

SOCIAL GOOD:

Giving Back

Sharing the benefits of the business with the communities where we operate is embedded in our sustainability framework and in our Company's aim to contribute to nation-building.

Giving back allows our business to be a positive presence and to leave an enduring legacy. Pilipinas Shell achieves this through social performance and social investment. Social performance seeks to enhance the positive impacts and avoid the negative impacts of the business by being a responsible neighbor. Social investment, on the other hand, maximizes benefits through strategic contributions to support the development of our partners and communities. [103-1](#) [103-2](#)

Each major facility has a Social Performance Plan that is reviewed annually. In alignment with global best practice, Pilipinas Shell also conducts a self-assessment exercise, the Joint Assessment Review (JAR), which is based on the Social Performance Manual requirements. The JAR enables the business leaders to collaborate with the asset managers and local social performance teams to highlight areas for improvement, implement management actions approved by the Country Chairman, and ensure that results are delivered within the year. [103-3](#)

Pilipinas Shell recently concluded a review of its approach to social investments for 2018-2020. The result of the refresh was to sharpen the strategy and drive social investments across the business. Attuned to the global direction, we laid out a set of priority themes to guide the selection of social investments for the business, without discounting that Pilipinas Shell assets may have activities and investments that are specific to their locations and host communities. [103-2](#)

"Dito talaga sa amin sa Quezon ho, kapag aasa ka lang sa niyog, ay talagang kakapusin ka sa paghahanapbuhay. Kaya gumagawa ako ng ibang paraan para kumita."

(Here in Quezon, if you just rely on coconut, you will fall short in terms of livelihood. That is why I look for other ways to earn.)

LEONIDO MARASIGAN,
Coconut farmer and Micro-financier



Giving back allows our business to be a positive presence and to leave an enduring legacy.



The three global themes for social investments are:

Access to Energy. Access to safe and clean sources of energy enables social and economic development in local communities, particularly those in areas that are off the grid. Pilipinas Shell utilizes its core business skills and resources to energize local communities in our areas of operation.

Community Skills and Enterprise Development (CSED). Pilipinas Shell ensures the social development of our fenceline communities. We undertake initiatives to build capacity for sustainable livelihoods with the goal of increasing household income and quality of life.

Science, Technology, Engineering and Mathematics (STEM) education. STEM is at the core of our business. Pilipinas Shell supports the youth to gain relevant knowledge and develop their capacities to enable them to address the challenges in the oil and gas industry.

Our initiatives combine the strategic approach to social investments, with programs that are relevant both to the communities in which we operate and to the Shell business. Pilipinas Shell Foundation, Inc. (PSFI) is the social development arm of the Shell companies in the Philippines (SciP) that supports the delivery of social investment programs aligned with the Country priority themes.

Driven by our Business Principles and our Core Values, we strive to create value in communities where we operate.

COMMUNITY-BUILDING AND OUTREACH ACTIVITIES IN 2018

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EDUCATION FOR BETTER LIVELIHOOD

103 Shell-PhilDev Scholars
pursuing STEM-related fields

26 Bright Ideas entries
submitted from all over the country

22 graduates of Unlad sa Pasada
scholarship program for dependents of Shell *Pepeng Pasada* Club members

136 scholars
of *Gas Mo, Bukas Ko* (GMBK)

83 graduates
of GMBK-Fund for University Education and Leadership (FUEL) Development Scholarship Program



ENTERPRISE DEVELOPMENT

20 out-of-school youths trained
under *Sanayan sa Kakayahang Industriya* (SKIL) at NMIF host *Barangays* (Villages) Puntod and Macabalan

40 women, 2 cooperatives
trained in entrepreneurship under *Sanayan sa Kakayahan sa Pangangalakal* (SKP) at NMIF



HEALTH & SAFETY MISSIONS

169,407 beneficiaries
of Movement Against Malaria (MAM)

10 bags of blood
donated to children living with HIV/AIDS under the Blood Supply Program

64 schoolchildren
provided nutritious food under the Green School Program



ENVIRONMENT CONSERVATION & CLIMATE RESILIENCE

120 volunteers
participated in a tree planting activity via the Shell ACTS program

5 teachers
trained in Integrated Farming Bio-Systems (IFBS) under the Green School Program



DISASTER RESPONSE & MITIGATION

13 officials
from Brgy. Puntod received disaster response and risk management training

1 rubber boat
donated by NMIF to Brgy. Puntod



LOCAL CONTENT DEVELOPMENT

6 graduates turned Shell employees
of the Shell-PhilDev Scholarship Program now working at NMIF and terminals in Davao, Cebu, Bohol, and Zamboanga

150 farmer-beneficiaries
of Project COCONUT learning organic farming, cooperative management, and leadership

3 hectares
planted with coffee and cacao crops by Shell volunteers in Tabangao, under the Shell ACTS program

Movement Against Malaria

Through the Pilipinas Shell Foundation, Inc., Pilipinas Shell supports the Movement Against Malaria (MAM), a program that aims to prevent, control, and eradicate malaria in the Philippines.

From 1999-2010, MAM's efforts contributed to the disease being delisted from the 10 leading causes of morbidity in the Philippines, after almost half a century of being consistently on the list. At the time, 40 malaria-endemic provinces were declared free of the disease. In 2018, 58 provinces were officially-declared malaria-free, meaning there have been no indigenous cases of malaria in these areas for a period of five years.

**MOVEMENT AGAINST MALARIA
BY THE NUMBERS (2018)**



169,407
Beneficiaries



429,471
Long-lasting insecticide-treated bed nets distributed



153,090
Houses sprayed



774
Service providers trained



MOVEMENT AGAINST MALARIA
Under the MAM program, anti-malaria kits and treated mosquito nets were distributed by PSFI

**Being a Good Neighbor:
Social development along the fenceline**

Pilipinas Shell has two facilities with significant environmental and social footprints: the Tabangao Refinery and the North Mindanao Import Facility (NMIF). The refinery maintains engagements with five *barangays* (Tabangao, Ambulong, Libjo, San Isidro, and Malitam or TALIM), while NMIF has two *barangays* in its immediate vicinity (Brgy. Puntod and Brgy. Macabalan).

We conduct community profiling and sensing, and periodic perception surveys (upon entry, and every three to five years thereafter). We hold periodic meetings with key stakeholders and enter into partnerships with the local authorities and *barangay* associations. Both Tabangao and NMIF conduct quarterly townhall meetings ("*Ugnayan sa Barangay*") for members of the host communities to give feedback and express their concerns regarding the facility. We also host facility tours to educate stakeholders on our methods. Our employee-volunteers often also serve as our ambassadors.

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Pilipinas Shell's Tabangao Refinery underwent a Social Performance Review on October 15-19, 2018 that validated the best practices of the refinery on SP Management, and the delivery of strategic social investments to fenceline communities. The audit also found that there are still opportunities for improvement, particularly in terms of creative solutions for the fisherfolk in Batangas. Currently, Pilipinas Shell is undergoing talks with the *Lakas ng Mangingisda sa Baybayin ng Tabangao* (LAMBAT) to discuss mutually beneficial programs that will help both the fishermen and the refinery. 103-3

Relocation and Rehabilitation OG 11

When establishing our presence in any area, Pilipinas Shell ensures that residential communities are located at a safe distance from the assets. During operations, the Company steps in to help locals find better homes away from the vulnerable areas that are prone to natural disasters. Upon exit, the Company also ensures that the vacated land is safe for either residential or commercial/industrial purposes.

The remediation of what was formerly the Pandacan Terminal is in its final stages. Following the site visit by the Environment Bureau of the DENR last June 19, 2018, PSPC will be submitting the final remediation report upon the completion of the project.

Kawayanville – Anibong, Tacloban, Leyte

Pilipinas Shell Foundation, Inc. (PSFI), in partnership with Habitat for Humanity, relocated 146 families from *Barangay* 70 from the periphery of the terminal in Rawis, Anibong, Tacloban City to safer, permanent homes in Kawayanville. In 2018, with the help of Mactan Rock Industries, the residents were provided reliable access to water (10 cubic meters for a minimum monthly fee of Php 250). More beneficiaries from Brgy. 70 are expected to transfer to Kawayanville as they are guaranteed disaster-resilient homes away from the danger zones that were devastated by recent typhoons.

GK Canitoan – Cagayan de Oro, Misamis Oriental

OG 12

Twenty households that were relocated in 2016 to the Gawad Kalinga-Canitoan Village have settled in and are benefiting from post-resettlement initiatives, such as training in vegetable gardening/backyard farming. Plans are underway for the establishment of a community store. The residents will also be receiving entrepreneurial skills training, with loan assistance earmarked for those who will manage the community store or start a small business of their own.



BETTER HOMES
Children settle into their new home, secure that their community will prove more resilient to natural disasters



EMERGENCY-READY
Members of a *barangay* Emergency Response Team participate in a Pilipinas Shell-sponsored training exercise



NMIF Current Outlook: Changing Perceptions

Since its commissioning in 2016, Shell's North Mindanao Import Facility (NMIF) in Cagayan de Oro City has been delivering fuel products in the Visayas and Mindanao Regions—operating responsibly by managing its social and environmental impacts on neighboring communities and building a good relationship with stakeholders.

In 2018, Pilipinas Shell worked with the University of the Philippines to update the Community Perception Study, a survey initiated by the Company in 2016, in partnership with Xavier University-Ateneo de Cagayan. The study captures the perception of locals on the presence of NMIF in their community. The insights from the initiative will be helpful in addressing the concerns of the community.

In the meantime, facility tours for key stakeholders and regular community and townhall meetings keep communication lines open. The fact that NMIF has met the safety ambitions of Pilipinas Shell has gone a long way to ease concerns from the community. In 2018, for example, there were no recorded injuries, process safety and product quality incidents, and spills at NMIF.

Pilipinas Shell's continued partnership with government regulators such as the Bureau of Fire Protection, Philippine Ports Authority, Philippine National Police, Philippine Coast Guard, and *barangay* officials in conducting joint emergency response drills and road safety training sessions has served as a platform for improving the perceptions about NMIF's operations. Through these activities, locals are made aware of the Company's readiness to assist during emergency situations as well as of Shell's Golden Rules on compliance with laws, standards and procedures; intervening on unsafe or non-compliant actions; and respecting our neighbors.

Various community programs and stakeholder engagement initiatives done by NMIF have also fostered goodwill and improved public perception. These include technical-vocational training for out-of-school youth and entrepreneurship training for women entrepreneurs and cooperatives; conservation activities at Mount Kalatungan Watershed in partnership with Xavier Science Foundation; a marine study on Macajalar Bay that measured the footprint of NMIF fuel tanker deliveries; and a solid waste management program to reduce plastics in partnership with Green Antz and billionBricks.

Based on face-to-face engagements among the Community Liaison Officers and PSFI project managers with the community members, the locals have warmed to the presence of Pilipinas Shell. This feedback has been further validated by various local and national awards: Champion for the Environment, Recognition for being a partner in Community Safety, Recognition for being a partner in Educational Facility Development, Top Importer Award, Gold Quill Award and Anvil Award for Managing Community Perception.

Although NMIF is not covered by the Social Performance Manual as it is a storage facility estimated to be under USD100 million and with social impacts that are minimal compared to other assets of Pilipinas Shell (e.g. Tabangao Refinery), the Facilities Leadership Team, which includes the Downstream SP Adviser, strongly supports SP initiatives by standing as advisory board to any actions related to managing the social impact of NMIF. The team also supports the continued implementation of social investment projects from 2018 to 2021. The vision for NMIF is to create productive and self-reliant neighboring communities that promote environmental stewardship and mirror the HSSE best practices of Shell.

Economic inclusion

Beyond employment that prioritizes qualified local hires, Pilipinas Shell reaches out to the local community to cultivate marketable skills, and to help build and support microenterprises. There are 60,000 enterprises in the country, of which only 8% are small and medium enterprises—92% are microenterprises in need of support. Moreover, by targeting the breadwinners as well as the overlooked members of the community, economic benefits are cascaded to their families.

Suporta sa Buhay (SUHAY)

A microfinance program aimed at assisting community micro-entrepreneurs in augmenting the capital needs for their businesses.

Maghanap-Buhay sa Bahay (MAGBUHAY)

A program that aims to give livelihood opportunities to housewives by developing their income-generating capacity, thus helping to sustain the financial needs of their family. This also helps elevate the status of women who previously had limited access to resources and were not involved in decision-making for the household.

Sanayan sa Kakayahang Pangangalakal (SKP)

An entrepreneurship skills development course providing residents in poverty-stricken areas the technical assistance to establish or expand small businesses.

Sanayan sa Kakayahang Pang-Industriya (SKIL)

A legacy program of Pilipinas Shell that provides technical-vocational scholarships to schools accredited by the Technical Education and Skills Development Authority (TESDA). Upon graduation, the scholars are linked to partner enterprises for apprenticeship and/or employment.

Gas Mo, Bukas Ko (GMBK)

Established in 2007, GMBK offers basic skills and alternative livelihood training. It was initially offered to retail station service champions or forecourt staff and their dependents, but later expanded to contractors of Pilipinas Shell, and workers in public transport. In 2014, PSFI also launched the GMBK-Fund for University Education and Leadership (FUEL) scholarship program, which provides university scholarships to beneficiaries, apart from training from PSFI.



EMPOWERING WOMEN

PSFI and *Silangan Ibabaw Batis Butihan Araneta Proper* (SIBBAP) enable womenpreneurs to make garments for schools and corporations



ACCELERATING SME GROWTH

Ongoing *Magbuhay* Training activity boosts livelihood and entrepreneurship for TALIM communities



LEADING ENGAGEMENT

Liaison officers regularly consult with the community, including its senior members, to determine their concerns and needs



TEAM MACABALAN
Members of the NKKMA cooperative celebrate their new capacity-building partnership with PSFI

PSFI partners with NKKMA and Green Antz Builders

At NMIF, PSFI provided a cooperative development workshop to a community cooperative called *Nagkahiusang Katawhang Kabus sa Macabalan Association** (NKKMA), which will serve as conduit for the microfinance program for over 40 female graduates of SKP. PSFI has tapped the Department of Trade and Industry and Xavier University-Ateneo de Cagayan to provide technical assistance such as refining business loan applications by NKKMA members so they may qualify for microfinance loans.

A collaboration with Shell Singapore was forged through their Shell Idea Refinery Program, which allotted funds to billionBricks—a social enterprise that provides sustainable structures. The scalable and replicable designs made available to vulnerable communities, globally, are referred to as “HYDE” structures. A solar powered PowerHyde structure will be piloted in Cagayan de Oro as a livelihood training center for women and the cooperative hub of NKKMA.

PSFI is also implementing its Triple B (*Bawas Basura sa Barangay*) or Reduce Waste in the Community program to address both waste management and the provision of livelihood for the community through the collection and selling of recyclables. For Cagayan de Oro (CDO), the social innovation for Triple B is the partnership with the local social enterprise Green Antz Builders, Inc., which has the technology to manufacture eco-bricks or hollow blocks out of plastic materials. Waste from the CDO community as well as waste from NMIF and Shell Retail sites (e.g., used lubricants bottles) are processed into building material that can be used for building community structures and for new Shell stations. [Read related story, “Building more energy-efficient retail stations,” on page 41.]

PSFI facilitates the partnerships that tie the initiatives together. Excess recyclable plastic from Triple B can also be utilized by Plastic Bank, a global partner of Shell Retail, that directly connects the community with manufacturers that buy recyclables. An eco-brick processing hub will be set up in the community in partnership with the local government and NKKMA.



* *Nagkahiusang Katawhang Kabus sa Macabalan Association* (NKKMA) roughly translated, means Association of Underprivileged of Macabalan.

Youth education

To tackle the emerging global challenges, such as the energy transition, Pilipinas Shell believes that young people must be given the opportunity to develop skills to equip them for the jobs of tomorrow and to enable them to adapt to a rapidly changing world. Our goal is to equip the next generation of innovators and problem-solvers with the skills to lead the emerging energy transition.

The Bright Ideas Challenge Program (TBIC)

This competition encourages high school students to imagine how cities of the future might be powered, using STEM knowledge to think of innovative energy solutions that tackle real-world problems and make a positive difference in the world. Philippine Science High School-Cagayan Valley Campus won the inaugural TBIC Philippines with their entry, “A Pico-Hydroelectric Generator for Future Homes.”

Shell PhilDev Scholarship Fund

Since 2012, Pilipinas Shell has supported the Philippine S&T Development Foundation–Manila, Inc. (PhilDev) scholarship program called the “SuperFund Scholarships for Science and Engineering.” Aside from financial support, Pilipinas Shell organizes an annual leadership camp and mentorship program to further enhance the scholars’ skills and capacities. Currently, there are 103 Shell-PhilDev scholars enrolled at university, and six alumni employed in Pilipinas Shell.

NXplorers

An innovative educational program that introduces young people to the complex and creative thinking needed to bring about positive change. Focused on the food-water-energy nexus, the program aims to build awareness, develop knowledge, and provide thinking tools and complex problem-solving skills to the leaders of the future.



Pilipinas Shell taps bright young scientific minds to solve community problems

Growing future leaders: From PhilDev scholar to Shell employee

At the global level, Shell’s approach has been to support STEM education with emphasis on under-represented groups, including ethnic minorities, women, and the socio-economically disadvantaged. In the Philippines, our focus on STEM supports the government in its drive toward a knowledge-based economy while also enhancing social mobility. With science and engineering careers on the rise, more effort is needed to ensure that graduates are adequately prepared and ready to take on the challenges of tomorrow.

STEM in the Philippines

Batch	School Year	No. of scholars
1	2013-2014	37
2	2014-2015	45
3	2015-2016	34
4	2016-2017	38
5	2017-2018	28

23 of the current number of scholar-graduates were awarded **Latin Honors: 1 summa cum laude, 2 magna cum laude and 20 cum laude**

2 Shell-PhilDev scholars were **board topnotchers in 2018** (2nd in the September 2018 Electrical Engineering Board Exams and 9th in the November 2018 Civil Engineering Board Exams)

31 graduates started working in STEM-related fields in 2018

Six Shell-PhilDev scholars employed by Shell

Reinwill Boyles

Terminal Operations Administrator,
NMIF CDO

Kerstein Kyle Despi

Terminal Operations Administrator, Davao

Alexis Magret Berion

Terminal Operations Administrator, Cebu

Louie Nathan Palola

Terminal Operations Administrator, Bohol

Mark Chester Rey

Terminal Operations Administrator, Cebu

Julius Cesar Magno

Terminal Operations Administrator, Pandacan

As of 2018, the program has produced 42 graduates who are now working in STEM-related fields. Of these, six PhilDev scholars are employed by Pilipinas Shell. Among them is Reinwill Boyles, now a Terminal Operations Administrator at the North Mindanao Import Facility (NMIF) in Cagayan de Oro. He was invited to apply for the PhilDev scholarship, given that he was pursuing his Chemical Engineering degree, and met the general weighted average required by the program. He was accepted after impressing the Shell PhilDev team during the interview process.

Boyles was hired by Pilipinas Shell in November 2017, prior to passing the Board Examination for Chemical Engineers. “Being a scholar, and at the same time an employee of Shell - I know that people have pinned high hopes on me, and the challenge now is to live up to their expectations. I am motivated to do my best to prove that I am worthy of this opportunity, and I am very happy with the trust and confidence given to me by management,” shares Boyles.

He counts himself among the fortunate ones, for having the opportunity to work at NMIF. He keeps in touch with his batchmates and fellow PhilDev scholars who are now also part of the Company. Their experience as scholars has instilled in them a kind of discipline and drive to deliver value.

“I learned to become resilient and flexible. Working with Pilipinas Shell comes with many challenges. There have been moments when I am given a task that I am not familiar with, which means I need to start from scratch. But resilience and flexibility have enabled me to accomplish the given tasks. Whatever challenges or tasks are given, I will deliver and do the best I can,” says Boyles.

EMPLOYEE VOLUNTEERISM

Shell encourages staff volunteerism as part of sharing the benefits of the business with communities in areas where we operate. Last August 2018, a new program entitled “Shell ACTS: A Community That Serves,” institutionalized volunteerism by involving Shell employees in the Philippines in the activities spearheaded by PSFI. Paying it forward is made easier with the full support of SciP manpower.



Shell ACTS: A Community That Serves

“The future belongs to the few of us still willing to get our hands dirty,” says Christian Jeff Garma, a Shell volunteer who has participated in tree-planting and *Brigada Eskwela* 2018 activities in Batangas. There is palpable satisfaction in his tone when he declares, “Shell prides itself on its culture of volunteerism and capacity to create a meaningful impact on our community.”

Volunteers, many of them young professionals, benefit from diversifying their social networks through such socio-civic activities. It allows them to cement a bond with fellow employees, even as they strive to understand the world just outside of their work, which is crucial to personal as well as professional development. This is particularly true in Pilipinas Shell, where employees look to join in acts of service.

“There was a clamor from the young people for volunteerism activities. People are really passionate about helping others, and so we formed Shell ACTS to keep all these volunteerism activities focused and centralized,” says Karla Lukban-Zarate, External Relations Adviser at Pilipinas Shell. “Everyone is welcome to join. We opened Shell ACTS to all staff and agency partners of Pilipinas Shell.”

Prior to Shell ACTS, volunteer call-outs for corporate social responsibility (CSR) and Foundation activities were made through internal bulletins and emails. With the launch of Shell ACTS at the different work sites, employees are able to sign up for “service buckets” matched to their interests and helmed by a program manager and administrator from PSFI. They also regularly interact via Yammer for updates on the ongoing activities.

The volunteerism activities are streamlined according to the global themes of Social Investments of Pilipinas Shell—access to energy, community skills and enterprise development (CSED), and STEM education—as well as special activities under disaster relief and environmental management. All activities are under the purview of the External Relations and Human Resources of Pilipinas Shell.

“Everything is done through the Foundation, because we don’t want to pull away from the focused activities of PSFI,” says Zarate, noting that there is a pre-activity discussion on safety and on the purpose of the activity to orient the volunteers. “The budget is set for the calendar of activities. It’s really their presence and their service that we need.”

2018 Shell ACTS activity

- Liter of Light workshop to create solar lamps (Jan 27)
- Liter of Light turnover of solar lamps and donations at Angat Dam
- Mentorship of NXplorers participants in preparation for The Bright Ideas Challenge
- Shell Eco-marathon (Jan 27)
- Brigada Eskwela at TALIM *barangays* (May 28-June 1)
- PhilDev Camp (July 23-27)
- Tabangao Medical & Dental (Sept. 1)
- International Coastal Clean-Up (Sept. 22)
- Tree-planting activity (Nov. 24)

Volunteers

- 7 from Pilipinas Shell
5 from SBO
- 7 from Pilipinas Shell
1 from SPEX
21 from partner-agencies
- 3 from Pilipinas Shell
9 from SPEX
- 22 from Pilipinas Shell
2 from SPEX
1 from PSFI
- 38 from Pilipinas Shell
4 from SPEX
50 from SBO
- 18 from Pilipinas Shell
3 from SPEX
6 from SBO
- 3 from Pilipinas Shell Tabangao
2 from SPEX
29 from SBO
1 from PSFI
- 2 from Pilipinas Shell
2 from SPEX
28 from SBO
1 from PSFI
- 1 from Pilipinas Shell
5 from SPEX
74 from SBO
2 from PSFI
38 from partner-agencies

PARTNERSHIPS FOR DEVELOPMENT



Project COCONUT: Sustaining the biofuel chain

To have a quality product, one must have quality inputs.

In 2018, Pilipinas Shell, together with the Pilipinas Shell Foundation, Inc. (PSFI), JNJ Oil Industries, Inc., and Shell International, formed the Collaboration for Coconut Productivity and Nurturing Farmers' Trade (Project COCONUT) to protect and sustain the local supply chain for biofuels. The new program will provide coconut farmers with the technical training and support to produce a quality harvest and earn a stable income.

Coconut farmers in the Philippines, estimated by the Department of Agriculture to number 3.5 million, recently saw their income cut by more than half as a result of plunging prices for copra. Most of these farmers are paid a daily minimum wage for specific tasks or split the gains from the harvest with the landowner in exchange for managing the entire coconut farm.

To ensure that everyone gets a fair share, the harvest must be plentiful—unfortunately, many coconut farms have aging coconut trees with very low yield and often the coconut farmers lack the technical know-how to turn their farms around. Project COCONUT intends to create a more enabling environment so that the farmers can maximize the potential of their farms.



From the ground, up

Each coconut farm usually employs a *mangkakawit* (harvester), a *manghahakot* (gatherer and transporter), and a *mambubunot* (dehusker operator). Smallholder farmers manage between two hectares up to 10 hectares of land that is usually leased to them. Around 50% of these farmers rely exclusively on profits from coconut farming. As a result, the inhibitive pricing on copra has hit them hard, including their laborers.

"Kung dati nakakakuha kami ng Php 800, Php 900, o Php 1,100 bawat

kilo, ngayon Php 450 na lang [In the past, we would get Php 800 to Php 1,100 per kilo, now we only get Php 450]," says Leonido Marasigan, a 48-year-old father of three who manages a plantation in Quezon Province. To save on labor expenses, Marasigan uses his own horse to gather the coconuts.

In a single harvest, a farmer with a three-hectare farm could yield anywhere from 1,000 to 5,000 coconuts. At current copra prices, 1,000 coconuts can net a *mangkakawit* Php 400 to Php 450; and a *mambubunot* around Php 300 to break open those same 1,000 coconuts.

Marasigan says the wages can go no lower, or else they lose manpower altogether. Laborers are abandoning the farms for their off-season jobs, simply because manning construction crews or driving passenger vehicles pays better.

The CME solution

Copra or dried coconut meat serves as raw material for biofuels. By law, biodiesel sold domestically must contain 2% coco-methyl ester (CME), which is a derivative of the coconut oil extracted from copra.

Pilipinas Shell has been supportive of the standards set by the Philippine government, and recognizes the need to help the struggling coconut farmers. Thus, Pilipinas Shell partnered with CME supplier JNJ Oil to establish Project COCONUT.

PSFI has designed Project COCONUT so that the farmers could (1) hone their psychosocial skills via the Leadership Enhancement and Attitude Development (LEAD) workshop; (2) learn effective methods through Integrated Farming Bio-Systems (IFBS) training sessions; and (3) develop their entrepreneurial and management skills through the *Sanayan sa Kakayahang Pangangalakal* (SKP).

Moreover, PSFI teaches the farmers how to organize themselves into a cooperative, so that they would be able to scale up and command a bigger share of the market.

Project COCONUT received a budget of USD150,000 (Php 8 million) to implement these activities within a three-year lifespan. This covers training fees, and material inputs (vegetable seeds, inoculants, livestock, etc.) to support a total of 150 farmers.

As of December 2018, PSFI had already completed the workshops for two farming groups from the municipalities of Unisan and Agdangan in Quezon province. The farmers learned the method of inter-cropping vegetables among the coconut

trees. Some have embraced animal husbandry and are now growing organic chickens and hogs. They were also taught how to create organic fertilizer and condition the soil for better plant nutrition.

"Mainam na lumawak ang iyong kaalaman [It's good to expand your knowledge]," says Van Clifford Villapando, a *kagawad* (councilor) with a modest coconut farm. He now intersperses mango trees and banana shrubs with the coconut trees in his property. He also dedicates small plots for planting vegetables. Using his newfound knowledge of organic crop rotation, he no longer relies on just the coconut harvest.

For his part, Marasigan gleefully displays healthy strands of beans strung along the roadside fence fronting his home, and a pumpkin patch in his backyard. *"Nakakatulong ang magtanim ka ng sarili mong gulay dahil makakapagbenta ka na sa iyong mga kapitbahay, may sarili ka pang pagkain* [It helps to grow your own vegetables. You can sell some to your neighbors, but you also have some left over for yourself]," says the practical Marasigan.

More than just CSR

At the JNJ Oleochemical Plant in Lucena City, Quezon, the scent of coconut is heavy in the air, and the warehouse is filled to the rafters with copra. In a week, as much as 600 tons of CNO are processed. The oil is refined, blended, and deodorized to the specific requirements of Pilipinas Shell. Though not required under law, the CME produced by JNJ is certified "food-grade" by SGS Philippines before it is blended into the biodiesel that is sold at Pilipinas Shell retail stations.

"If you have CME in biodiesel for the long-term, and you do not do anything to help the source of the product be sustainable, then you are going to face the supply-and-demand pressures down the line anyway," points out PSFI program development manager Jay Javier. With Project COCONUT underway, there is assurance

that the farmers will keep supplying top-quality inputs. Moreover, the two farmers' groups have already organized themselves into cooperatives, which bodes well for future collaboration. There is also talk of expanding the program to neighboring Padre Burgos, with six farmers already invited to join the workshops.

Marasigan, a former *barangay* captain and now budding microfinancier, has proposed that he be allowed to set up a loan facility for the members of his new cooperative. Already flexing his entrepreneurial chops, he has been loaning money to *kagawads* in four *barangays* (villages)—and was able to grow his initial capital of Php 70,000 to Php 300,000. He has high hopes that the cooperative will be able to grow the members' pooled resources to their mutual benefit.

"Dito talaga sa amin sa Quezon ho, kapag aasa ka lang sa niyog, ay talagang kakapusan ka sa paghahanapbuhay. Kaya gumagawa ako ng ibang paraan para kumita [Here in Quezon, if you just rely on coconut, you will fall short in terms of livelihood. That is why I look for other ways to earn]," says Marasigan.

Changemakers in a World Overflowing with Plastic

Running a responsible business also means working with our partners and customers to promote social good.

“Given our extensive retail network in the Philippines, we want to find a way to reduce waste at the operational level. However, we also want to do it in such a way that we can also create a positive impact on society,” says Shell V-Power Brand Manager Mark Malabanan.

Our recently formed partnerships with Plastic Bank Philippines and Liter of Light to augment our efforts at reducing waste and promoting sustainability at the operational level, while uplifting the lives of marginalized sectors in the country. These two organizations are aligned with Pilipinas Shell’s advocacies on social responsibility and environmental stewardship.

Plastic Bank Philippines

The Philippines is currently the third largest contributor of ocean plastic waste in the world, behind only China and Indonesia. In 2016, Plastic Bank, a global organization bent on stopping ocean plastic pollution, set up shop in the Philippines to incentivize local informal waste collectors for the plastic waste they collect.

Pilipinas Shell has been supporting the advocacy of Plastic Bank Philippines through the sales of both Shell Saltwater Supercars and the Shell Select Eco Tumblers.

For every purchase of a Shell Saltwater Supercar, a Php 2 donation goes to Plastic Bank Philippines to support their community-building efforts in Baseco



Compound, an urban poor community which primarily subsists on informal waste collection. Through community building, Plastic Bank Philippines helps strengthen the relationships among the informal waste collectors, existing “junk shops,” and the local government to increase the waste collection and improve the living conditions of the local waste collectors. Ultimately, Plastic Bank Philippines hopes to transition these informal waste collectors from subsistence to cooperative enterprise.

In 2018, 514 retail stations nationwide offered the Saltwater Supercars, sales from which have generated over Php 1 million in donations. The initiative was also extended to benefit not just Baseco, Manila but other urban poor communities in Naga, Camarines Sur, and Cagayan de Oro, Misamis Oriental.

Pilipinas Shell has a long tradition of selling toy cars; however, this is the first time that the cars became an instrument for an advocacy. These supercars are teaching aids on energy innovation: they are powered when saltwater comes into contact with a metal plate stored

with energy. The racetracks are made of sugarcane, rather than plastic.

Each Shell Select Eco Tumbler, on the other hand, is crafted from recycled plastics, thereby helping keep as much as two kilograms of plastic waste from ending up in the oceans. With the eco-tumblers, customers avoid buying single-use plastic bottles, thus coming closer to adopting a greener and more sustainable lifestyle.

Liter of Light

As part of protecting the environment through repurposing discarded plastic bottles for use in alternative sources of sustainable energy to off-the-grid communities, Pilipinas Shell forged a partnership with Liter of Light, a global movement that provides affordable and sustainable solar power to light up the homes of indigent communities.

The first phase of the partnership entailed transforming Shell retail stations in Metro Manila into recycling stations for PET bottles. Then, Liter of Light trained volunteers from Pilipinas Shell on how to transform the collected PET bottles into solar-powered light bulbs.

“We saw the perfect partner in My Shelter Foundation, the umbrella organization of Liter of Light. The more bottles Filipinos can donate, the more light bulbs we can create for families who need them the most. Our customers get to support the cause by helping lessen waste while building more light bulbs,” adds Malabanan.

Overall, 10,000 bottles were collected by our various retail stations. In February 2018, Pilipinas Shell and Liter of Light turned over a portion of these solar-



powered light bulbs to around 100 families living within the Angat Dam in Norzagaray, Bulacan.

The second phase of the partnership commenced in January 2018, wherein, for every liter of fuel sold at participating Shell gas stations during an appointed day of donation, Php 1.00 will be donated to the Liter of Light Foundation.

In June 2018, Pilipinas Shell turned over a Php 3 million donation to the Liter of Light Foundation. “We plan to use this generous donation to provide more solar lights for some rural areas in Bulacan and Laguna,” says Illac Diaz, Founder and Executive Director of the Liter of Light Foundation.

Through these partnerships that amplify not just our efforts toward waste reduction, but also our advocacy to uplift the lives of disadvantaged sectors in society, Pilipinas Shell helps fuel our nation’s drive toward inclusive growth and development.



By the simple Shell Act of assembling and donating a Liter of Light, we were able to make a difference in this man’s life.

Driven by our values and the principles of sustainability, we hope to make the future much brighter for all Filipinos.



Pilipinas Shell retail station at the North Luzon Expressway

Sustainability is a solution that needs full support

Our strategic ambitions remain the same: to be a world-class investment case, a good neighbor who shares value with society, and a trusted partner in nation-building. Our sustainability practice allows us to do all this and maintain our strong societal license to operate.

It is heartening to see more companies voluntarily take on the challenge by the Securities and Exchange Commission to incorporate the principles of sustainability in their operations. Admittedly, however, there is still much work to be done.

We at Pilipinas Shell started our journey in 2016. Since then, we have tried to do justice to our commitment to improve on our performance yearly. We have been transparent about our gains and our challenges. Our effort to transform our retail stations into energy-efficient hubs is but one of our long-term investments to keep our environmental footprint small.

Despite remaining challenges, we have reached a point in our journey where we feel that we must move into the future. Our Management continues to lead in the energy transition debate; there can be no hesitation there, only determination. Sustainability needs more advocates, and we hope you could join us in this race to a better world.