

COFCO Meat: Converting Waste to Fertilizer*



A growing appetite for animal protein among Chinese consumers has led to an increase in industrialized farming. This approach to meat production comes with environmental challenges, such as extensive animal waste. Our portfolio company COFCO Meat (“COFCO”), a vertically integrated pork producer based in China, is focusing on creating a more efficient and useful process for manure disposal. The scale of the problem is large: COFCO’s production results in roughly 600,000 tons of manure annually in the Jilin, China region.

In partnership with the U.S. Grains Council and China Agriculture University, COFCO is conducting a pilot project to demonstrate that fertilizing land with fermented manure improves farming efficiency. For this project, COFCO received the 2017 Eco-Project Grant from KKR. In the project’s first year, the team sought to prove the concept by converting approximately 60,000 tons of manure into fertilizer, which it applied to 67 hectares of land to raise the soil nutrient content. On this land, the team tested various crops including rice, which showed a 100 percent increase in productivity compared with the normal practice of using chemical fertilizer. The team also harvested approximately 2.5 tons of sunflower seeds and 67.5 tons of sorghum that generated \$150,000 in additional revenue. COFCO seeks to scale and promote this method of manure fertilization to improve land use and add economic value in surrounding villages.

Sustainably planted

67

hectares to prove the concept of animal waste fertilization

* The case study about the company from the private equity portfolio shown above represents what we believe to be the most demonstrative example of the corresponding challenge. The specific portfolio company identified is not representative of all of the investments made, sold, or recommended for advisory clients, and it should not be assumed that the investment in the company identified was or will be profitable.