

# Socfin

2012 SUSTAINABILITY REPORT







## TABLE OF CONTENTS

<b>1. Strategy and Profile</b> .....	<b>3</b>
1.1 Strategy and Analysis.....	3
<i>Achievements</i> .....	4
<i>New or ongoing targets</i> .....	4
1.2 Organizational profile.....	4
<i>Our business</i> .....	4
<i>Organization chart</i> .....	5
<i>SOCFIN in the world</i> .....	5
1.3 Report parameters .....	6
1.4 Governance, commitment and engagement .....	7
<b>2. Economic</b> .....	<b>8</b>
2.1 Disclosure on management approach.....	8
2.2 Economic performance indicators .....	8
<i>Economic performance</i> .....	8
<i>Market presence</i> .....	9
<i>Indirect economic impacts</i> .....	10
<b>3. Environmental</b> .....	<b>11</b>
3.1 Disclosure on management approach.....	11
3.2 Environmental performance indicators .....	12
<i>Materials</i> .....	12
<i>Energy</i> .....	12
<i>Water</i> .....	13
<i>Biodiversity</i> .....	13
<i>Emissions, effluents and waste</i> .....	13
<i>Compliance</i> .....	14
<i>Overall</i> .....	14
<b>4. Social</b> .....	<b>15</b>
4.1 Disclosure on management approach.....	15
4.2 Social performance indicators.....	15
<i>Labour practices and decent work</i> .....	15
<i>Human rights</i> .....	18
<i>Society</i> .....	19
<b>5. Data</b> .....	<b>21</b>
Key environmental and social figures .....	21
Stakeholder engagement.....	23



## 1. Strategy and Profile

### 1.1 Strategy and Analysis

The SOCFIN Group supports sustainable development by doing business in a responsible manner, helping to create and share wealth, invest in local economies, develop people's skills and spread expertise across borders. Sustainability is an integral part of our corporate strategy and we are convinced that productivity, profitability and efficiency go hand in hand with sustainability. We have always believed that sustainable agriculture is founded on good land management and that destruction of the environment destabilizes development and we are very much aware that our long-term success as a business is closely linked with the vitality of the environment and communities in which we operate. We already report on our agricultural and financial Group performance, so reporting on our sustainability performance seems only the next logical step. Therefore, we started our first sustainability report following the Global Reporting Initiative (GRI) Guidelines. This inaugural report describes how we face up to the challenges of operating in this rapidly changing economic, social and physical environment. We are not accustomed to this kind of reporting and will touch on our strong and weak points, at the same time realizing that we still have many challenges ahead of us.

Our general strategy is one of sustainable growth, through acquisitions and productivity increases. Yield increases can be obtained through improved management practices and strict replanting programs. We also wish to continue growing through acquisitions, in this way diversifying political risk. We explore opportunities for expansion on an on-going basis and intend to continue this exercise in the future. Whilst we have expanded by acquisition over recent years, with Brabanta, Socfin KCD, SAC and more recently PSG in Ghana, we are conscious of the immediate consequences of this growth in employee numbers. We are very much aware of our responsibility to provide a safe and healthy environment for our employees and will therefore continue to focus our efforts on improving our occupational health and safety performance, pursuing a good standard of living for our employees and give high priority to minimizing our environmental footprint.

The recent evaluation of our management practices and systems has led to the conclusion that we have sometimes been wasteful with our resources. We have therefore made significant improvements, for example: better management of our waste, better guidelines and procedures for chemicals handling... Our biggest challenge for the next year is to bring environmental management to the fore in Africa in order to achieve ISO14001 certification for our African plantation Companies. Three of our Socapalm production sites are working towards obtaining ISO14001 certification in 2013, making them the very first agro-industrial oil palm production sites that are ISO14001 certified in Central Africa. Our Indonesian plantation Company, Socfindo, leads as an example, as we have already obtained ISO14001 and OHSAS18001 on all Socfindo sites and RSPO certification on 2 of its sites, with others to follow shortly. Our plantation Companies in Nigeria, Cameroon and Sierra Leone are part of the national Working Group for the development of the National Interpretation of RSPO Principles and Criteria.

In order to be able to gauge our progress, we put in place indicators and a system to collect data. This will give us a better picture of our performance and will make it possible to identify specific challenges and to concentrate our efforts on these areas. We are convinced that we are on the good way and will continue to set ambitious targets and work hard to reach our goals. We acknowledge that we still have to put in extra efforts when it comes to stakeholder engagement, reduction of greenhouse gas emissions and employee housing, in order to minimize overcrowding. And although some of our recent acquisitions were subject to some media and stakeholder scrutiny, we made great efforts to consult with local stakeholders and will continue to do so in the future.



## Achievements

<i>Achievement 2012</i>	<i>Comment</i>
LAC rubber plant certified ISO9001	First African rubber factory to be ISO9001 certified since 2009
SRC rubber plant certified ISO9001	ISO9001 certified since 2011
Socfindo ISO14001 & OHSAS 18001	All Socfindo sites are now ISO14001 & OHSAS 18001 certified
Socfindo RSPO certification for 2 sites	Bangun Bandar & Tanah Gambus obtained RSPO certification
Socfindo PROPER certification for 2 sites	Bangun Bandar & Tanah Gambus have been awarded PROPER Green Level
Socapalm lagoon system	All Socapalm sites are now equipped with a lagoon for mill effluents
Group procedure on chemicals handling	Implemented on all SOCFIN sites
Group procedure on waste management	Implemented on all SOCFIN sites
Group procedure on HSE induction	Implemented on all SOCFIN sites

## New or on-going targets

<i>Target</i>	<i>Target dates (year-end)</i>
SCC rubber plant certified ISO9001	2013
Socapalm Mbongo, Mbambou, Eséka sites certified ISO14001	2013
Socfindo RSPO certification for Matapao, Negeri Lama, Sungai Liput, Aek Loba	2013
Socfindo ISPO certification for Tanah Gambus and Bangun Bandar	2013
Socfindo PROPER certification for Aek Pamienke	2013
Construction of hydro power plant for renewable energy production at LAC	2013
Safacam certified ISO14001	2014
SoGB certified ISO14001	2014
Okomu certified ISO14001	2014

## 1.2 Organizational profile

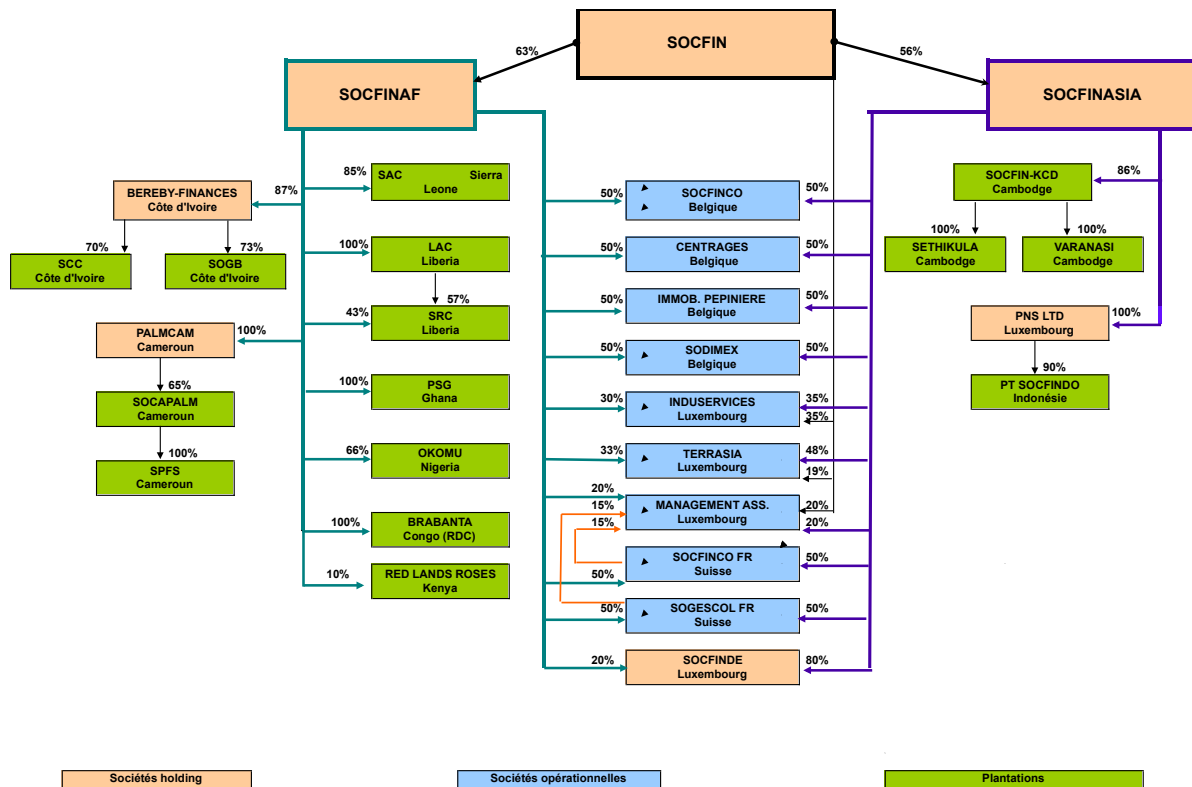
### Our business

The SOCFIN Group is a large-scale industrial producer of palm oil and rubber in Africa and Asia. We manage a concession of over 365.000 hectares, of which 95.163 hectares are planted oil palm plantations and 56.266 hectares are planted rubber plantations (meaning around 41% of our concessions are planted); 19 oil mills; 2 refineries; 8 rubber plants; as well as a seed production and plant breeding facility. Our Group is vertically integrated, producing its own seeds, planting, cultivating and harvesting its own land and commercializing its own products. We are known as one of the leaders in the production of high-quality oil palm planting materials.

In 2012, our Group produced a total of 362.337 T of crude palm oil, 90.306 T of rubber and 49,5 million oil palm seeds. Our Group Company, Sogescol FR, is responsible for the marketing, sourcing and trading of our palm oil and rubber products. They trade a volume of around 100.000 MT of palm oil per year and roughly 130.000 T of rubber per year. Most of the crude palm oil produced in Africa, is sold on the domestic market, as it is a staple food in many of the countries in which we operate and the local African markets are characterized by a palm oil deficit. Therefore, no export of our African palm oil production has taken place since 2005. In Cameroon, Nigeria and Ivory Coast, 100% of our production is sold on the local market. The palm oil produced in Asia, is either sold locally or exported. All refined palm oil products, such as RBD olein or RBD stearin, are exported. Our natural rubber, on the other hand, is sold to tyre-makers and other end-users, to dealers and compounders. The rubber that is processed at our factories and traded by Sogescol FR is either rubber from our own raw materials or from local smallholders' raw materials.

The SOCFIN Group has its headquarters in Luxembourg and is listed on the Luxembourg Stock Exchange. The Group was established in 1909. The current shareholders' structure is as follows: Bolloré participations (directly and indirectly) retains a controlling 38,75% shareholding, Geselfina is the second largest shareholder, holding a 23,05% interest, and Afico S.A. and Twosun Fin. Establishment respectively each hold around 11%.

## Organization chart



## SOCFIN in the world

Our Group is present in various countries in Africa and Asia: Ivory Coast, Cameroon, Democratic Republic of Congo, Nigeria, Liberia, Sierra Leone, Ghana, Indonesia and Cambodia. We are a very important private sector employer in those countries, employing 25.925 people worldwide. Please find below a brief presentation of our Group plantations:

<b>SOCFINDO</b> <i>Indonesia</i>	<b>SOGB</b> <i>Ivory Coast</i>	<b>SCC</b> <i>Ivory Coast</i>	<b>OKOMU</b> <i>Nigeria</i>
Acquired by SOCFIN in 1909 Land title certificates for 25-30y	Acquired by SOCFIN in 1997 Land is state-owned with a lease	Acquired by SOCFIN in 2008 No land tenure	Acquired by SOCFIN in 1991 Land is state-owned with a lease
9.589 ha of oil palm 38.464 ha of rubber 9 oil mills 2 rubber plants 1 refinery 49.56 million seeds produced 220.876 T of palm oil produced 12.578 T of rubber produced	15.839 ha of oil palm 7.083 ha of rubber 1 oil mill 1 rubber plant 31.465 T of palm oil produced 37.462 T of rubber produced	1 rubber plant 13.800 T of rubber purchased from local smallholders only 12.432 T of rubber produced	6.649 ha of oil palm 9.712 ha of rubber 1 oil mill 1 rubber plant 26.804 T of rubber produced 8.272 T of palm oil produced
ISO9001, 14001, OHSAS 18001 certified for all sites 2 mills are RSPO certified so far	AQF certification Michelin	AQF certification Michelin	ISO 9001 certified

<b>SOCAPALM</b> <i>Cameroun</i>	<b>SPFS</b> <i>Cameroun</i>	<b>SAFACAM</b> <i>Cameroun</i>	<b>LAC</b> <i>Liberia</i>
Acquired by SOCFIN in 2000 Land is state-owned with a lease  32.046 ha of oil palm 1.871 ha of rubber 6 oil mills 72.056 T of palm oil produced 234 T of rubber produced	Acquired by SOCFIN in 1999 No land tenure  1 refinery 4.371 T of olein produced	Acquired by SOCFIN in 2000 Land titles for entire concession  4.793 ha of oil palm 4.026 ha of rubber 1 oil mill 1 rubber plant 11.136 T of palm oil produced 4.674 T of rubber produced  AQF certification Michelin	Acquired by SOCFIN in 1998 Land is state-owned with a lease  13.721 ha of rubber 1 rubber plant 14.976 T of rubber produced  ISO 9001 certified rubber plant
<b>SOCFIN KCD</b> <i>Cambodia</i>	<b>BRABANTA</b> <i>DR Congo</i>	<b>SAC</b> <i>Sierra Leone</i>	<b>SRC</b> <i>Liberia</i>
Project under development Acquired by SOCFIN in 2007 Land is state-owned with a lease  Concession of 6.978 ha 4.062 ha of rubber planted	Project under development Acquired by SOCFIN in 2007 Land title certificates for 25y  Concession of 28.269 ha 4.778 ha of oil palm so far Oil mill construction starts in 2013	Project under development Acquired by SOCFIN in 2010 Land is state-owned with a lease  Concession of 6.575 ha 3.079 ha of oil palm so far Oil mill construction started	Project under development Acquired by SOCFIN in 2007 Land is state-owned with a lease  Concession of 8.535 ha 4.905 ha of rubber so far 1 rubber plant (closed end 2012)  ISO 9001 certified rubber plant


### 1.3 Report parameters

The report and data in this report cover all SOCFIN estates, palm oil mills and rubber factories as at 31 December 2012, unless otherwise stated. It does not cover the Group's operations in Belgium, Luxembourg and Switzerland, nor joint ventures where SOCFIN is not a majority shareholder. In our opinion, the exclusion of these does not have an impact on the materiality or the completeness of the report.

The report's content and reporting framework was determined and modelled following the Global Reporting Initiative's (GRI) guidelines on Sustainability Reporting. The report covers all social, economic and environmental issues deemed material to the Group and its content was determined by combining external stakeholder expectations and internal consultations. This is the very first Sustainability Report in its current form and the Group engages itself to publishing a yearly Sustainability Report. As a first time reporter, it was decided not to undertake a formal third-party assurance process at this stage. It is our intention to include this in next year's report, in order to ensure some level of assurance. Since we are still beginning our reporting journey, we recognize that restatements are likely to occur in future reports. However, we believe that the overall content of this report is a fair reflection of our performance.

Concerning the methodology used, we primarily used the following methods of data collection: in-house social and health, safety and environment (HSE) questionnaires, Group checklists (waste, chemicals, HSE induction) and annual reports. We continue to develop and fine-tune a robust framework for managing and reporting Sustainable Development performance.





In case you have any comments or questions concerning the contents of this report, feel free to contact our head office at:

SOCFIN (Société Financière des Caoutchoucs)  
4, Avenue Guillaume  
1650 Luxembourg  
Tel: +352 44 28 77 50  
Email: info@socfin.com

#### 1.4 Governance, commitment and engagement

Since its creation in the beginning of the 19<sup>th</sup> Century, SOCFIN has always adopted a sustainable policy when developing its projects. Nevertheless, our efforts were not always systematically registered or documented and therefore additional efforts are necessary so that our Group is eligible for environmental, health and hygiene certifications. In this context, the SOCFIN Group shareholders decided to establish a separate department dedicated to assist all plantation sites in replying to this demand. The final goal is obtaining certification (RSPO, ISO14001, OHSAS18001, SA8000) for all Group plantations. The Sustainability Department's main objective is the coordination of SOCFIN plantations' environmental and social management. A gap analysis with action plan has been developed for each plantation. Continuous amelioration of performance is ensured by regular audits and technical support and documentation. The department supports the Health, Safety & Environment (HSE) correspondents at each site in realizing the set sustainability objectives. The HSE correspondent coordinates and implements the sustainability actions on site, trains staff members on the Company's Quality, Health, Safety & Environment (QHSE) policy, performs internal audits, follows up on the action plan...

The Board of Directors of SOCFIN takes an active role in guiding and formulating the sustainability strategy and recognizes this is essential to the overall success and performance of the Group. The Group's top management is convinced that the protection of the health and safety of its employees and other stakeholders, as well as the protection of the natural resources and biodiversity, are strategic to the successful development of SOCFIN. The Board is led by a Chairman and consists of 5 Directors. The composition of the Board includes nationals from Belgium and France. The Board members come with a broad set of skills and knowledge and have diverse backgrounds, including agriculture, finance, law and business. The Board is responsible for the general direction and performance of the Group and they formulate and monitor business strategies, oversee budgets and financial positions.

SOCFIN's management systems are linked to international standards, such as the Roundtable on Sustainable Palm Oil (RSPO) and ISO9001 and 14001. Moreover, we are inspired by other frameworks such as SA8000, OHSAS18001, the International Labour Organization core labour conventions, the Universal Declaration of Human Rights, the GRI guidelines...Especially ISO9001 and 14001 help us providing a management structure, whereas RSPO principles and criteria help us determining priority areas. As a responsible producer, we also try to address other issues of concern to stakeholders and therefore the Group put in place a Code of Conduct, addressing business ethics, an issue currently not addressed in RSPO guidelines. In order to make sure all employees understand and accept the new policy, workshops were organized explaining the policy to senior management providing real-life examples and their appropriate solutions.

When it comes to stakeholder engagement, SOCFIN has an issue-base approach. We try to identify the problem we want to address and the role we can play, and then we look for local stakeholders who can help us tackle this issue. Regular consultation rounds with our local stakeholders (such as civil society, surrounding village heads...) are organized to identify and discuss concerns that may exist with respect to the Group's environmental, social and economic performance. Moreover, employees and other stakeholders can make use of the complaints and grievances procedures. Such procedures are implemented in each Group Company and communicated throughout the Company and to relevant stakeholders.

In recent years, we have realized that serious commitment to our stakeholders depends heavily on our willingness to be transparent and accountable for our activities. Therefore, we make great efforts to increase the amount of information that is made available to our stakeholders. For a list of the stakeholders we engage with, we would like to refer to Chapter 5 of this report: Stakeholder engagement.

## 2. Economic

### 2.1 Disclosure on management approach

We believe that sustainable business has to be centred on creating immediate and long-term benefits to all the Group's stakeholders: shareholders, employees, customers, local communities and smallholders. As a big employer and one of the leaders of the domestic palm oil supply, we have a true impact on local economy and we are fully conscious of the economic responsibilities this entails. We truly believe that palm oil and rubber can be produced responsibly and sustainably, creating livelihoods and opportunities for the thousands of people in the regions where we operate and nutrition for millions where we sell our palm oil.

It is, however, not feasible to tackle environmental and social matters if the economic bottom line is not healthy. Without profits, the entire notion of sustainability is unrealistic. SOCFIN's overall economic strategy is therefore one of sustainable growth through productivity increases and acquisitions. With the growing demand in palm oil, our operations need to follow.

Higher productivity can be achieved through higher yields, rigorous replanting and planting programs, and extensions on our existing concessions. We are convinced that increases in yields and land productivity can be obtained through better management practices and therefore we work together with several internationally recognized research institutes in the field of Research and Development. On our older plantations, we have started to replant and replace the older trees following a schedule spread over various years in order to reduce the impact on our productivity as much as possible. Since only 40% of our concessions are planted, we also started to plant the undeveloped areas within our concessions that are suitable for oil palm or rubber, without touching ecologically and culturally sensitive areas.

For our expansion, we try to seek out ecologically degraded land that is used unproductively or previously developed estates. We refrain from converting virgin forests and other High Conservation Value (HCV) ecosystems. As a Group we have grown significantly through acquisitions over the past seven years and we are investing heavily in the development of our new projects.

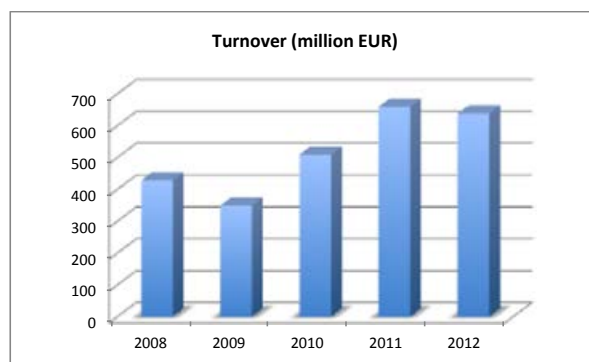
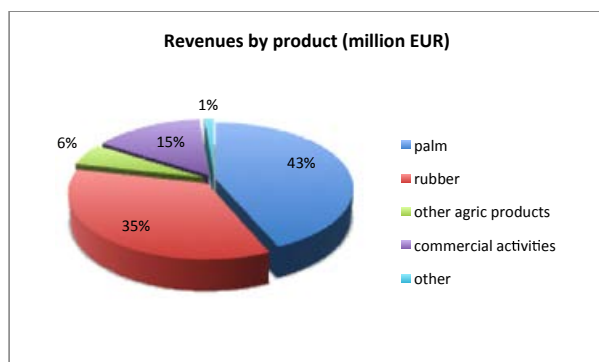
2012 was characterized by some important industrial investments. We start the construction of a palm oil mill in two of the Group's new projects: SAC and Brabanta. Moreover, we finished the construction of an additional palm oil mill at Mbambou, Socapalm, with the official opening in July. We have also spent significant resources on aligning our environmental management systems and performance. On several Group plantation Companies, environmental friendly investments were made, such as the lagooning system that was put in place on all 6 Socapalm sites and Socfindo's composting project, to mention some. Besides these investments, we also cannot ignore the cost of certification. Although in the long run, it will positively affect our results, the initial cost of certification is high: additional training, reorientation of human resources, additional investments, cost of auditing...Nevertheless, in 2013 we will continue on the same road.

### 2.2 Economic performance indicators

#### *Economic performance*

For the financial year ending 31 December 2012, the SOCFIN Group reported a turnover of 637,7 million EUR. The operational result for that year amounts to 249 million EUR. Despite slightly lower figures than in 2011, we are delighted that we are still on a growth path in a year that was marked by a turbulent global economic environment and a decrease in rubber prices.

For more information on the financial results for the year 2012, we would like to refer you to SOCFIN's annual report for 2012.



In the commodities industry, economic performance is traditionally strongly linked with world prices for rubber and palm oil. Moreover, the countries where we operate are not always the most stable so there is always an inherent risk linked to the country's security situation. However, we are present in various countries to spread the risk, so the impact on our financial results will always be minimal. Changing weather patterns because of climate change may also pose a potential threat to any agricultural company and influence the results. For oil palm in particular, extremely dry weather conditions form the biggest risk. So far, we have not been affected by severe droughts. We have always monitored weather patterns and there are no signs of an increase in extreme weather.

SOCFIN is aware of the fact that being a responsible producer includes commitment to the reduction of Green House Gas (GHG) emissions and awareness of the issues related to climate change in general. This engagement is reflected in our strategy and entails some financial implications. Most GHG emissions from palm oil are related to land use conversion and palm oil mill effluents. Our main strategies are therefore: no more planting on peat, no planting on primary forest and replanting strategies to increase yield. Future investments to address the issue of GHG emissions are necessary but we are still in the process of determining what is the best way to achieve this in our local context. We have already started with a first project, the composting bunker at Socfindo, making the Company eligible for carbon credits as from January 2013.

### Market presence

Palm oil and rubber production play a major role in the economic development of the countries in which we operate. Our presence in those various isolated rural communities produces an influx of technology and leads to higher regional economic development. The crops are an important source of employment and revenue. We attempt to improve access of local communities to economic activities and increase their employment through training, technical assistance and credit facilities.

Most of the countries where we are present have a high level of illiteracy. Our opportunities for local recruitment of qualified staff are therefore limited and hiring and retaining qualified senior personnel is quite a challenge. However, through our good labour conditions and on-the-job training we are able to fill in most jobs with locally recruited staff. Pay and conditions for our employees exceed national and industry minimum standard and provide some additional discretionary income. Moreover, our wage packet includes housing, medical care, utilities as well as some school fees and transport. Besides employing local people, we also use locally based suppliers and contractors whenever possible. To give an example: In 2012, Safacam concluded 298 partnerships with local contractors for a total amount of 700.000 €.



To all our smallholders, we provide plants from our nurseries at subsidized rates, we offer technical assistance during farm visits, organize workshops to discuss the challenges they are facing in rubber or palm oil cultivation and training programs in management of nurseries, harvesting, farm maintenance and upkeep... In 2012, 11% of the total amount of FFB processed in Socfindo's palm oil mills was purchased from local smallholders. At SCC, the factory was built with the sole purpose to offer local rubber smallholders a processing plant for their rubber. SCC only processes rubber supplied by local smallholders. At LAC, approximately 500 local smallholders benefit from LAC's technical advisory services. In some of the plantation Companies,

such as SoGB, we are involved in projects to assist local people who own land to develop smallholdings of palm oil or rubber. In some cases, the land is even made available to them by the Company. We carry the initial development and material cost, which is later recouped from the smallholders when they sell their crops to our palm oil mill or rubber factory. This approach has considerably augmented the smallholders' revenues, some of them having a monthly income of more than 1.000 €.

### *Indirect economic impacts*

While our operations contribute with income, employment and infrastructure development, we recognize that those unemployed by our Group often do not have access to certain basic services. We therefore consider that the communities in and around our plantations are an integral part of our operations and invest heavily in strengthening basic local infrastructure, such as road networks (annual maintenance of national roads), schools, orphanages, hospitals, bore holes for clean drinking water, provision of electricity, public service buildings... Our operations are generally located in remote areas where infrastructure and economic opportunities are scarce. Our presence in these formerly isolated regions and the increased accessibility of these communities lead to easier market access, higher economic activity and other spin-off activities and business opportunities. By improving access to medical and educational facilities for our employees and the surrounding communities, we contribute to poverty alleviation and amelioration of the economic situation. Indeed, both health and education play a key role in improving the wellbeing and socio-economic development. However, in rural areas access to both is often very limited, especially affecting vulnerable groups like women and children. Therefore, the SOCFIN Group offers health and educational services to our workers, families and the communities.



We are fully aware that disputes and conflicts with local communities can severely damage our license to operate, our reputation and the long-term viability of our business. Therefore, we liaise on a regular basis with the surrounding communities to ensure that we understand and respond to their concerns and set up various community projects on a permanent basis. In 2012, our Group plantation companies made several investments in local infrastructure. Safacam provided bore holes and electricity in one of their surrounding villages. Socapalm built a medical centre for one of their surrounding villages. LAC annually supports the orphanage located in a neighbouring village by paying teachers' salaries, providing a monthly food allowance...



### 3. Environmental

#### 3.1 Disclosure on management approach

Whether energy and water consumption, emissions, effluents and waste or biodiversity are concerned, the management approach and system is the same in all SOCFIN plantation Companies and consists of several steps. It starts with the identification of quantitative and qualitative impacts on the environment, an inventory of all relevant legal requirements and the subsequent planning of mitigating actions. An environmental action plan is set up yearly for each site, clearly mentioning objectives, deadlines, means for achieving targets... These action plans are reviewed during the year and modified when necessary. Additionally, all potential environmental risks and accidents are identified and an action plan is developed, describing how to mitigate those potential risks and how to deal with environmental incidents. The second step is the implementation of the action plans and it consists of the development of standard operational procedures, training of employees and communication of performance to all stakeholders. Upon employment, all employees receive an HSE induction and every employee involved in activities having a potential environmental impact, is further formed and trained. After analysis of the Company's environmental performance, the needs for specific trainings in certain domains are assessed and implemented. Operational procedures are developed for water consumption, energy consumption and waste management in order to avoid any divergence with respect to the environmental policy in place and objectives. The third step, monitoring, is of key importance. Monitoring and control of environmental performance, conformity with procedures in place and achievement of set objectives, is guaranteed by internal and external audits, monthly follow-up by the HSE correspondent and data measurements and registration. The HSE correspondent identifies the non-conformities with an elaborate checklist: he monitors that recommendations are correctly and fully implemented, properly understood and respected and that information is correctly broadcast. He identifies potential problems and non-conformities. Results are discussed during bi-annual Management Meetings. This brings us to the last step in our cycle: implementation of corrective and preventive action to address a detected non-conformity. These actions will almost always involve a training component, to further form employees and create awareness about the detected problem.

All SOCFIN plantation sites write their own local HSE policies and develop their own Environmental Management System (EMS), coherent with Group policy and in line with international standards such as ISO14001 and OHSAS 18001 directives and requirements. Legal responsibility for HSE performance lies with the Group, operational responsibility lies with the Group's Sustainability Department and the HSE correspondents of each plantation Company. Each plantation Company has a HSE correspondent who reports directly to General Management and to the Group's Sustainability Department. The HSE correspondents send monthly technical updates and report on audit results and subsequent measures taken; divergence from international standards is explained and complementary action plans are implemented. Each plantation Company is responsible for developing its own standard operating procedures, taking into account the requirements of their individual management system. These procedures tackle various subjects, ranging from the management of preventive and corrective action, of non-conformities to training for employees. Each plantation Company has a procedure in place for the training of their employees, adapted to the local context and taking into account the identified needs. The prescriptions of local procedures cannot be less stringent than the Group procedure in place for the same topic and developed by the Sustainability Department. Group procedures already exist for waste handling, chemical management and employee HSE induction.

On our road towards certification, 2012 has proven to be a milestone. PT Socfindo obtained ISO14001 and OHSAS 18001 certification for the totality of its plantation sites (both oil palm and rubber) and achieved RSPO certification for the first 2 Group plantation sites, Bangun Bandar and Tanah Gambus. The goal is to have 4 additional sites RSPO certified by May 2013, more specifically, Matapao, Negeri Lama, Sungai Liput and Aek Loba. This means that a total of 23.000 ha of oil palm will be certified following international codes and standards. Concerning the Group's African plantation companies, all of them were audited, a gap analysis was performed and an HSE action plan was developed. All our sites are now operating following ISO14001 and OHSAS 18001 standards. The year 2012 was marked by strong progress in the development of Socapalm's Environmental Management System, and ISO14001 certification for 3 of its mills is our ambitious target for 2013. Three other Group plantation Companies, SoGB, SRC and Okomu, have also advanced on the road towards certification and if their entire team continues to work hard, they are eligible for certification in 2014.

Our main priority for 2013 is to continue on the same road. We are strongly committed to managing and minimizing the impact of our activities on the environment and will continue to develop Management Systems, standardize our procedures and reporting and encourage and support our local HSE correspondents in achieving their goals so that we can obtain certification in the shortest delay. Besides certification, another big project is in the pipeline for 2013: the construction of a hydro power plant in LAC, with a loan from DEG and a contribution from BIO-INVEST (still under negotiation), starting in September 2013.

### 3.2 Environmental performance indicators

For more details on our environmental performance, we would like to refer to Chapter 5: Data.

#### Materials



In line with our RSPO commitments, we are continuously striving to reduce our application of chemicals or inorganic fertilizers. This is achieved through an Integrated Pest Management system (IPM), which tries to minimize and replace synthetic chemicals throughout our operations by opting for natural pest control methods. The objective is to keep pests below harmful levels rather than pest eradication. It includes the encouragement of birds as predators of pests and biological and other non-chemical control measures whenever available and practicable. Using the strict minimum of chemicals reduces exposure of our operators and other potential impacts and costs.

We still use small amounts of chemicals that are classified 1A and 1B by the World Health Organization (WHO) in our oil palm plantations. Under chemicals, we understand pesticides, fertilizers, fuel and other chemicals used in our factory, workshop or garage. All chemicals are accompanied by their Material Data Safety Sheet (MSDS). Use of Paraquat and Aldicarbe is reduced to its minimal level. Managers are actively seeking alternative and less harmful chemicals with the same efficiency against insects.

A Group procedure was written and implemented in 2012 to ensure that all chemicals are stored and handled in a safe way to prevent accidental spillage and pollution and to ensure the Health & Safety of our workers and our environment. Regular compliance audits are performed by means of an elaborate checklist, identifying the non-conformities and improvement opportunities.

#### Energy

Maximization of energy efficiency is achieved through preventive maintenance of our equipment and installations. Consumption of all fuel and electricity at our rubber plants and palm oil mills is monitored and registered on a monthly basis. On all our oil palm estates, we use fibres and shells produced during the process of Fresh Fruit Bunches (FFB), making the palm oil mills almost entirely self-sufficient. More than 8.150.000 kWh has been produced by the palm oil steam turbines fed by biomass on our African sites and 13.200.000 kWh on our Indonesian sites. Two of our sites, SoGB and Socapalm Edéa, have a small bio-fuel factory producing bio-diesel from local palm oil. The bio-diesel is for Company use only and is not commercialized. Our Group also focuses on renewable energy sources and invests heavily in renewable energy production, starting with the construction of a hydropower plant at LAC. This plant will be built in the river, near the waterfall at LAC and will annually produce 1,25 MW, equalling a yearly saving of 1,3 million liters of diesel. LAC also initiated a biomass project to reduce the use of fossil fuels for rubber drying. A boiler fuelled by waste rubber is being installed and will be operational later this year.

## Water

Water is used for irrigation, in the palm oil mill (steam generation) or rubber plant and in the employees' households. Irrigation in the nursery is carried out according to the rain gauge in order to apply 10mm/day; no systematic irrigation is conducted. Drinking water is provided to the resident population through boreholes and water pumps. The parameters issued by WHO were chosen as indicators to water quality. Samples are taken according to the law, at the various boreholes and water pumps. These samples are analysed in registered laboratories. Water consumption at factory level is monitored and varies between 1,17 and 1,82 cubic meter/ton FFB processed, which stays below the commonly accepted benchmarks (1 to 2 m<sup>3</sup>/t processed FFB) and 20 cubic meter/ton dry rubber. We will start monitoring water consumption per sector in order to know exactly where the highest consumption takes place so that appropriate action can be taken to further reduce total consumption.

## Biodiversity

We do not have any of the much talked about mammals, such as orang-utans, tigers... central in the palm oil debate. We have diverse endemic rodents, bats and birds that inhabit our regions and it is SOCFIN's responsibility to ensure that our operations do not threaten vulnerable species. Therefore, whenever possible, we try to work with local conservation partners.

A crucial aspect of biodiversity management is conservation of existing High Conservation Value (HCV) areas when expanding operations. Our expansions do not include HCV areas but grassland and previously developed areas. We preserve wet spots, microhabitats (steep terrain, rocky hills) and ecologically sensitive areas (riparian areas, natural protected areas) and culturally sensitive areas (cemeteries, sacred forests...). It is also general policy to keep high trees (1 high tree/25 ha) for birds of prey and non-planted areas are kept in each concession for endemic rodents. In accordance with RSPO principles and criteria, an environmental and social impact assessment is performed prior to any new development and the principle of free, prior and informed consent is implemented.

At Socfindo, all HCV areas within our concession have been identified, managed and monitored. Our agents were trained by WWF on HCV monitoring in 2010. In Cameroon, both Safacam and Socapalm work together with the reforestation agency ANAFOR on reforestation of areas within our concessions that are not suitable for oil palm development, starting with the planting of 2.000 trees in 2013. At SoGB, a total area of 1.614 ha is protected area and we are in the process of obtaining Voluntary Nature Reserve classification for these areas; 5 SoGB agents were already trained on HCV monitoring by the Government. At LAC also, 3.100 ha is reserved for conversion into a nature reserve. At SAC, each village has a "green belt", which is an area of land that is compensated but then returned to the community for community use. It concerns areas of high cultural importance, such as cemeteries.



## Emissions, effluents and waste

We seek to minimize and address any immediate impact on our surrounding environment by regularly and precisely monitoring our effluents and emissions. The biggest risk for water contamination comes from the palm oil mills and rubber plants. Wastewater is either treated in open lagoons that discharge the treated wastewater to the river through various pathways or in a collection pond. Since 2010, Socapalm has greatly invested in a lagoon system for each site and at the end of 2012 construction was finalized. In the lagoons, all Palm Oil Mill Effluents (POME) are treated to ensure that Biological Oxygen Demand (BOD) levels do not exceed the national standards or International Finance Corporation (IFC) standards (if national standards are not available) and are safe for discharge or land applications. Regular monitoring of POME is guaranteed, reporting on the following parameters: pH, DBO<sub>5</sub>, DCO, TSS etc. A Group data collection system is in place since this year and will allow us to further improve our measurements and the quality of our data. Methane capture facilities, to turn biogas emissions into energy, are not yet in place. We realize that methane production from treatment of wastewater in lagoons has a significant impact on climate change and that we need to step up to tackle this issue.



All mill solid waste, e.g. Empty Fruit Bunches (EFB), is applied and re-used on site as organic fertilizers. When new trees are planted, the existing trees are pushed over so that they decay and the nutrients are placed back into the soil. In 2012, Socfindo started a composting project with as goal the composting of all mill waste streams both economically and environmentally. This will allow for a saving of 30% on inorganic fertilizer and will eliminate the need for effluent ponds and cut out methane pollution. Socfindo opted for an Aerated Bunker System because it combines all the EFB with all the POME from the mill and all microorganisms are provided by nature. The system totally removes the risk of pollution to surface water, ground water, watercourses and odour complaints.

To minimize the environmental impacts of our waste as much as possible, a Group procedure was developed in 2012 to ensure that waste management is in compliance with general policy and current legislation. It describes the practices for waste management (collection, transport, recovery and disposal), both industrial and domestic waste, and the correct execution of those practices so that workers can complete their duties without compromising the health and safety of others or the environment. All types of waste generated by our activities have been analysed and an appropriate treatment was recommended. For the collection and handling of waste, HSE guidelines are developed with respect to Personal Protective Equipment (PPE), waste storage... Waste is collected and subsequently either disposed (lagoon, landfill) or recovered (e.g. energy recovery, recycling). Waste management is conducted in accordance with the priority order of the European waste treatment hierarchy. However, the focus is on minimizing the amount of waste generated and to re-use whenever possible. Waste treatment generally depends on the type of waste, for instance, scrap metal is directed towards a scrap metal dealer, wood chips are used for energy recovery. Hazardous waste (waste oil, empty phytosanitary containers, out-dated chemicals, etc.) is collected by a registered company. Medical waste is incinerated locally in an incinerator complying with WHO standards. Our waste management procedure is available for consultation to all stakeholders upon request.



### *Compliance*

The SOCFIN group received 1 fine of 7.600 € for non-compliance with environmental laws and regulations in 2012. There was a small problem with oil filters at one of Socapalm's palm oil mills. The problem was analysed and corrective action was taken immediately to prevent future infraction.

### *Overall*

The overall amount of investments and expenditure in HSE in 2012 is 3.130.611 € (excluding wages and social benefits for HSE staff).



## 4. Social

### 4.1 Disclosure on management approach

We believe that host societies and local communities should benefit from our presence and share in the value created by our activities, and this is set out in our Code of Conduct and other Company policies and documents. Our approach to social aspects derives from these documents and underlines our commitment to high ethical standards and compliance with applicable laws. Our commitment provides a wide range of systems and services to secure a good working and living environment for our workers and their families.

Our H&S system is guided by OHSAS, while we base our labour and human rights policies on the standards set out in SA8000 guidelines and RSPO principles and criteria. The outlined requirements are inspired by the various conventions and recommendations of the International Labour Organization and on the Universal Declaration of Human Rights of the UN. Freedom of association, non-discrimination and a ban on forced and child labour are not our only commitments, we also focus on fair pay, decent housing and other welfare amenities for our staff.

In 2010, we took the first step in developing a set of principles, which describe our commitments to international standards. The initial outcome of this was the Code of Conduct, which applies to all Group plantation companies. At the moment, this is the only Group policy in place. All other social operational policies and standard operating procedures are specific to and the responsibility of each Group plantation Company. They are assisted by the Group Sustainability Department who has audited their policies in order to ensure that any gaps in compliance are identified and that their policies are aligned to Group commitments. Individual action plans were issued, determining priority areas and addressing issues of concern.

Not only our employees are our concern, we also engage with the wider rural communities to ensure their social wellbeing and all the Group plantation Companies yearly set up several community projects for public benefit. We primarily determined three focus areas: health, education and poverty reduction. To increase the impact of our actions and to provide greater access to additional funds, we work together with several existing government and non-government organizations. We also focus on capacity building of community-based representatives to support our local projects and engage with our communities on a regular basis. One example of a successful large-scale Group project is the HIV project in collaboration with DEG (Deutsche Investitions und Entwicklungsgesellschaft). The project started in 2008 with a total budget of 3,5 million EUR and includes 8 of our Group plantation Companies.

In 2013, we will continue the development of standardized procedures for Human Resources and we will further concentrate our efforts on health, education and community. We will increase the frequency of the awareness and sensitization programs on health and hygiene issues in our schools and villages, following a fixed action plan and schedule. We will focus on literacy classes for all people that were not able to attend school and are willing to learn how to read and write. We will also further strengthen our reporting mechanisms and put a standardized system in place for the collection of our medical statistics and other relevant data. This will help us to identify and focus our efforts on the problem areas. We will continue to invest in our HIV project with DEG and continue our search for new social partners so as to increase the success and long-term impact of our projects.

### 4.2 Social performance indicators

For more details on our social performance, we would like to refer to Chapter 5: Data.

#### *Labour practices and decent work*

##### *Employment*

All our Group plantation Companies are in compliance with all applicable local, national and international laws and regulations relevant in our sector concerning payment and conditions of employment e.g. working hours, deductions, overtime, holiday entitlement, maternity leave, notice period, salaries and allowances, staff benefits, resignation, termination, retirement...

Records are kept on the number of direct, indirect and temporary staff, on staff working hours, overtime, payroll, benefits... All details on pay and conditions are described in our Companies' codes and all this documentation is publicly available for consultation at each site. All welfare amenities are to national standard and in line with national and international laws and regulations.

Each site has a central health centre with a full-time doctor assisted by his medical staff. The health centres offer medical services to both our employees and the people of the surrounding villages. In recent years, there has been a steep increase in the number of consultations, due to a bigger workforce, modernization of our medical equipment and the impact of our awareness and sensibilisation campaigns.



We also provide housing for all our employees, staff members and their families. Most houses have electricity and all villages get fresh water through water wells and water pumps. We continuously review and improve our housing conditions under yearly budget and construct new houses on an on-going basis. It is, however, very difficult to detect unauthorized inhabitants, friends or extended family moving in to houses built for our workers and their dependents. Consequently, many housing estates have problems with overcrowding and a drain on resources as more people use our facilities than designed for. We have therefore strengthened our efforts to inspect housing and to ensure that only authorized inhabitants stay in the housing provided for by the Company.

#### *Labour/management relations*

SOCFIN pursues a constructive social dialogue and has written procedures for negotiation and communication with their employees and representatives. These procedures are described in each Company's official documents and communicated to staff by their representatives. Following the complaints and grievance procedure in vigour, employees can write down their complaints in a record book that is kept at each site. During monthly meetings between management and staff representatives, these complaints are discussed and a formal reply is prepared. Employees are represented by their union representatives and are covered by a Collective Bargaining Agreement (CBA).

#### *Occupational health and safety*

The health and safety of our employees is one of our top priorities and the last 2 years we have invested considerably in monitoring systems, reporting mechanisms and continuous training for our employees on H&S issues. Health and Safety Committees are established on each site to advise on prevention and safety and to organize regular training sessions. Our employees are trained on specific safety issues important for their particular job and receive appropriate protective clothing. There is a reporting system for accidents in place to identify areas of concern so that a procedure can be worked out to prevent similar accidents in the future. We have taken additional actions to strengthen safety procedures and to further drive down the number of accidents.



Our commitment to H&S goes beyond work related accidents and disease and extends to broader health issues. As the majority of our workers live with their families inside the plantation and far from public health facilities, SOCFIN has set up its own facilities, accessible to all employees and their families and open to external people as well. In recent years, we have started the decentralization of our medical services, in order to increase the accessibility for remote villages. At LAC, a mobile clinic has been operational since 2010. At SoGB, there is a central hospital, a medical centre allowing hospitalizations for every 3 villages and a dispensary in each village. We have also invested heavily in awareness raising and sensibilisation campaigns that tackle various topics, ranging from vaccination, malnutrition, sexually transmitted diseases to alimentation, hygiene and effects of substance abuse. On some plantations, a social worker has been appointed to raise awareness about these issues in the villages.

We continually strive to reduce malaria, tuberculosis, cholera, AIDS and other infectious and tropical diseases. Everybody is aware of the high rates of HIV/AIDS infection on the African continent and the countries where we are present are no exception. This is not only a societal tragedy but also poses a long-term risk to our business, as it has an impact on our labour force and the availability and health of our workers. It is a true challenge to the socio-economic development of the regions we are working in since especially the productive age-segment of the working population is affected, leading to a loss of educated and trained manpower. We are playing an active role in creating awareness and offering access to anti-viral medication and other treatments. Since 2008, we have worked in a partnership with the DEG with as goal the improvement of HIV/AIDS prevention and health care. The project aims to improve health care for about 123.500 plantation workers, family members and people of the surrounding communities of 8 agro-industrial companies comprising 11 plantation sites in Liberia, Cameroon, Côte d'Ivoire, Nigeria and in the Democratic Republic of Congo. HIV/AIDS action plans have been developed for each site and qualitative and quantitative indicators and targets have been formulated and form the basis for further reporting. More specifically, the program consists of: rehabilitation of our hospital facilities, provision of equipment, drugs and consumables, training of health staff and peer educators, organization of awareness raising campaigns and intensification of our collaboration with local NGO's and national programs. SoGB, for example, has been working in a close partnership with the American NGO Elizabeth Glazer Paediatric Foundation for HIV prevention and treatment since 2008. The last 3 years an educational component has been added to the DEG project as well.

### *Training and education*



The SOCFIN Group employs more than 25.000 people, of which at least 95% is locally hired. Through our on-the-job training we are able to fill in most jobs with locally recruited staff. Professionalizing our labour pool is a high Group priority. We understand that if we want to attract and retain the best workers, we need to invest in our employees and create an environment with opportunities. We have therefore a broad-based training programme in place. Many of our employees attend some sort of skill-upgrading every year. For manual workers, there are on-the-job and health and safety trainings, whereas for staff, a wide range of in-house and external training courses are available, aimed at continued learning as well as personal development. All of our staff

has annual appraisals. SOCFIN is generally known as a stable employer with decent conditions and prospects for long-term development.

Besides continuous training for our employees, we also invest in the education of our employees' children and children from the surrounding communities. We support both the schools within our sites and from the surrounding communities directly and indirectly. We construct schools, pay teachers, provide school equipment such as books, tables, computers...Most of our sites have a kindergarten, elementary school, high school and sports infrastructure. We also award scholarships to students from our school system and local community students. Sukiman, a son of a construction labourer, villager of Desa Sengon Sari, is a former recipient of Socfindo's scholarship program. Thanks to Socfindo he was able to attend junior until senior high school and he currently studies at Medan University. LAC annually awards 4 scholarships to students who want to attend university. Since the start of this program, 33 students have benefited and more than 5 have returned to LAC after graduation to work in various positions. Socapalm has already built 41 schools in partnership with the government in the last 12 years.

Since 2010, an educational component has been added to our partnership project with DEG. The focus of the project and of SOCFIN's activities in the educational sector is on improving the quality of the education. The aim is to increase the number of teachers and classrooms, to improve the ratios of pupils per classroom and pupils per teacher, as well as to increase the number of girls enrolled and attending classes. Besides our collaboration with DEG, a partnership with Safmarine/Maersk shipping line started in 2011 on an educational project in LAC. The objective was the construction of an additional 5-classroom elementary school at Nain Camp, LAC, opening February 2012.



## Diversity and equal opportunities



Our recruitment procedures are documented and based on objective criteria. We employ both men and women in various positions, also in top management. An estimated 15% of our employees are female and they are represented in all categories of employment. We realize that we need to put in additional efforts to further increase the percentage of women in our workforce. The plantation sector is generally very male-dominated since many of our key work functions require hard physical labour. Women generally do not apply for those jobs; however, we will focus on ways in which we can further include women in our workforce, for instance in administration.

We aim to create a harmonious working environment where all employees are free from violence and harassment. Physical, sexual and verbal harassment is unacceptable and cause for immediate disciplinary measures. Any employee has the obligation to report such behaviour. Fortunately, very few incidents take place on the work floor. However, when harassment or violence has occurred, appropriate disciplinary action is taken, including dismissal. Harassment does not appear to be a widespread problem but we acknowledge that this may not truly reflect reality, as many cases are not recorded due to unwillingness or fear to report incidents. We will try to encourage more openness on the issue and document any incidents.

## Human rights

### Investment and procurement practices

The suppliers and contractors that work with our Group plantation Companies are made aware of the Companies' policies, requirements and Code of Conduct. When the Code of Conduct was implemented, training sessions took place to explain the contents of the code with real-life examples to our employee representatives. In so far as possible, we try to screen our suppliers and contractors on their respect of human rights. However, we recognize that we can still improve our performance in this field by more actively checking their compliance with our standards. Especially, for small contractors we realize that their employees do not always receive the same benefits or treatment as our employees.

### Non-discrimination

SOCFIN does not discriminate on the basis of race, nationality, ethnic origin, sex, age, religion, disability, sexual orientation, union membership and political affiliation or any other condition. We strive for a workplace where the personal dignity of each individual is respected. We employ, train, compensate and promote employees on the basis of their job-related competences and skills only and other criteria do not have any influence on a person's suitability for a job or promotion.

### Freedom of association and collective bargaining

We are committed to good labour conditions and undisputedly respect the right of all personnel to form and join trade unions of their choice and to bargain collectively. All personnel are informed about their right to join an organization of their choice and there are Collective Bargaining Agreements (CBA) in place at each plantation Company. An estimated 85% of workers are members of a union. Union representatives are chosen during union elections, organized independently from the Company, and they represent the Company employees in their meetings with General Management, where they discuss productivity, community welfare and other relevant issues. All meeting reports are locally available for consultation to our stakeholders. Overall, we enjoy good labour relations and there has been no incident where the right to exercise freedom of association or collective bargaining was at risk. In 2012, we had no major industrial disputes.



### *Child and forced labour*

The SOCFIN group does not engage in or support the use of child labour. This is clearly mentioned in the Group's Code of Conduct. This Code, signed by employees at recruitment, mentions that the Group is unmistakably opposed to any form of child labour. We make great efforts to verify the ages of all employees, including but not limited to birth certificate, school and church records, ID card and driving license. So far, we have not had any issues with child labour on our plantation sites. However, in case children would be found working in inadequate conditions, we would provide financial and other support to enable those children to attend school. Forced labour is also not present. Each employee is fully informed about the conditions of service and the general regulations during recruitment and upon employment and has a clearly communicated and signed contract. Employees are free to terminate their employment if they give reasonable notice and can leave the work site after completing the standard working day. We never hold travel documents, identification papers or other types of bond from employees.

### *Security practices*

SOCFIN is committed to ensuring the safety of its employees and the security of its assets and therefore a security team is in place at each plantation site to safeguard our workers and our premises. In previous years, we have experienced some violent incidents, either in connection with robberies or with ethnic conflicts. The security guards patrol around the plantation and, whenever necessary, seek to resolve security issues without violence. Our security staff is allowed to direct the search of persons, vehicles and property on our premises in accordance with local laws. There is a systematic security check at the site entrance.



### *Indigenous rights*

SOCFIN engages with the surrounding local communities to understand whether there are any issues that need to be addressed in terms of land rights or community needs. Public consultation rounds are organized with the surrounding communities when land issues are concerned. In 2012, we had some minor issues around land boundaries but we are able to solve these quickly. It is not always a straightforward process to determine customary rights. The biggest challenge is to determine true representation. In some cases, we are confronted with competing claims for the same land and determining the strongest claim can be a highly challenging task. Likewise, some communities might have representatives whose legitimacy is questionable. At Socfindo, 2 land conflict cases have been resolved through judicial process. At Socfin KCD, we are experiencing some problems with illegal land grabbing and selling of the unplanted areas within the concession, especially around the river corridors. At SAC, there have been some disputes, mainly due to a lack of communication from the Company's management. A community officer was therefore appointed to serve as a mediator between SAC and the local communities so as to create a better understanding between both parties, increasing trust and cooperation.

## **Society**

Most of the topics covered in this chapter are addressed in the Group Code of Conduct, ranging from competition issues, corruption and bribes to possible conflicts of interest. All employees, consultants, suppliers are expected to adhere to this Code in all their dealings with or on behalf of the Group. We adhere to the highest ethical standards in all our dealings with government or other institutions. Employee non-compliance with the Code must be reported and results in disciplinary action.

### *Community*

Partnerships and collaboration with local communities has to lie at the heart of any successful agricultural company. Effective community engagement and good relations are essential to develop land and fulfil workforce needs. We support local communities through donations and contributions to community projects. We try to focus on key issues such as improvements in health, education and poverty reduction in and around the areas where we operate. In order to increase the impact and success of our activities and to provide greater access to additional funds, we try to collaborate as much as possible with existing government and non-government



organizations. In future, we will try to further increase these efforts in order to guarantee a long-term and strategic approach.

Several community projects have been undertaken at our plantation Companies in 2012. We will briefly touch on some initiatives. Socfindo started a community project called 'Revolving Funds Program'. Surati, a local tailor, is recipient of Socfindo's revolving funds program and she benefited from the fund to invest in a sewing machine to increase her sewing order. SAC started a school development program, with as objective the rehabilitation of the Government Junior High School in Malen. SoGB supports the local development of its formerly displaced villages with an annual budget of 110.000 €/year. The budget is entirely used for projects to the benefit of the local community. This year a health centre was built with a maternity and



pharmacy, run by a permanent nurse and midwife. LAC appointed a social worker, who initiated a pilot project to organize women and youth in an association and engage them into productive activities, such as soap making, vegetable gardens, sewing...They received a sewing machine, farming tools and vegetable seeds from the Company. The project was a great success and will be implemented in other villages. At Socapalm as well, community gardens of around 1.600 m<sup>2</sup> were developed in each village to help local people grow food crops and fruit trees. Socapalm provides the seeds, equipment and technical assistance. Socapalm also built a health centre for the people of the neighbouring village and organised literacy courses for illiterate adults.

#### *Corruption*

The Code of Conduct clearly prohibits the use of funds to make a payment, direct or indirectly, in money, services or any other form to a government official, political party or any other representative, to convince them to exert influence or not to perform his lawful duty.

#### *Public policy*

No contributions of any kind were made to political parties, politicians and related institutions in 2012. We abstain from participating in political activities and, whether or not local law limits the use of corporate funds to support political parties, we do not make contributions to political parties, politicians or related institutions at any level of government.

#### *Anti-competitive behaviour*

The SOCFIN Group acts independently and in its own interest in all commercial situations affecting competitive conditions of trade and avoids all practices that restrict competition. In 2012, no legal action was undertaken against our Group for anti-competitive behaviour, anti-trust and monopoly practices.

#### *Compliance*

The SOCFIN Group did not receive any fines for non-compliance with social laws and regulations in 2012.

## 5. Data

### Key environmental and social figures

	Unity	SAC	SRC	LAC	SoGB	SCC	OKOMU	SOCAPALM	SAFACAM	BRABANTA	SOCFIN KCD	SOCFINDO
<i>Financial data</i>												
Turnover (000 €)	EUR	-	-	34712	120714	27595	50492	53806	19291	-	-	229933
Profit (000 €)	EUR	-	-	10554	23248	208	17128	5545	6653	-	-	82167
Production FFB	T	-	-	-	31465	-	26804	72056	11136	-	-	220876
Production cc	T	-	-	14976	37142	12431	8271	234	4674	-	-	12578
Operating costs (000 €)	EUR	-	6283	17636	78446	26839	28694	47482	12771	-	-	92362
Total HSE expenditure & investments	EUR	164269	271300	175717	989 876	6590	74627	435772	132700	0	38760	841000
<i>Workforce</i>												
Employees	nb	221	787	1670	5356	263	724	1653	1766	263	160	11810
<i>Health &amp; Safety</i>												
Working accidents	nb	204	15	43	481	3	482	457	128	1180	-	83
Work-related fatalities	nb	2	0	0	0	0	0	6	0	0	-	1
Work-related injuries	nb	202	15	43	481	3	482	451	128	1180	-	82
Injury rate	nb/100 empl	-	1,58	2,15	0,72	2,36	0,43	8,59-64,72	7	39,9	-	0,7
Training sessions	nb	1	5	2	0	0	46	56	2	0	-	81
<i>Factory data</i>												
Fuel use per processed ton of FFB	l/T FFB	-	-	-	0,03	-	0	0,5-1,22	0,51	-	-	0,03-1,62
Water use per processed ton of FFB	m <sup>3</sup> /T FFB	-	-	-	1,16	-	1,71	1,17-1,82	1,1	-	-	0,9
Electricity use per processed ton of FFB	kWh/T FFB	-	-	-	18,99	-	14,83	17,44-46,34	13,89	-	-	16,8
Fuel use per processed ton of dry rubber	l/T dry	-	39,5	37	38,2	36,6	34	-	37,1	-	-	38,4-44,2
Water use per processed ton of dry rubber	m <sup>3</sup> /T dry	-	59,5	20,7	15,6	18,4	35	-	9,9	-	-	21,7-21,9
Electricity use per processed ton of dry rubber	kWh/T dry	-	166,3	175,2	175,8	201,1	194,9	-	157,9	-	-	137,3-141,8
POME: pH		-	-	-	8,2	-	5,3	-	8,63	-	-	6-9
DB05	mg O <sub>2</sub> /l	-	-	-	511	-	2650,41	-	189,8	-	-	83
DCO	mg O <sub>2</sub> /l	-	-	-	1540	-	3060,41	-	595	-	-	278
Use of Aldicarb	Kg	-	-	-	1160	0	0	830	360	0	-	0
Use of Paraquat	l	-	-	-	0	0	476	1600	0	0	-	23157
Total weight of waste (excl. POME)	T or m <sup>3</sup>	-	6	80,17	234,4	43,04	-	92,01	42,8	-	-	15,330
<i>Medical statistics</i>												
Clinics & health centres	nb	-	1	1 + 11	1 + 3	-	3	15	1	1 + 1	-	15
Health staff	nb	-	17	56	76	-	24	40	19	40	-	82
Consultations	nb	-	17993	42771	125575	-	17883	44621	19882	5444	-	62815
Hospitalizations	nb	-	1009	4978	2428	-	1025	385	630	842	-	469
5 most common diseases												
Child births	nb	-	236	386	909	-	-	108	83	521	-	418
Women receiving contraceptives	nb	-	1350	7715	1644	-	50	263	22	21	-	0
Condoms distributed	nb	-	8160	36000	1500	-	4600	20716	32000	0	-	0
Voluntary HIV tests performed	nb	-	741	957	559	-	741	2925	1712	522	-	0
HIV positive patients receiving treatment	nb	-	17	33	44	-	30	199	78	-	-	0
HIV positive women receiving PMTCT medication	%	-	-	100%	15	-	3	2	100%	-	-	0
Positive malaria tests	nb	-	4721	3548	14942	-	752	284	500	2388	-	0

<i>Educational statistics</i>													
Nursery schools	nb	-	1	8	1	-	1	10	3	1	-	-	51
Primary schools	nb	-	6	8	10	-	1	26	9	8	-	-	14
Secondary schools	nb	-	2	3	-	-	-	5	1	8	-	-	0
Classes	nb	-	31	59	62	-	12	182	52	171	-	-	135
Teachers	nb	-	47	70	65	-	12	218	82	253	-	-	135
Students	nb	-	3244	4752	3835	-	342	6541	1961	3351	-	-	3285
Ratio teacher/students	nb	-	65	88	59	-	29	30	24	13	-	-	24
Average number of students per class	nb	-	50	96	62	-	29	41	38	20	-	-	24

**Notes to data:**

An aligned data collection system on HSE performance was only put in place this year, so some data were not yet available at the time of reporting and some inaccuracies may still occur. By next year, we will be able to report on more parameters.

Since SAC, Brabantia and Socfin KCD are still under development and in the investment phase, their infrastructure is still under construction and the data included for these plantation Companies is fairly limited.



## Stakeholder engagement

<i>Issues</i>	<i>Stakeholder Groups</i>	<i>Partnership</i>	<i>Type of engagement</i>
<i>Health</i>	Financial institutions	DEG	Investment in the amelioration of the health and educational facilities of 8 Group plantation companies; partnership since 2008
	NGO's	ACMS	Collaboration agreement for the training of our medical staff and the organization of sensibilization campaigns in our villages in Cameroon
		GIZ	Possible partnership to achieve improvement of the living conditions of rural populations
		Elizabeth Glazer	Since 2008 in partnership with SoGB in the battle against HIV/AIDS (prevention and treatment)
		Brothers of Charity	Convention to assist us with the management of the hospital at Brabantia
<i>Working conditions</i>	Employees / Unions		Trade union dialogue, grievance and complaints procedure
	Government		Regular dialogue with local and national authorities
	Universities		Apprenticeships and research projects
	Industry bodies		Research projects
<i>Biodiversity</i>	NGO's	CED	Project REDD – development of a strategy to reduce emissions linked to deforestation and forest degradation in Cameroon
		RAFM	Preparation and participation forum
		CAMAMF	Preparation and participation forum
		WWF	Partnership at Socfindo in review of HCV assessment in 2009 and partnership in training of HCV monitoring in 2009
		Pan Eco	Socfindo provides oil palm seeds for projects to develop oil palm on degraded land in Aceh
	Government	ANAFOR	Convention on reforestation of areas within our concessions in Cameroon that are not suitable for oil palm development
		DEPM	Direction de l'Ecologie et de la Protection de la Nature in Ivory Coast – assists SoGB with the classification of the protected areas within the concession as natural reserve
		SLEPA	Environmental Protection Agency of Sierra Leone – calculates the environmental impact of our plantation activities in Sierra Leone
<i>Education</i>	NGO	IECD	Collaboration on an education project for school drop-outs in Cameroon – convention to be finalized
		EHELD	Partnership with LAC in granting scholarships to students who graduate from LAC school system with honours and want to study Agriculture & Engineering at university
		Peace Corps	Cooperation on social projects at SAC – construction of school library for the secondary school at Sahn Malen
	Company	Maersk	Collaboration with Maersk Shipping Line on an educational community project at LAC in 2012 with the aim to construct a school in a remote village
	Schools & Universities		Scholarship programs, internship programs for vocational training in various disciplines, vacation job programs

<i>Promotion and development of standards for sustainable palm oil &amp; rubber</i>	NGO	WWF	Development of a strategy for sustainable palm oil production in Cameroon
	Multi-stakeholder organizations	RSPO	Member
	Industry bodies	GAPKI	Indonesian Palm Association – Socfindo is member of the executive board
		GAPKINDO	Indonesian Rubber Association – Socfindo is member of the executive board
		BKSPPS	Association of plantation in Sumatra – Socfindo is a member of the executive board
	NGO's	CEDLA	Redistribution of benefits to the surrounding communities
		CAMMANF/CODER	Assistance at social impact assessment for the lagoon construction at Kienké
		Welt Hunger Life	Participation in social projects at SAC (water-well construction, public road construction...)
		TFT	TFT academic internships to study the relations with the surrounding communities
	Cooperatives	Cooperative of Rubber Planters	Partnership between SoGB and the cooperative of rubber planters for the purchase of their local rubber
Smallholders		Technical advice, workshops and annual training programs offered by the plantation companies to the local smallholders	
Financial institutions		Response to questionnaires and emails - investor presentations	
<i>Transparency</i>			

## GLOSSARY

RSPO	Roundtable on Sustainable Palm Oil is a multi-stakeholder organization that has developed a certification scheme for sustainable palm oil.
ISPO	Indonesian Sustainable Palm Oil is an Indonesian standard for production of sustainable palm oil issued by Ministry of Agriculture, Republic of Indonesia. This standard is mandatory to be adopted by 2014.
Proper Green	Performance Rating Program in Environmental Management that aims to encourage the company's performance in environmental management.
SA8000	Social Accountability 8000 is an auditable certification standard that encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace. It was developed by Social Accountability International in 1997 and it is a management systems standard, based on ISO standards.
ISO9001	ISO9001:2008 sets out the criteria for a Quality Management System. It is developed by ISO and is a globally recognized standard that can be certified.
ISO14001	ISO 14001:2004 sets out the criteria for an Environmental Management System and can be certified too. It maps out a framework that a company or organization can follow to set up an effective Environmental Management System. Using ISO 14001:2004 can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved.
OHSAS 18001	OHSAS 18000 is an international occupational health and safety management system specification. It is intended to help organizations to control occupational health and safety risks. It is a globally recognized standard against which to be certified and assessed.
BOD	Biological Oxygen Demand is the amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.
HCVF	The concept of High Conservation Value Forests was first developed by the Forest Stewardship Council (FSC) in 1999. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic, cultural, biodiversity and landscape value.
IPM	Integrated Pest Management a pest control strategy that uses an array of complementary methods: mechanical devices, physical devices, genetic, biological, legal, cultural management, and chemical management. These methods are done in three stages: prevention, observation, and intervention. It is an ecological approach with as main goal the reduction or elimination of pesticides use.
GRI	Global Reporting Initiative is a multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.



**Notes:**

A series of 40 horizontal dotted lines for taking notes, starting below the 'Notes:' header and extending nearly to the bottom of the page.





**Socfin**

4 avenue Guillaume  
L-1650 Luxembourg

