



Ocokoci

Business  
Foundation Report

2024  
April

# Introduction

## Co-founders



**Tugberk Samur**

Sustainability Professional  
The Hague



**Ibrahim Kisla**

Environmental Historian  
Ordu

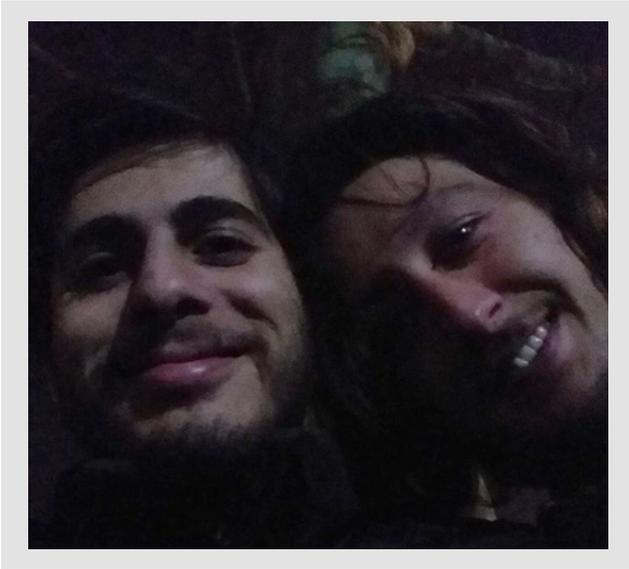
"When we started this business, we started with SDGs above all else. Transforming an entire value chain will not be easy, especially at our level. But we know that as long as we follow SDGs as our compass, we shall always move forward.

Ocokoci, pronounced as Ochokochi, is dedicated to supporting farmers who protect forest ecosystems and care for their local communities. We have restored a historic mansion to serve as a cultural heritage hub and gathering place for young, activist farmers. By working together with farmers with respectful farming practices, we prioritize community building and collaboration to ensure the highest quality products.

Our brand is unique and playful, inspired by Ocokoci, a local mythic monster known for protecting forests and embracing life's pleasures. Even though we have started from hazelnuts, we will not stop there. We will expand our business model to include other nuts so that we address challenges in the wider ecosystem."

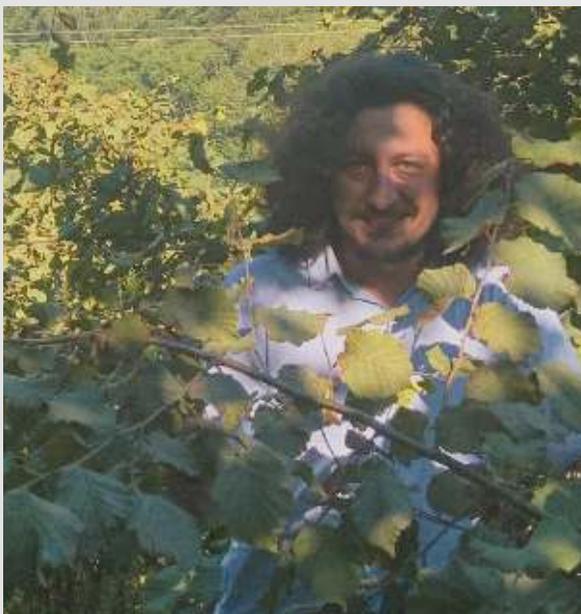
# Our Story

*"In each shell, a story to tell"*



Our story began from a friendship in 2015, from a dormitory room at Middle East Technical University in Ankara. We have always supported each other in times of need.

After our graduation in 2020, Tugberk went to the Netherlands with a scholarship and Ibrahim went to Ordu, where he grew up and observed issues in hazelnut farms.



In 2023, Ibrahim and Hilayda decided to transform the hazelnut value chain and make it more sustainable. There we realized that we can work together to reach this aim. In 2024, we started our sustainable hazelnut business model in Türkiye and the Netherlands.



## **What is Ocokoci?**

Ocokoci is not a transaction-based organization that focuses only on reckless operations to earn quick profit. We are a limited company with a cooperative business model. We engage in contract-based collaboration with farmers for fair prices, and we are ensuring that our producers' production standards are sustainable and quality-based. Our business is sourcing and procuring, providing guidance, producing and processing, marketing and selling hazelnuts and hazelnut products. In other words, we are taking our hazelnuts from farm to gate. Our business is at its early stage and we expect achieving growth through our sustainable business model.

## **What is our problem?**

Unfair economic conditions and climate change impact drive producers to follow unethical and/or inefficient production activities. This alienates producers from their natural and human environment. As a result, they impact the environment, human rights conditions and consumer health negatively. Additionally, these production activities have been less circular and generate more waste in the last decades. All these circumstances put the hazelnut sector, those who earn their living, and environment into an unsustainable path which exposes them to various risks. These risks jeopardize the resilience of the hazelnut market and create fragile supply chains for downstream companies or buyers who need hazelnut to ensure the provision of their product.



## Our Production

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For the 2024 harvest season, depending on the environmental conditions and business opportunities, we are able to reach up to 20 tons of hazelnut production, from which we get 10 tons of hazelnut kernel. Producing that amount of hazelnut requires a land-use of 118 acres (0.48 km<sup>2</sup>). Our processed hazelnut (butter) production capacity is between 450 kg (minimum) and 900 kg (maximum) per month. We will also diversify our product types such as making a chocolate hazelnut spread. Although products below are for our retail, we can add packaging with more weight such as 1 kg, 5 kg and 10 kg based on business demand.





# Ocokoci Hazelnut Value Chain

## Direct Operations

## Downstream

### Upstream

#### Pruning

Pruning process twice a year for our product quality.

#### Fertilizing

We promote organic fertilizer, and we aim removing chemical use.

#### Weeding



#### Harvesting

Welcoming seasonal workers and preparing their stay and work.  
Monitoring for labor and environmental standards

#### Drying

Ensuring safe drying conditions for hazelnuts to prevent aflatoxin risk.  
Measuring humidity of hazelnuts in shell to keep it below 12% humidity.

#### Separation

Separating hazelnuts as many rounds as possible to eliminate any foreign matter.

#### Storage

Storing our filtered hazelnuts in shell in a storage room of which we keep measuring humidity.

#### Processing

We work with businesses that crack hazelnut shells.

We filter hazelnuts based on quality, roast and re-filter for quality again. We also process for hazelnut butter.

#### Packaging

We purchase packaging material and then package our products. Then we have our final product.

#### Retailing

We ship products to our destination storage and retail them.

#### Processing



#### Distribution

We send our product to customer through distribution services.

#### Consumption



#### Recycling/ End of life

We will create a criteria for recyclable packaging and lifetime use for glass jars.

#### Waste

We will use residuals such as hazelnut shells for circular purposes.



## Hazelnut Industry



Most of the world's hazelnut comes from here

Hazelnut industry generates 1.5-2.2 billion dollars of export revenue all over the world. Majority of these exports (1-1.5 billion dollars) comes from Türkiye, followed by Italy. Specifically for Türkiye, although hazelnut revenues seem to have increased, the production volume has decreased in the last years due to sectoral issues. The volatility in production is due to variation of environmental, weather and climate conditions. This influences market conditions for hazelnut in the Netherlands, where import values are influenced by the fluctuations of the Turkish production.

Due to suitable geographic conditions, in Italy, hazelnut production is capital-intensive, while in Türkiye it is labor-intensive. For the Turkish exporters, this traditional method of production has both an advantage and disadvantage. The disadvantage is that taste variance is highly dependent on how the production process is carried out, which might be better or worse. Therefore, the production process must be managed carefully. However, as an advantage, Turkish hazelnut has a more preferable flavor compared to its Italian counterpart, due to climatic conditions and traditional methods.



## **Our Vision**

Imagine a world in which hazelnut farming is a resilient source of living that thrives human and nature. We strongly believe that transforming farming practices by expanding regenerative, eco-friendly and humane agricultural methods will be a pathway to such a world.

## **Our Mission**

As Ocokoci, our mission is to break the cycle of unfair business status quo, by promoting commitment to fairness, taking environmental responsibility and respecting human dignity. We seek to lead the spillover in the hazelnut sector towards a sustainable path, mitigating risks that threaten the resilience of the market. Such a market condition will not only benefit the environment but also safeguard fair subsistence and consumer health. We will strive to flourish a hazelnut industry where producers thrive, ecosystems flourish, and downstream companies find security in transparent and resilient supply chains.

***"Ocokoci pleases nature, worker, consumer, and producer."***



## Our Strategy

We believe that our business will achieve a high performance due to various competitive advantages

- We know the nature of our production very well. Therefore, we are more aware of the opportunities and risks of the hazelnut sector than businesses that are only sourcing, packaging and selling hazelnuts.
- We are safeguarding social, environmental and governance standards through our close collaboration with our partners, while many of our competitors are avoiding these standards due to their cost.
- Since we ensure inclusivity, fair wages, fair conditions and working benefits, our workers will be more motivated and bond more with our business, helping us to sustain long-term employment relationship.
- We pay attention to environmental resilience and this helps sustaining our future production capacity.

- We pay attention to flavour and taste rather than mass production. While our competitors are focusing on its product size and mass production, we prioritize the taste and flavour of our products.
- We will ensure circular and quality packaging. We aim to keep our packaging long in-use. We design our packaging in a way that consumers can use them after consuming our hazelnut products.



## Our Business Goals

We have short-term and long-term goals to achieve success in our sustainable business model.

### *Short-term goals (12-18 months)*

- Finding a partner in the Netherlands to establish a business relationship for supplying sustainable hazelnuts.
- Creating our emissions management strategy.
- Improving product design and packaging.
- Expanding supply chain based on demand in target markets.
- Committing to **Science-Based Target Initiative** for climate targets, followed by taking action on **Science-Based Targets for Nature**.
- Creating a transparent traceable chain between the consumer, producer and worker.

### *Long-term goals (3 years)*

- Growing our business to cover more farmers in Ordu and Black Sea region.
- Adding other nut products to our value chain.
- Establishing local partnerships with NGOs on our material sustainability topics.
- Opening a shop in the Netherlands for some part of our operations.
- Reaching climate and nature targets.



## Integrating Sustainable Development Goals

From the beginning, we are thinking about sectoral issues that are present and that can affect us in hazelnut production. We will address these issues through our business model taking SDGs into account. Since dealing with SDG challenges is never a final process, we will constantly review our challenges and solutions.

### Hazelnut as a means of subsistence in harmony with nature

#### Challenge

- In the last decades, farmers have lost interest in hazelnut production. This has happened due to unfair distribution of revenue. Local producers are concerned due to their diminishing revenues and its future implications. This has driven them to cost-minimizing activities which are harmful for the environment.

#### Solution

- We will ensure fair revenue/prices for hazelnut producers while conditioning them to adhere to our sustainability criteria.
- **KPI:** % of our profit distributed to producers, and the price we pay/market price.





## Addressing child labor issues

### Challenge

- In the hazelnut sector, there is a structural child labor issue particularly connected to seasonal working periods. Often this goes unnoticed or ignored by large firms. The child labor issue needs to be addressed.

### Solution

- We will use contracts guaranteeing prevention of child labor. One of our solutions will be establishing a monitoring system through which we ensure that no child labor takes place. By identifying each farmer, worker families in our system, our buyers will know which farmer produced where, with which workers and our activities for the children of workers. We will also implement activities such as taking care of children during the working hours of their parents.
- **KPI:** Nr. of workers with children and Nr. activities and children joining these activities; inspections by our own staff and if there are, incidents, and what action has been taken to address the incidence.





## Integrating circularity into business strategy

### Challenge

- The waste of agricultural products such as shells of hazelnut are often burnt and this increases carbon emissions while also inefficient in terms of circularity since these shells can be used for other means.

### Solution

- We will require our producers to spread hazelnut shells to farm fields as fertilizer rather than other fertilizers. We will establish a GHG management and circular waste management strategies.
- **KPI:** Tons of hazelnut shells used circularly/tons of hazelnuts produced.





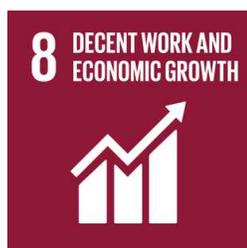
## Business resilience in the face of climate change

### Challenge

- Due to climate change unpredictable weather conditions influence the yield of hazelnut trees. It naturally increases costs in many different ways. One example is a growing number of insects damaging hazelnuts before they ripen. As a consequence, the yield weighs lower. This lowers the quality of the product and decreases revenues.

### Solution

- We will establish a consultation framework and we will monitor farming processes to track negative impacts and risks, and taking-action. We will communicate with scientists on measures. We will also collaborate with third-party on soil analysis.
- **KPI:** Soil analysis results, soil organic matter, and nature metrics.





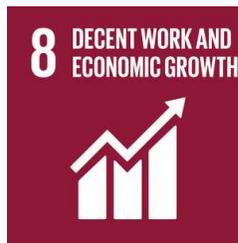
## Decent work and living wage

### Challenge

- Seasonal workers are often discriminated against, which can be demonstrated by low remuneration, and occupational health issues. They work in risky conditions and they are forced to live in non-humanitarian conditions such as poor accommodation and lack of social security.

### Solution

- We will ensure that all our workers have social security and equal wage levels. We will provide decent accommodation and free health private service to seasonal workers.
- **KPI:** Work safety measures taken, social security coverage of workers, number of free health consultations and treatments provided, accommodation support provided to migrant workers and conditions of accommodation.





## Protecting consumer health

### Challenge

- Due to lack of knowledge or to cut costs in production, some producers do not dry their hazelnuts completely. These hazelnuts are not stored in good conditions and are exposed to aflatoxin risk which might cause health issues for consumers.

### Solution

- Since we are participating in the production process, we safeguard healthy production methods and storage conditions. We support storage processes by providing our producers storage space.
- **KPI:** Tons of hazelnuts stored in our storage and number of farmers benefitted, health monitoring carried out by third party 3 times per year.

3 GOOD HEALTH  
AND WELL-BEING





# Our Planetary Impact

We consider our impact not limited to climate, yet this is where we began measuring our planetary impact. Taking into account recent scientific developments, we follow 'planetary boundaries' perspective for our environmental materiality. Regarding our nature impact, we are still in the assessment process, using the SBTN framework. Please note that majority of emissions belong to our café business. Our operational boundary is based on operational control in the reporting year 2023.

## Climate

Scope 1	kg CO2e
Solid fuels	9005
Gaseous fuel	629
Vehicle fuel combustion	3642
<b>Total</b>	<b>13271</b>
Scope 2 (location-based)	kg CO2e
Electric consumption	8000
Scope 3	kg CO2e
Categories	Work in progress

We have used the latest EPA and DEFRA emission values (2023) for our Scope 1 emission calculation. For Scope 2, we have used the national electricity emission factor of Türkiye from 2022. For Scope 3 emission calculation, we use mass and spend-based data.

Except for a minimal amount of vehicle use, these emissions belong to **our café operations** in 2023. The majority of emissions resulted from the combustion of solid fuels for heating, while gaseous fuel was used for cooking. We are in the process of implementing solutions to reduce usage of these solid fuels to decrease our climate impact.

Regarding product-specific emissions, we will be collecting data for 2024 harvest.



## Our Labour Impact

Because of the nature of our business, which is seasonal, we cannot employ the majority of workers permanently due to our capacity. This might impact workers negatively regarding secure employment.

Our workers have social security coverage and we provide working standards above labour market. While there are discussions if weekly working hours should be lowered to 40 hours per week, our hazelnut workers will have 38 hours of full-time work per week. For our café, we have flexible working and our workers have mostly part-time work since they are mostly students.

The legally defined minimum wage in Türkiye is 17.002 Turkish Lira (currently around 500 euros). While currently in our café, we pay 10% above the legal minimum wage, due to heavy work and needs of seasonal workers, we will pay them minimum 40% above the legal minimum wage during the harvesting season.

Seasonal workers are under risk of infectious diseases, mostly scabies and rarely cholera. Moreover, mostly due to the fact that our working season is summer, many seasonal workers are exposed to sun and heat. To address these issues, we will provide them free health consultation and services, and free medicine where necessary. We will also provide health trainings as well.



# Ocococi

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