

Joint press release

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Supporting a sustainable palm oil industry

Henkel, BASF and Solidaridad support around 5,500 smallholders in Indonesia

When renewable raw materials such as palm oil and palm kernel oil are used, the main focus is on economic, environmental and social impacts along the entire supply chain – from field to shelf. Small farms produce around 40 percent of the world's palm and palm kernel oil. An important question for the oil producing countries is how to increase the yields from the land already under cultivation. This is why Henkel and BASF are collaborating with the development organization Solidaridad to support a project in Indonesia and advocate for smallholders and local initiatives.

Trainings for around 5,500 farmers

Sustainable farming methods, efficient production and high occupational health and safety standards are some of the most important conditions for certified palm oil production. Smallholders can learn how to fulfill these requirements locally in dedicated training programs. Since 2015, Henkel has been supporting the 5-year-project in the Indonesian province of West Kalimantan. Earlier this year, BASF joined the effort as an additional industrial partner. The smallholder program is implemented by Solidaridad in cooperation with its partners Good Return and Credit Union Keling Kumang (CUKK). The Australian non-governmental organization Good Return coaches and supports the teachers who carry out the trainings on the ground and who will continue the farmer support program after the project ends. The teachers are employees of CUKK, the second largest local credit organization in Indonesia.

Through the project, Solidaridad and its partners want to establish sustainable supply chains for palm and palm kernel oil that both effectively improve smallholders' living conditions and are eligible for certification according to the criteria of the Roundtable on Sustainable Palm Oil (RSPO). Of the around 5,500 farmers that will be reached by the project, 1,600 will learn about the different aspects of good agricultural practice (GAP) in direct trainings that include measures for sustainable farming as well as for increasing crop yields. Furthermore, around 3,900 smallholders will be reached not only through a multiplier effect, but also via farmer field days and regular text messages on their mobile phones. The project spans an area of roughly 16,000 hectares.

Common commitment to a sustainable palm oil industry

“We want to change the market to develop a sustainable palm oil industry. To do so, we also need solutions and projects that allow small farms to increase productivity on their plantations – and we are making an important contribution to that by supporting local partners and initiatives,” explained Thomas Müller-Kirschbaum, Corporate Senior Vice President in the Laundry & Home Care business unit and Deputy Chairman of Henkel’s Sustainability Council. “With BASF supporting this smallholder project as an additional industrial partner, we’re sending the signal that we are joining forces to make the palm oil market more sustainable.”

“BASF is one of the largest global manufacturers of ingredients for the cosmetics industry as well as the home care industry and one of the links in the palm oil supply chain from smallholders to end consumers. We believe that we can only find solutions for sustainable, certified palm oil products by working together to preserve the forests and improve the living conditions of the people in the farming areas,” said Jan-Peter Sander, Senior Vice President at BASF Personal Care Europe. “That’s why we are collaborating intensively with our customers and suppliers, and also want to involve more smallholders in the dialog. The project in West Kalimantan is an important step in this direction.”

Higher yields and increased income for smallholders

The productivity of small farms in the palm oil industry is estimated to be 40 percent lower than the average when compared with larger companies. Measures ranging from farmer trainings to sustainable farming methods are expected to increase palm fruit yields and increase smallholders’ revenue. “We are delighted that Henkel and BASF are supporting this project in West Kalimantan,” said Marieke Leegwater, program manager palm oil at Solidaridad. “We think that it is of great interest that companies using palm oil products take responsibility beyond just buying sustainable palm oil, and contribute to investing in more sustainable and inclusive palm oil supply chains on the ground. This project certainly contributes to building such inclusive and sustainable chains, as it is expected to make a significant contribution to improve the livelihoods of independent oil palm farmers in the province of West Kalimantan, one of the poorest regions in Indonesia.”

Further information is available at www.henkel.com/palmoil and <http://bit.ly/palm-dialog>.

About Henkel

Henkel operates worldwide with leading brands and technologies in three business units: Laundry & Home Care, Beauty Care and Adhesive Technologies. Founded in 1876, Henkel holds globally leading market positions, both in the consumer and in the industrial businesses, with well-known brands such as Persil, Schwarzkopf and Loctite. Henkel employs about 50,000 people and reported sales of 18.1 billion euros and adjusted operating profit of 2.9 billion euros in fiscal 2015. Henkel's preferred shares are listed in the German stock index DAX.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 112,000 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 more than €70 billion in 2015. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN). Further information at www.basf.com.

About Solidaridad

Solidaridad envisions a world in which all we produce, and all we consume, can sustain us while respecting the planet, each other and the next generations. The mission of Solidaridad is to bring together supply chain players and engage them with innovative solutions to improve production, ensuring the transition to a sustainable and inclusive economy that maximizes the benefit for all.

Photo material is available online at:

- www.henkel.com/press-and-media
- www.basf.com/en/company/news-and-media/news-releases

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