



Joint Press Release

BASF, Cargill, P&G and GIZ collaborate to drive production of sustainable certified coconut oil in the Philippines and Indonesia

SINGAPORE – June 27, 2017 – BASF, Cargill, Procter & Gamble (P&G), and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH have joined together in a development partnership under the develoPPP.de programme by the German Federal Ministry for Economic Cooperation and Development (BMZ). The partnership will help establish a sustainable certified and transparent supply chain of coconut oil in the Philippines and Indonesia.

Targeted regions are Southern Mindanao and Southern Leyte in the Philippines and Amurang in North Sulawesi, a province of Indonesia. The Philippines and Indonesia are the world's two largest producers of coconuts and exporters of coconut-based products. The majority of the coconut farmers are smallholders and tenants cultivating less than four hectares of land who are seldom organized in functioning farmer groups and cooperatives. This gives rise to a number of challenges: Little or no economies of scale, lack of financing and training resources, and a rigid supply chain, which increase the farmers' dependence on middlemen and perpetuates inefficient and unsustainable agricultural practices.

By working with the smallholder farmers and teaching them better practices, the main goal of the development partnership is to increase their incomes and economic self-sufficiency by improving the productivity of their farms. This will be achieved through trainings on Good Agricultural Practices (GAP), intercropping and enhanced farm management skills, and the strengthening of farmer groups. Around 3,000 smallholder farmers in the Philippines and 300 in Indonesia will benefit from the program. Out of this group, around 800 smallholder farmers will receive additional training on the Sustainable Agriculture Network (SAN) standards in order to apply for Rainforest Alliance certification. The partnership is also working on establishing a chain of custody for certified material to help increase transparency along the supply chain.

Cargill, which owns and operates copra-buying stations and crushing plants, is providing training to smallholder farmers and setting up the structures for certification. The crude and refined oil produced by Cargill is then further processed by BASF and P&G for ingredients in the home and personal care and in the nutrition and health markets. Together, the private partners bring in the understanding of and experience in the coconut oil market mechanisms and trends. GIZ contributes to the project with its expertise in capacity building on farmers' level as well as in implementing GAP and sustainability standards. GIZ also steers the project and manages its implementation on the ground, working closely with government agencies including Philippine Coconut Authority (PCA) and the Agricultural Training Institute (ATI) in the Philippines.

The project builds on a preceding development partnership – “Nucleus of Change” – implemented in General Santos in the Philippines by Cargill, BASF and GIZ from 2011 to

2015. During this partnership over 1,000 smallholder farmers were trained and the first 300 coconut smallholder farmers became the world's first Rainforest Alliance Certified™ coconut farms. Natividad Beligolo from the Sarangani Province in the Philippines was one of the farmers, who was trained in GAP, such as the right use of fertilizers, intercropping and replanting. He said, "Through certification I earned additional income from premiums which is a big help to our family to sustain our everyday lives – more food on the plate and ensuring education to our children."

"These initiatives show that there is high commitment by all partners to further promote the production of certified, sustainable coconut oil. The results that have been achieved in the project 'Nucleus of Change' in General Santos in the Philippines until today now lay the foundation for this extended cooperation with Procter & Gamble as a new partner," said Harald Sauthoff, Vice President Global Procurement Natural Oils and Oleochemicals at BASF.

"Cargill's work with farmers around the world focuses on increasing agricultural productivity and incomes while ensuring responsible land use. In the Philippines, we have been working with our partners since 2011 to improve the livelihood of thousands of smallholder coconut farmers and spearhead a supply chain of sustainable coconut oil. This project is our continued commitment to train more farmers in the Philippines, expand our reach to train farmers in Indonesia and further advance the supply of sustainable coconut oil in the world," said Efren Barlisan, General Manager, Cargill Grain and Oilseed Supply Chain, Philippines.

"P&G is committed to being a good corporate citizen and doing the right thing. We believe that transparency in our supply chain helps drive the sustainability of our coconut oil supply. Our SCNO partnership will lead to better practices for our industry, and improved lives of the smallholders in our supply chain" said Jack Ryan, Vice President P&G Chemicals/Flavor & Fragrances. "To note, P&G recently published our first Citizenship Report which expands upon our previous Sustainability report and details the good that we are doing more holistically."

"The Rainforest Alliance is excited to lend its 30 years' expertise in sustainable agriculture and development to this project. With a transparent chain of custody system in place, we hope to create a more sustainable supply chain that will benefit both smallholders and the coconut oil industry, and enhance farmers' livelihoods," said Kiku Loomis, Director of Claims, Trademarks, and Traceability at the Rainforest Alliance.

"Like the predecessor project 'Nucleus of Change', this joint initiative is not only a chance for the industry to make an important supply chain more sustainable, but it also creates new opportunities for local smallholder coconut farmers to increase their incomes. Thereby, the project partners will jointly contribute to poverty alleviation in rural areas in the Philippines and in Indonesia," said Matthias Radek, Chief-Advisor for Partnership Projects in Agriculture, GIZ Philippines, managing the development partnership locally.

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About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 114,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of about

€58 billion in 2016. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS). Further information at www.basf.com.

About Cargill

Cargill provides food, agriculture, financial and industrial products and services to the world. Together with farmers, customers, governments and communities, we help people thrive by applying our insights and nearly 150 years of experience. We have 149,000 employees in 70 countries who are committed to feeding the world in a responsible way, reducing environmental impact and improving the communities where we live and work. For more information, visit Cargill.com and our [News Center](#).

About Procter & Gamble

P&G serves consumers around the world with one of the strongest portfolios of trusted, quality, leadership brands, including Always®, Ambi Pur®, Ariel®, Bounty®, Charmin®, Crest®, Dawn®, Downy®, Fairy®, Febreze®, Gain®, Gillette®, Head & Shoulders®, Lenor®, Olay®, Oral-B®, Pampers®, Pantene®, SK-II®, Tide®, Vicks®, and Whisper®. The P&G community includes operations in approximately 70 countries worldwide. Please visit www.pg.com for the latest news and information about P&G and its brands.

About the develoPPP.de programme

The develoPPP.de programme was set up by the German Federal Ministry for Economic Cooperation and Development (BMZ) to foster the involvement of the private sector at the point where business opportunities and development policy initiatives intersect. Through develoPPP.de, BMZ provides companies investing in developing and emerging countries with financial and professional support by public partners like Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

About GIZ

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a federal government-owned corporation with worldwide operations. It supports the federal government in international cooperation for sustainable development and in international education work. We are also engaged in international education activities around the globe. Through our work we assist people and societies in shaping their own future and improving living conditions.

About the Rainforest Alliance

The Rainforest Alliance is an international nonprofit organization working around the world to conserve forests and natural resources while advancing sustainable livelihoods. Since 1987, the Rainforest Alliance focuses on transforming forestry, agriculture, and tourism, and collaborates with foresters, farmers, businesses, and workers to build strong forests and healthy communities, protect habitat, and rebalance the Earth. To learn more about the Rainforest Alliance, visit www.rainforest-alliance.org.

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