Policy for Responsible Management

Course: Climate Change Leadership (Uppsala Universitet)
21st of March 2018
(...) Socfin’s sustainability policies. We would love to hear the political and legal frameworks you work with towards sustainable agriculture, as well as some of the limitations of CSR on the productivity of your work.

(Mrs Laila Mendy, 11 Jan 2018)
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# Socfin Group

## Key figures (2016)

<table>
<thead>
<tr>
<th>Established in 1909</th>
<th>400 000 ha concession</th>
<th>45 971 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 countries</td>
<td>15 agro-industrial projects</td>
<td>21% of investment for sustainable development</td>
</tr>
<tr>
<td>124 495 ha oil palm</td>
<td>64 797 ha rubber</td>
<td>189 000 ha of planted area</td>
</tr>
<tr>
<td>376 810 T Crude Palm Oil</td>
<td>123 645 T Dry rubber</td>
<td>16 064 000 Oil Palm seeds</td>
</tr>
</tbody>
</table>

18 million EUR invested in social infrastructures and actions, health, work security and environment protection
Socfin in Africa

- **SAC**: 12,300 ha oil palm
- **LAC**: 13,800 ha rubber, 4,600 ha rubber
- **SoGB**: 15,900 ha rubber, 7,500 ha oil palm, 6,500 smallholders
- **PSG**: 600 ha rubber, 5,000 ha oil palm
- **Okomu**: 7,300 ha rubber, 14,500 ha oil palm
- **Socapalm**: 2,100 ha rubber, 32,900 ha oil palm
- **Safacam**: 4,200 ha rubber, 5,300 ha oil palm
- **Agripalma**: 2,200 ha oil palm
- **Brabanta**: 6,200 ha oil palm

**Statistics**

- Rubber planted (ha): 48,500
- Rubber Production (T): 108,300
- Oil Palm planted (ha): 85,900
- Palm oil Production PO (T): 179,500
Socfin in Asia

Cambodge

Coviphama
3 300 ha rubber
Socfin KCD
3 900 ha rubber

Indonesia

Socfindo
9 300 ha rubber
38 700 ha oil palm

Rubber planted (ha) 16'500
Rubber production (T) 13’200
Oil palm planted (ha) 38’700
Palm oil production (T) 181’400
A responsible management of its activities

Key figures (2016)

<table>
<thead>
<tr>
<th>Health</th>
<th>123 health centres</th>
<th>330,789 consultations</th>
<th>423 health staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>283 schools</td>
<td>2,426 teachers</td>
<td>52,391 students</td>
</tr>
<tr>
<td>Local development</td>
<td>6 tapping schools &amp;\n1 mechanic school</td>
<td>2 family farming schools: 65\nstudents</td>
<td>18 millions € in social\ninvestments</td>
</tr>
<tr>
<td>Certification</td>
<td>11 sites RSPO</td>
<td>13 sites ISO 14001</td>
<td>8 sites ISO 9001</td>
</tr>
</tbody>
</table>
Rubber cultivation

Before starting to clear the land...

- Prospection (greenfield / brownfield)
- Business plan
- Land title (leasehold from 25 to 99 years)
- Environmental and Social Impact Assessment
- (from 2016) High Carbon Stock Approach incl. Free Prior and Informed Consent
- Permits
- Compensations
- Clearing and/or replanting
Rubber cultivation

- Budwood gardens
- Nursery
- Grafting
- Planting: > 500 trees/ha; 8*2.5m
Rubber cultivation

- Windrows
- Planting on Contour
- Cover crop (legume)
Rubber cultivation

- Maintenance:
  - Fertilizers (NP)
  - Chemical and/or manual weeding
  - Pest management against *Fomes sp.*, *Oïdium*, *rats*
  - Fire fighting (*Hevea* is a deciduous tree)
Rubber cultivation

- Tapping
In the rubber factory
• Compared to oil palm fresh fruit bunches: Higher prices for smaller volumes, cuplumps may come from hundreds of kilometers (larger catchment area)

• Unlike the ffb, cuplumps may be stored for years, without losing the basic technical properties, and old cuplumps can still be processed. The « owner » may change several times before the cuplumps reach a factory.
Carbon sequestration

Addressing deforestation: High Carbon Stock Forests

- 1 ha of rubber trees store on average 8 T C per year
- 1 ha of mature rubber trees (30 years) store 239 T C/ha, comparable to natural forest

Plus Wood at life end
## Carbon sequestration

<table>
<thead>
<tr>
<th>Article: titre / auteur / year</th>
<th>TC/ha/year</th>
<th>TC/ha/30 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass measurement of rubber plantation in Indonesia Koren Sone / 2013</td>
<td>5.6 T C/ha/year</td>
<td>168</td>
</tr>
<tr>
<td>Simulation of the impacts of three management regimes on carbon sinks in rubber and oil palm plantation ecosystems of South-Western Cameroon Andrew Andrew E. Egbe, Pascal T. Tabot, Beatrice A. Fonge and Eneke Bechem / 2012</td>
<td>Max : 165 T C/ha sur 30 ans = 5.5 T C/year</td>
<td>165</td>
</tr>
<tr>
<td>Carbon stock in rubber tree plantations in Western Ghana and Mato Grosso (Brazil) J.B. Wauters, S. Coudert, E. Grallien, M. Jonard, Q. Ponette / 2008</td>
<td>IN THE TREE: 76 T C/ha for 14 years old stands = 5.4 T C/year ECOSYSTEM LEVEL: 135 T C/ha for 14 years old stands = 9.6 T C/year</td>
<td>tree 162 ecosyst 288</td>
</tr>
<tr>
<td>Carbon stock in rubber tree plantations in Western Ghana and Mato Grosso (Brazil) J.B. Wauters, S. Coudert, E. Grallien, M. Jonard, Q. Ponette / 2008</td>
<td>IN THE TREE: 42 T C/ha for 14 years old stands = 3 T C/years ECOSYSTEM LEVEL: 153 T C/ha for 14 years old stands = 10.9 T C/year</td>
<td>tree 90 ecosyst 327</td>
</tr>
</tbody>
</table>
Socfin under attack

✓ Socfin is a B2B company and is not present on the media

✓ Greenpeace campaign against Socfin in February 2016 “Africa’s forests under threat”

✓ International clients (Michelin and Nestle) are concerned
✓ First contact with TFT http://www.tft-earth.org/ in March 2016

✓ Development of a “policy for responsible management”

✓ Published on the Socfin website on December 2016, formally approved by the Board of Directors on the 22\textsuperscript{nd} of March 2017

✓ Applicable to:
  • All operations of the Socfin Group, and those of its subsidiaries
  • All suppliers (third parties) from whom the Group buys or with which it has a trading relationship (notably the purchase of raw materials)
Based on:
- Stakeholders requirements (Greenpeace, Michelin)
- OECD-FAO Guidance for Responsible Agricultural Supply Chains
- RSPO Principles and Criteria
- IFC Performance Standards
- ISO 26000
- Luxemburg Stock Exchange

Main commitments:
- Best management practices
- Responsible development of its operations
- Respect of human rights
- Transparency
Main commitments (1)

☑ Best management practices

*The Socfin Group commits to:*

- Comply with the local and international laws and regulations applicable to its operations,
- Minimise and prevent its environmental impacts (pollution of water, ground and air, emission of greenhouse gases and prohibition on the use of fire, ...),
- Facilitate and encourage the inclusion of small holders/farmers in its supply chains,
- Ensure fair and transparent negotiation of prices with small holders/farmers,
- Constantly improve its agricultural practices with the aim of higher yields requiring a minimum of inputs and natural resources.
Main commitments (2)

✔ Responsible development of its operations

_The Socfin Group commits to eliminate deforestation and to respect the rights and consent of local communities in all its operations and supply chains. To that purpose the Socfin Group commits to:_

- Identify, maintain and protect High Carbon Stock (HCS) areas,
- Identify, maintain and protect High Conservation Values (HCV) areas,
- Identify, maintain and protect peatlands,
- Respect the right of indigenous populations and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to all operations affecting the land or resources on which they have legal, community or customary rights.
Main commitments (3)

✓ Respect of human rights

The Socfin Group commits to:

- Respect and support the Universal Declaration of Human Rights,
- Recognise and respect the rights of all workers, including the workers of its subcontractors, temporary workers and migrant workers,
- Recognise and respect the rights of local and indigenous communities,
- Maintain a transparent and open dialogue with local populations.
Main commitments (4)

✔ Transparency

*The Socfin Group commits to:*

- Obtain traceability for 100% of its raw materials supplies,
- Implement an open, transparent and consultative grievance management mechanism,
- Publicly report on the implementation of this policy.
Transparency dashboard

  - Commitments
  - Concession maps
  - Factory locations in Lat/Long
  - Traceability data
  - Grievances
  - HCV Assessments / HCSA studies
About SOCFIN Cambodia

**Part of the Socfin Group:** Created in 1909, the group has developed activities in 10 countries in Africa and South-East Asia through 15 agro-industrial projects (palm oil and rubber).

**Our Mission:** Development and responsible management of rubber plantations in Mondulkiri Province

**Our presence in Cambodia:** Two rubber plantations developed in Bousra Commune including industrial and social infrastructures (offices, workshops, villages etc.)

<table>
<thead>
<tr>
<th>2 plantations</th>
<th>7 300 hectares of rubber trees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 850 hectares currently producing rubber</td>
<td>1 tapping school</td>
</tr>
<tr>
<td>630 employees (Oct. 2017)</td>
<td>490 indirect employees</td>
</tr>
<tr>
<td>2 schools in the plantations</td>
<td>2 health centers with medical staff in the plantations</td>
</tr>
<tr>
<td>800 000 USD invested in social actions (2016)</td>
<td>Over $ 88 million investment since 2009</td>
</tr>
</tbody>
</table>
Business and Human Rights

Business responsibility to **RESPECT** Human Rights

= Prevent and Address Harm to People

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**How can companies avoid harm?**

1. **Identify**
2. **Prevent**
3. **Mitigate**
4. **Account**

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All companies have a responsibility to respect human rights, at all times and in all contexts.

The main principle is really very simple: avoid harm.
Step 1: Identify

Can your activities harm people or your environment?

**Challenge:** go beyond compliance with national regulation:

- External assessments (EIAs)
- Consultations of external stakeholders
- Internal assessments
  - Activities
  - Local environment
  - Context

**Identified Risks**

Health and Safety

Children’s rights

Rights of local communities and Land Tenure

No discrimination and equal pay

**Prioritize**

Most severe impacts (gravity, number of people, easily corrected)
STEP 2: Prevent

Commit to Human Rights Policies and integrate preventive actions in processes and activities

1 - Our Policies and Processes

Policy for Responsible Management (Socfin Group)

Zero Deforestation commitment (SOCFIN Cambodia)

Including commitments to respect:

- The Universal Declaration of Human Rights for all (employees, communities, subcontractors)
- FPIC and Land tenure rights for the local population
- Transparency on the company’s activities
- Developed in consultation with third parties
- Publicly available on Socfin.com
1- Our Policies and Processes

- **Code of employees and business conduct**
- **Local internal regulations**

Including policies and regulations on:

- No child labor (No employees under 16 => Go beyond national legal requirement)
- No corruption
- No discrimination
- Employees’ health and safety
- Equal pay for equal work
- Equality at work

- Collaboration with local authorities: approved by the Cambodian Ministry of Labor
- Communicated to all employees upon hiring
- Applicable to all employees to ensure equality at work
- Available for consultation at all times at the company’s office
1- Our Policies and Processes

## Standard Operating Procedures

Instructions to help employees carry out their routine operations. Including information on:

- Health and Safety procedures
  - Protective equipment
  - Safe handling and operation of equipment
  - Potential hazard identification
- Environmental protection procedures

- Communicated to the teams depending on the tasks allocated to them
- Available for consultation at all times at the company’s office
2- Our preventive activities

**Identified impact:** Work related disease or accident

**Target Group:** Employees

- Distribution of **protective equipment**
- On-site **medical staff** and health centers

Safety operation **trainings**

*In-house or by third-parties such as suppliers*
2- Our preventive activities

**Identified impact:** Access to public health institutions and NGOs

**Target Group:** Employees and their families living in the plantations

- **Free basic healthcare** for the employees and their families in the company’s health centers
- **Free transportation** to public hospitals when needed
- **Awareness campaigns and prevention activities**
  - Malaria prevention, distribution of free mosquito nets, environmental awareness...
2- Our preventive activities

**Identified impact:** Access and quality of health institutions

**Target Group:** Local communities

**Support** and collaboration with the local Health Center:

*Improve equipment and facilities, collaboration with health department, support to local staff etc.*
2- Our preventive activities

**Identified impact:** Access to education

**Target Group:** Children of employees

- **Free primary school** in the plantations for all children of employees
- **Free transportation** from the staff villages to the company school (tuk-tuk)
- **Information campaigns** in the villages to register all children from the age of 6 years old (Grade 1)
- **Donations of school supplies**

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Children’s rights
2- Our preventive activities

**Identified impact:** Child labor  
**Target Group:** Children (of staff and outside)

- **Strict control** of new employees’ legal ID
- **Medical check-up** upon hiring

**Identified impact:** Access to quality education  
**Target Group:** Local communities

- **Support** to local schools and education department
2- Our Activities

**Identified impact:** Access and preservation of culturally important land
**Target Group:** Phnong indigenous communities

**Identification** of all concerned land with the local communities and demarcation

**Protection** of over 330 hectares of sacred forests and cemeteries

**Identified impact:** Access to population land
**Target Group:** Local communities

**Identification** of all concerned land with the local communities (maps and field measurements)

**Status quo or compensation** according to international standards with different options to choose from
2- Our preventive activities

**Identified impact:** Impact of company’s activities on the local population habits

**Target Group:** Local communities

**Public information meetings**

**Tripartite committee meetings**
- With elected representatives from the local village and local authorities
- Platform of dialogue to share information between the three parties
- Regular meetings to share information and discuss common projects, the company’s activities and present population’s requests
- Organized in full transparency with the UN OHCHR

**Staff training** and sensitization on Business and Human Rights
2- Our preventive activities

**Identified impact:** Local families livelihoods through smallholders program

**Target Group:** Local communities

- Rubber smallholders program benefiting 52 families over 136 hectares
- Fields planted inside the concession land
- Specific planting to guarantee a revenue during the immature phase
- Free technical support and trainings to transfer knowledge and improve smallholders production

- Supporting sustainable livelihoods and long term revenues for the local communities contributes to their ability to subsist
2- Our preventive activities

**Identified impact**: Local infrastructures

**Target Group**: Local communities

- Improvement of public infrastructures and services has positive impacts on Human Rights: right to education, health, circulation, easy access to land etc.
2- Our preventive activities

**Identified impact:** Prevention of discrimination and equal pay for equal work

**Target Group:** Ethnic minorities, women, people with disabilities

- Official **salary grid** applied to all workers depending on experience, seniority, position = Guarantee of equal pay for equal work

- **Bonuses and promotion** based on evaluation form applicable to all positions and completed in the presence of the concerned employee

- Employment with fair wage of local communities, minorities and populations at risk of suffering from discrimination contributes to their ability to subsist
STEP 3: Mitigate

Track impacts and provide access to remedy for impacted people

1- How do we provide access to remedy?

**Target Group:** Employees

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**Internal grievance policy**

- For employees to report any problem with the company, its activities or another employee
- Grievances can be anonymous and have to be resolved in a timely manner

**Employee consultation: Elected staff representatives**

- Regular meetings with company management
- Can present employees grievances to company management
1- How do we provide access to remedy?

**Target Group:** External stakeholders (local population, NGOs, etc.)

**External grievance policy**

- Designed in consultation with external organizations
- Grievances can be anonymous and have to be resolved in a timely manner
  - Communicated to the local population
- All grievances are recorded and analyzed to prevent future conflicts

**Phnong Administration**

- Department dedicated to the collaboration with local communities
- 4 employees from Bousra and speaking Phnong
- Daily permanence at the company office to receive individuals
  - Collect and monitor all grievances
1- How do we provide access to remedy?

**Target Group:** External stakeholders (local population, NGOs, etc.)

**Tripartite committee meetings**
- Grievances can be addressed through the community representatives during these meetings

**Independent third party mediation**
- With agreement from the grieved party and the company
- Neutral third party can be called for mediation
- Find a peaceful solution agreed by all
## STEP 4: Account

### How to ensure a transparent process?

- **Seek advice and include external stakeholders in the process**
- **Internal reporting**
  - Keep track on company’s regulations and procedures and of their infractions
  - Record all grievances, analyse and take correction measures
- **External reporting**
  - Annual report and analysis of the company’s activities, challenges and progress
  - Be responsive to stakeholders requests

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### 2016 Sustainability Report

[Image of 2016 Sustainability Report]
Limitations of CSR on the productivity of our work

✓ Takes time and energy
  • Not our core business, we are planters first, we learn from experience
  • A lot of expectations >> potential frustrations
  • Human resources
  • Financial resources (TFT, verification tools, etc.)

✓ But win-win situation
  • Good relationship with local communities, workers and their families
  • Less turnover
  • Stable workforce, stable supply chain (easier for implementing the policy)
  • Good corporate image >> new markets, new clients
  • Leading by example
Thank you!

Questions and Discussion