

Press Release

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Innovative project supports palm oil smallholders in Colombia with digital tool

Digital boost for palm oil farmers

Düsseldorf – Henkel is partnering with the international development organization Solidaridad to promote sustainable palm oil and support smallholder farmers in Colombia. The new project is one of seven that Henkel is currently engaged in with Solidaridad around the world – but has an important difference: It is leveraging digital technology to support and empower smallholders.

The project in Colombia supports farmers through an innovative new platform called *Farming Solution*. It was developed by Solidaridad to strengthen collaboration throughout the palm oil supply chain and empower smallholders to increase productivity, reduce environmental impacts and take important steps toward having their crops certified as sustainable. By doing this, it opens up new markets for small farmers and provides increased job stability for the local workforce.

Digital tool empowering smallholders

Smallholders complete a self-assessment questionnaire to evaluate the challenges facing their specific farm. Based on this input, the tool develops a tailored set of recommendations for how to improve their agricultural practices using knowledge gathered from farmers' associations and expert groups around the world. Farmers then begin executing their unique action plan, with the help of supporting materials including an online library of manuals and tutorial videos. The platform allows them to monitor their development and compare progress against peer group benchmarking data – so they can continually improve their practices and achieve sustainability certification for their crops.

“This new project shows the massive potential for digital technology to drive progress toward sustainability,” says Prof. Dr. Thomas Müller-Kirschbaum, Head of Global Research and Development in Henkel’s Laundry & Home Care business unit. “It represents another step forward with our commitment to going beyond buying

certified palm oil, and directly supporting the farmers who grow the oil palm fruit on small farms. We're proud to be supporting this approach together with Solidaridad."

"We are delighted to have Henkel as a partner for this project in Colombia," says Heske Verburg, Managing Director at Solidaridad. "The only way to create a truly sustainable supply chain is for companies to support progress on the ground, and include smallholders and workers in this process. Henkel has shown that it understands this, and that the company is committed to building inclusive and sustainable supply chains. This partnership in Colombia will improve the livelihoods of hundreds of independent oil palm farmers and thousands of workers in some of the poorest regions of Colombia by leveraging a new digital platform, and we're looking forward to making a significant impact with this innovative tool."

A pioneering difference to farmers' lives

Palm oil is an increasingly important commodity in South America. The crop represented 3.3 percent of Colombia's agricultural GDP in 2016, with 1.1 million tons of crude palm oil produced across 476,782 hectares of land. Around half of this is produced by more than 5,000 Colombian smallholders – and these independent farmers face some challenges. For example, productivity on independent farms is estimated to be 40 percent lower than it is on the average large farm. As many of the largest buyers of palm-related materials have made commitments to ensure that the oil and derivatives that they purchase are certified as sustainable, some smallholders may face a decrease in market access if their crops are not produced in line with criteria such as those from the Roundtable on Sustainable Palm Oil (RSPO). That's where projects like this latest partnership between Henkel and Solidaridad make a pioneering difference to farmers' lives, by accelerating the adoption of sustainable practices.

Supporting sustainable practices along the entire palm oil value chain

This latest project in Colombia is the seventh initiative for palm oil smallholders that Henkel is currently supporting around the world, alongside others in Ghana, Honduras, Indonesia, Mexico, Nicaragua, and Nigeria. The projects provide training in efficient and sustainable farming methods, which enables small farmers to increase productivity, certify their crops as sustainable, and improve their livelihoods. Henkel's commitment to supporting sustainable practices along the entire palm oil value chain is built around a set of specific targets that focus its efforts on key challenges. By 2020, the company aims to ensure that all palm and palm kernel oil used in its products is cultivated sustainably in line with the RSPO Mass Balance model, and to increase the supply of sustainable oil available on the market by a volume equal to Henkel's demand in 2020. The majority of Henkel's demand for palm materials is related to palm kernel oil, which forms the basis of the surfactants that it

uses in its detergent and cosmetic products. These materials are at the end of a long and often complex supply chain: For this reason, Henkel is committed to driving progress toward achieving sustainable practices right across the palm oil industry – along the value chain.

More information about Henkel’s approach to sustainable palm oil can be found at www.henkel.com/sustainability/what-we-do/promoting-sustainable-palm-oil-and-palm-kernel-oil

About Henkel

Henkel operates globally with a well-balanced and diversified portfolio. The company holds leading positions with its three business units in both industrial and consumer businesses thanks to strong brands, innovations and technologies. Henkel Adhesive Technologies is the global leader in the adhesives market – across all industry segments worldwide. In its Laundry & Home Care and Beauty Care businesses, Henkel holds leading positions in many markets and categories around the world. Founded in 1876, Henkel looks back on more than 140 years of success. In 2016, Henkel reported sales of 18.7 billion euros and adjusted operating profit of 3.2 billion euros. Combined sales of the respective top brands of the three business units – Loctite, Schwarzkopf and Persil – amounted to more than 6 billion euros. Henkel employs more than 50,000 people globally – a passionate and highly diverse team, united by a strong company culture, a common purpose to create sustainable value, and shared values. As a recognized leader in sustainability, Henkel holds top positions in many international indices and rankings. Henkel’s preferred shares are listed in the German stock index DAX. For more information, please visit www.henkel.com.

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