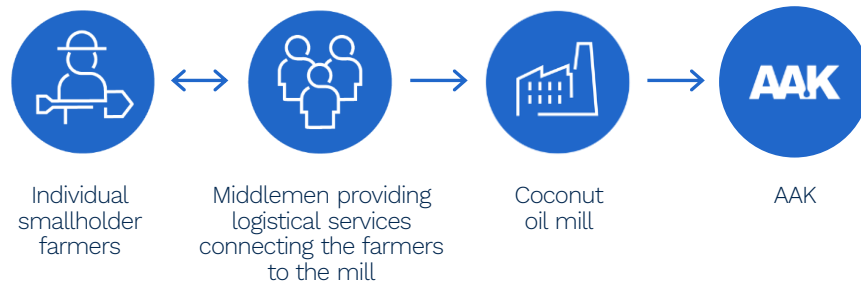
Consumer claims and proof points

Product name	Consumer Claim	Definition	Verified by
Akocare Coconut Oil	Vegan-friendly coconut oil	Does not contain any animal or animal-derived ingredients, nor has it been tested on animals.	A signed AAK statement confirming that Akocare Coconut Oil is from non-GMO sources and there is no risk for cross contamination of animal material. No animal testing has been performed. Based on this, we consider the product to be suitable for use in vegan formulations.
		Harvesting does not use primates.	A Proforest risk assessment and supplier statements
	Traceable coconut oil	Akocare Coconut Oil is traceable to one mill and growing region in the Philippines	We monitor traceability through supplier score cards and align parameters to the Sustainable Coconut Charter . All AAK suppliers must adhere to a strict code of conduct covering traceability, business ethics, and labor rights. Supplier score cards are an effective tool to measure engagement and progress.
	Sustainably sourced coconut oil	Sourced from a supply chain that recognizes the environmental and social impact of its activities, and takes action to prioritize and mitigate risks.	All our suppliers must adhere to a strict code of conduct covering traceability, business ethics, and labor rights. Supplier score cards are aligned to the goals of the Sustainable Coconut Charter .
			AAK is a founding member of the Sustainable Coconut Charter. Initiated by USAID Green Invest Asia and Barry Callebaut, the focus of the charter is to define coconut sustainability and sustainability program goals. Our ambitions include improving supply chain traceability, preventing deforestation, distributing seedlings, and mitigating climate change. Together with a key supplier in the Philippines, AAK has established a coconut nursery to rejuvenate the tree population. In 2020, there were over 2,000 seedlings growing in the nursery. The ambition for 2025 is 10,000 seedlings. Once mature the seedlings are handed to farmers for planting.
Akocare Coconut RA SG	Vegan Society certified coconut oil	Does not contain any animal or animal-derived ingredients, nor has it been tested on animals.	The Vegan Society
		Harvesting does not use primates	Rainforest Alliance .
			The Rainforest Alliance Sustainable Agriculture Standard Farm Requirements. Section 6.4.4 states the following as a core requirement: <i>Producers do not use wildlife for processing or harvesting of any crop (e.g. luwak for coffee, monkeys for coconut, etc)</i>
	Rainforest Alliance certified segregated coconut oil	Akocare Coconut RA SG is traceable to farmer level in Indonesia	The Rainforest Alliance Traceability Guidelines. Section 5.1 states that for certified segregated products: <i>There is no mixing with non-certified products of the same ingredient – the whole content is certified although it can come from different certified sources/farms including different countries of origin. The product can be traced to the certified source, or to the point where it was mixed with other certified sources. Traceability, segregation and identification systems are in place at the facilities to ensure only certified sources are in the product.</i>
		Rainforest Alliance certified coconut oil is a guarantee that: •The product is produced and sourced responsibly. •Coconut farmers are trained in sustainable agricultural practices that protect the environment, rejuvenate trees, improve yields, and ensure better livelihoods. •Farms respect human rights and work towards better livelihoods for farmers and workers, addressing child and forced labor, and promoting gender equality and non-discrimination.	Rainforest Alliance .

To sum up : AAK offers two refined coconut oils

Akocare Coconut Oil™

(refined coconut oil, INCI: Cocos Nucifera oil)



COSMOS
APPROVED



Vegan society
(possible)

Samples and documentation available

Akocare Coconut RA SG™

(refined coconut oil, INCI: Cocos Nucifera oil)



COSMOS
APPROVED



Samples and documentation available
All created business needs to be settled via
customer sales contract



Thank you!

Any questions?

Materials to support coconut oil discussions

This slide deck has been made to be shared externally with customers/distributors to promote our coconut oil range.

In addition to this presentation, you can also use the following video at the beginning of the meeting.

<https://youtu.be/IMRmQcCYjUU>

