



**2016  
SUSTAINABILITY  
REPORT**

# 1

<b>1.1</b>	<b>Introduction</b>	
1.2	Preface	.05
1.3	Commitment to environmental, social, societal and transparency aspects	.06
1.4	Profile	.06
1.5	Group management organogram	.07
1.6	Shareholding	.07
1.7	Presence in the world	.08
1.7	Key dates	.10

# 2

<b>2.1</b>	<b>Economic performance in figures</b>	
2.2	Palm oil production	.12
2.3	Natural rubber production	.12
2.4	Seed production	.12
2.5	Research and development	.13
2.6	Production perspectives	.14
2.6	Risks related to climate change	.14

# 3

<b>3.1</b>	<b>Responsible governance</b>	
3.2	Governance structure and management approach	.15
3.3	Policies, charters and code of conduct	.15
3.4	Human rights declaration	.16
3.5	Compliance with legal requirements	.16
3.6	Voluntary compliance with other standards	.18
3.7	Supply chain and traceability	.20
3.8	Clients' standards	.21
3.8	Complaints and grievances	.21

# 4

<b>4.1</b>	<b>Strong social commitment</b>	
4.2	The Group's social commitment	.22
4.3	Overall assessment of key social indicators	.22
4.4	Social infrastructure	.27
4.5	Security of people and property	.30
4.6	Health: a driving force for development	.30
4.7	Supporting education and training	.32
4.7	Micro-projects	.33

# 5

## Ensuring employee safety

5.1	Safety management system	.37
5.2	Occupational health and safety policy	.37
5.3	Occupational health and safety committees	.37
5.4	Risk analysis	.37
5.5	Training & Sensitization	.39
5.6	Medical check-up	.40
5.7	Working accidents	.40

# 6

## Management of natural resources

6.1	Environmental management system	.41
6.2	Status of certifications in progress	.41
6.3	Policies	.42
6.4	Evaluation of 6 HCV	.50
6.5	Programs and plans	.50

# 7

## Contribution to local development

7.1	Local partners	.53
7.2	Local communities	.55
7.3	Indigenous population	.58

# 8

## 8 Communication

.61

### Annexes

GRI Index	.62
Glossary	.65



1.1 Socfindo village

# 2016 Sustainability Report

### 1.1 Preface

In the 5th edition of the annual report, the Group reports on more and more indicators and provides more details on its activities: related to environmental protection, occupational health and safety, local and community development, etc. This year, moreover, another improvement was introduced: the report follows the latest guidelines of the Global Reporting Initiative (GRI).

2016 was marked by the adoption of two new policies:

- A quality policy<sup>1</sup>, translating the Group's desire to respond satisfactorily to the increasingly strict demands of its clients, by requesting equal commitment from its suppliers, particularly raw material.

- A responsible management policy<sup>2</sup>, launched on 1 December 2016, which exceeds the Group's commitment to sustainable development; henceforth the policy integrates social, traceability and transparency aspects, equally applicable to the entire supply chain.

Both policies were well received by the Group's clients and stakeholders. In 2016, the Socfin Group invested more than € 18 million in social infrastructure, social projects, occupational health and safety and environmental protection.

The past year was characterized by a decrease in commodity prices, forcing the Group to slow down both its agricultural, industrial and social investments (-34% in 2016).

Despite this and because Socfin is convinced that its activities must generate revenue for all, and that this revenue must be shared with all, while still ensuring the economic viability of its operations, the Group remained committed to allocating 21% of its total investment budget to sustainable development (versus 20% in 2015).

1) [http://www.socfin.com/frontend/files/userfiles/files/2017\\_03\\_22\\_Quality\\_Policy.pdf](http://www.socfin.com/frontend/files/userfiles/files/2017_03_22_Quality_Policy.pdf)

2) [http://www.socfin.com/frontend/files/userfiles/files/2017\\_03\\_22\\_Policy\\_responsible\\_management.pdf](http://www.socfin.com/frontend/files/userfiles/files/2017_03_22_Policy_responsible_management.pdf)

# 21%





'The Group's responsible management policy integrates societal, traceability and transparency aspects applicable to the entire supply chain'.

### 1.2 Commitment to environmental, social, societal and transparency aspects

The Socfin Group's commitments were formalized in its new responsible management policy which was disseminated and implemented from 1 December 2016, and which will be approved by its Board of Directors in 2017.

This policy, developed by involving all internal and external stakeholders, goes beyond a commitment to the traditional three pillars of sustainable development; it integrates henceforth societal, traceability and transparency issues, applicable to the Group's entire supply chain.

Through this policy, the Socfin Group commits to implementing best management practices and particularly to:

- Reducing and preventing environmental impact,
- Facilitating smallholder inclusion,
- Guaranteeing fair and transparent price negotiations with smallholders,
- Continuously improving agricultural practices aimed at achieving higher yields.

The responsible management policy also comprises an indispensable commitment to implementing a zero-deforestation policy following the HCS 'High Carbon Stock' approach. The impacts of this decision have been carefully evaluated and the on-going projects have been suspended until the studies are finalized and authorize the continuation of these developments.

The Socfin Group equally underlines its commitment to respecting human rights, and to maintain a transparent and open dialogue with all, especially local population groups.

Concerning transparency, the Socfin Group undertakes to:

- rendre sa chaîne d'approvisionnement en matières premières 100% traçable ;
- mettre en œuvre une procédure ouverte, transparente et consultative pour la gestion des plaintes ;
- rapporter publiquement sur la mise en œuvre de sa politique.

### 1.3 Profile

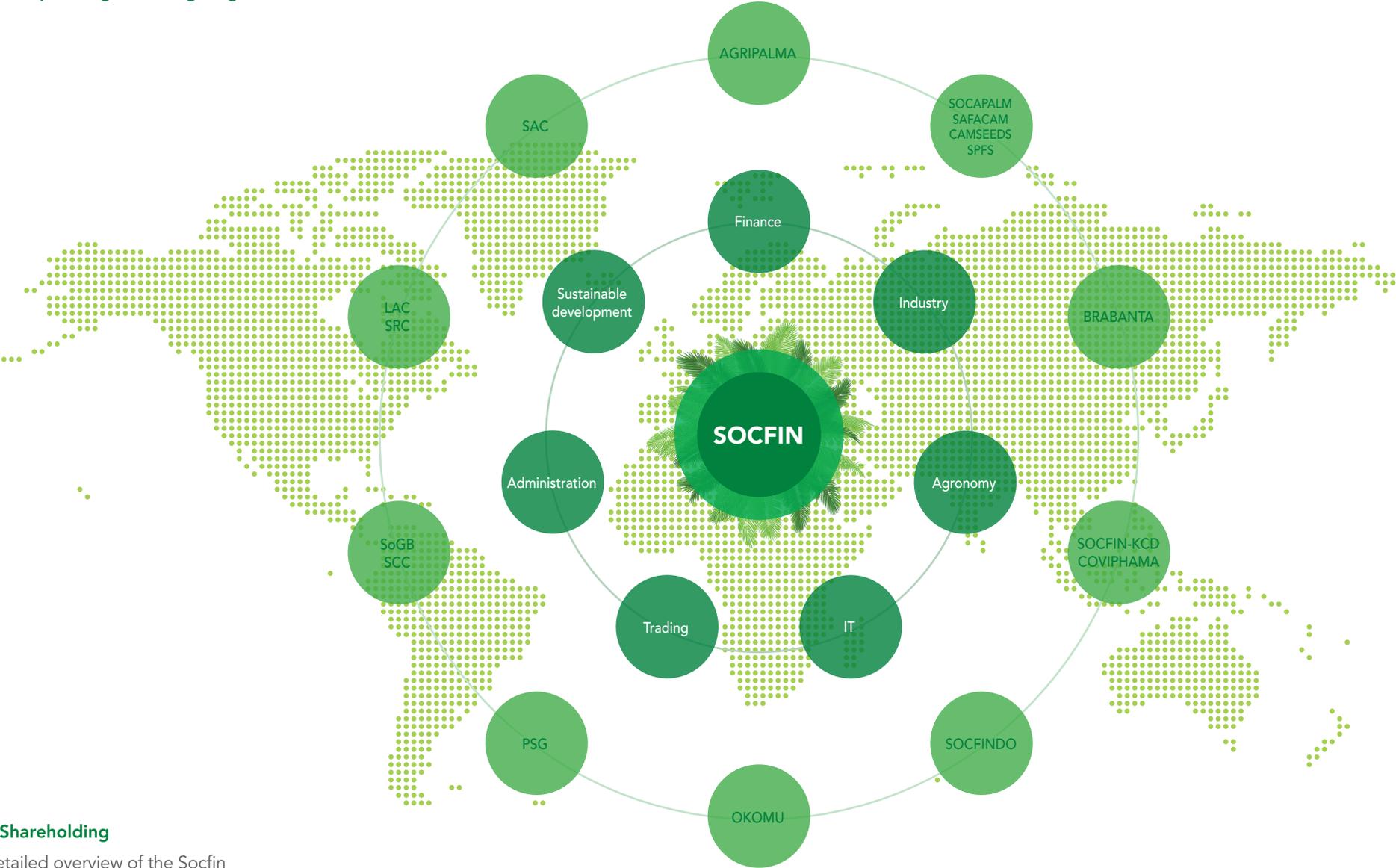
The Socfin Group is an agro-industrial group founded in the beginning of the 20th century specialising in the development of agro-industrial infrastructure for the production of palm oil and natural rubber.

The Group comprises 15 agro-industrial sites established in 8 countries in Central and West Africa and 2 countries in Southeast Asia.

For more details concerning Socfin's activities and operational subsidiaries, please visit the website:

<http://www.socfin.com/en/socfin-group>

1.4 Group management organogram



1.5 Shareholding

A detailed overview of the Socfin Group's shareholding is presented in its annual finance report.

3) <http://www.socfin.com/fr/investisseurs>

## 1.6 Presence in the world

1

### SIERRA LEONE SAC

Created by SOCFIN in 2010  
State-owned land with a lease  
Concession of 17 724 ha  
12 319 ha of oil palm planted  
1 palm oil mill  
Workforce 3 128

2

### LIBERIA SRC

Acquired by SOCFIN in 2007  
State-owned land with a lease  
Concession of 8 000 ha  
4 616 ha of rubber planted  
Workforce 517

### LAC

Acquired by SOCFIN in 1998  
State-owned land with a lease  
Concession of 121 407 ha  
13 801 ha of rubber planted  
1 rubber factory  
17 339 T of rubber produced  
Workforce 3 996

5

### NIGERIA OKOMU

Acquired by SOCFIN 1990  
Extension acquired 2014  
State-owned with a lease  
Concession of 33 113 ha  
7 335 ha of rubber planted  
14 464 ha of oil palm planted  
1 palm oil mill  
1 palm kernel crushing plant  
1 rubber factory  
6 635 T of rubber produced  
36 260 T of palm oil produced  
Workforce 3 522

3

### COTE D'IVOIRE SoGB

Acquired by SOCFIN in 1994  
State-owned land with a lease  
Concession of 34 712 ha  
15 861 ha of rubber planted  
7 471 ha of oil palm planted  
1 palm oil mill  
1 palm kernel crushing plant  
1 rubber factory  
53 413 T of rubber produced  
35 277 T of palm oil produced  
Workforce 8 037

### SCC

Created by SOCFIN in 2008  
1 rubber factory  
25 234 T of rubber produced  
Workforce 255

4

### GHANA PSG

Acquired by SOCFIN in 2012  
State-owned land with a lease  
Concession of 18 429 ha  
643 ha of rubber planted  
5 044 ha of oil palm planted  
1 palm oil mill planned for 2018  
1 rubber factory planned for 2020  
Workforce 1 271

7

### SAO TOMÉ AGRIPALMA

Acquired by SOCFIN in 2013  
State-owned with a lease  
Concession of 4 917 ha  
2 210 ha of oil palm planted  
1 palm oil mill planned for 2018  
Workforce 630



6

**CAMEROON  
SAFACAM**

Acquired by Socfin in 2014  
Concession of 15 529 ha  
4 157 ha of rubber planted  
5 348 ha of oil palm planted  
1 palm oil mill  
1 palm kernel crushing plant  
1 rubber factory  
5 671 T of rubber produced  
12 285 T of palm oil produced  
Workforce 2 758

**SOCAPALM**

Acquired by SOCFIN in 2000  
State-owned with a lease  
6 sites  
Concession of 58 063 ha  
2 079 ha of rubber planted  
32 901 ha of oil palm planted  
6 palm oil mills  
95 644 T of palm oil produced  
Workforce 6 400

8

**DEMOCRATIC REPUBLIC OF CONGO  
BRABANTA**

Acquired by Socfin in 2007  
State-owned with a lease  
Concession of 29 540 ha  
6 169 ha of oil palm planted  
1 palm oil mill  
Workforce 2 954

**CAMSEEDS**

1 research laboratory  
Workforce 119

**SPFS**

Acquired by SOCFIN in 1999  
No plantation  
1 refinery  
1 473 T of oleine produced  
Workforce 25

9

**CAMBODIA  
SOCFIN KCD**

Acquired by SOCFIN in 2007  
State-owned land with a lease  
Concession of 6 659 ha  
1 rubber factory planned for 2018  
3 893 ha of rubber planted  
Workforce 317

**COVIPHAMA**

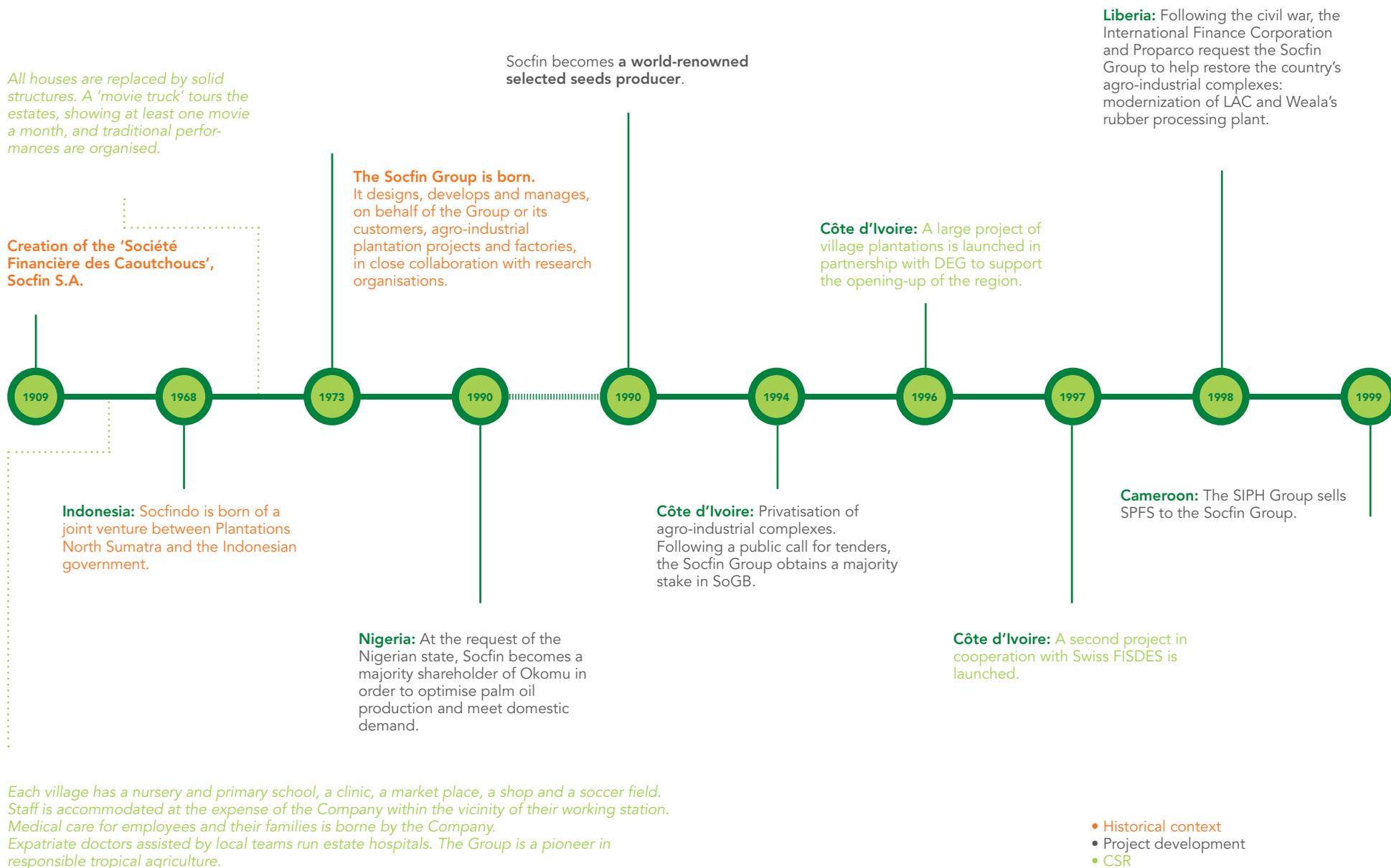
Acquired by SOCFIN in 2013  
State-owned land with a lease  
Concession of 5 345 ha  
3 300 ha of rubber planted  
Workforce 161

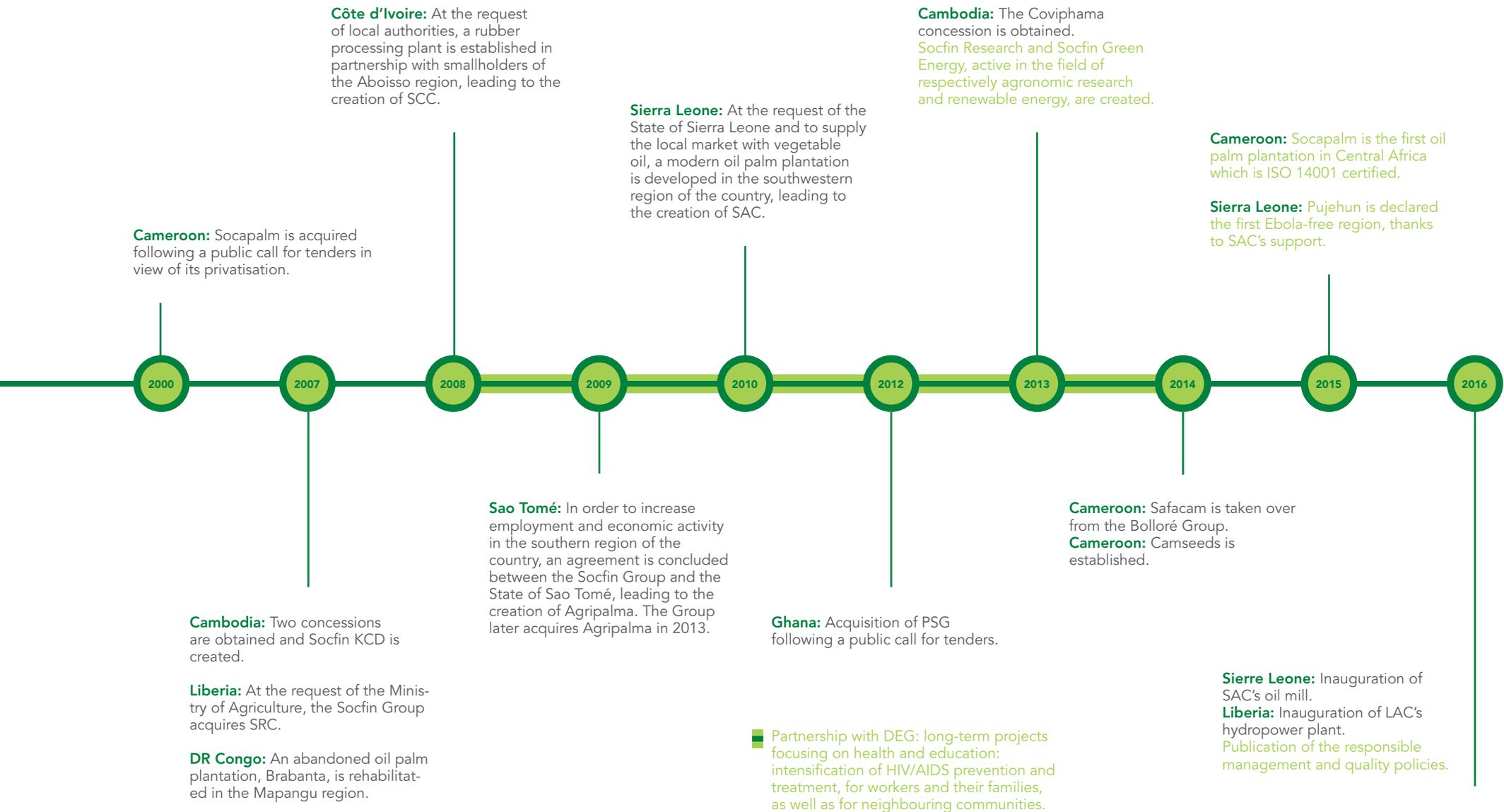
10

**INDONESIA  
SOCFINDO**

Created by Socfin in 1968  
State-owned land with a lease  
Concession of 49 340 ha  
9 332 ha of rubber planted  
38 670 ha of oil palm planted  
9 palm oil mills  
1 refinery  
1 palm kernel crushing plant  
2 rubber factories  
13 272 T of rubber produced  
181 419 T of palm oil produced  
16.1 million seeds produced  
Workforce 11 906

## 1.7 Key dates





# Economic performance in figures | 2

'Increasing turnover'

After an exceptionally difficult year 2015, the Socfin Group closed 2016 with a slightly higher turnover: € 517.3 million.

In 2016, the Group's total investments amounted to € 85.4 million. As a result of this constant investment policy, the Socfin Group manages 189 292 hectares under cultivation (124 495 hectares of oil palm and 64 797 hectares of rubber) on an overall concession area of nearly 400 000 hectares.



2.1 Oil palm fruit

## 2.1 Palm oil production

Production in tons (2016)	
Estate palm oil	356 012
Palm oil produced from fresh fruit bunches (FFB) delivered by third parties	20 798

There is a 2.8% decrease in production in 2016 compared to 2015. The production, nonetheless satisfactory, directly benefits the host countries, helping them to meet domestic vegetable oil needs.

The majority of African countries currently produce less than 50% of their domestic needs.



2.2 Estate cup lumps

## 2.2 Natural rubber production

Production in tons (2016)	
Estate rubber	58 595
Rubber produced from wet rubber delivered by third parties	65 050

Production increased by 1.3% in 2016 compared to 2015.

Rubber tree cultivation is a pure green energy source: natural rubber is an alternative to synthetic rubber and rubber trees constitute an endless carbon sink.



2.3 Seeds, Socfindo, Indonesia

## 2.3 Seed production

In 2016, 16 064 000 oil palm seeds were produced, or a decline of 28.6% compared to 2015. This decrease is due to a global drop in oil palm seed demand.





2.4 Oil palms, Camseeds, Cameroon



#### 2.4 Research and development

Socfin Research leads the Group's Research and Development<sup>4</sup>. This subsidiary's main objective is leading scientific research and project studies in the agronomic domain, nowadays pertaining to both oil palm and rubber. Socfin Research collaborates with research institutes as well as with various agricultural universities.

Socfin Research scientifically supports a laboratory and an oil palm seed selection and improvement unit, located at Camseeds in Cameroon. The quality of the obtained seeds directly and positively impacts the profitability and sustainability of the plantations; notably, by increasing yield per hectare and disease resistance. Socfin Research collaborates with the Catholic University of Leuven (CUL, Belgium) on rubber phytosanitary



2.4 Socfin Research, Socfindo, Indonesia

issues. The goal is to improve the trees' health by reducing the use of pesticides and inorganic fertilizers, having a significant impact on the protection of local ecosystems.

Socfin Research also invests in the rejuvenation of rubber stump clones; a dozen of clones have already been rejuvenated (in partnership with Ghent University, Belgium).

Socfin Research is at the cutting edge of this biotechnology research in rubber culture.

4) <http://www.socfin.com/en/socfin-group/research-and-development>



2.6 Factory, SoGB Côte d'Ivoire

The Socfin Group equally participates in research projects led by the French Institute of Rubber (l'Institut Français du Caoutchouc) and by specific clients such as Michelin.



Socfin Green Energy supervises the Group's green energy production projects, such as:

- Construction of a hydropower plant in Liberia to meet the energy needs of the estate and the villages.
- Use of biomass boilers to generate the necessary steam during the milling process.
- Installation and use of biomass dryers for drying natural rubber.

LAC's hydropower plant is operational since June 2016 and can produce up to 4 300 MWH/year thanks to its 2 turbines. The produced electricity is used to supply the villages, factory and offices.

## 2.5 Production perspectives

To ensure the responsible development of its plantations, the agronomic palm and rubber departments have developed manuals aimed at standardising agricultural operations and generalising best practices:

- Technical Rubber Itinerary
- The Socfin Oil Palm Manual

For example: the palm manual includes, with regard to the environment and occupational health and safety, information on maintenance and correct use of equipment, on personal protective equipment, on treatment of

packaging waste having contained used products (fertilizers and phytosanitary products), technical data on integrated pest management, anti-erosion measures, etc.

Optimal use of planting material and economical use of inputs and phytosanitary products will have a considerable impact on environmental protection, thereby reducing exploitation costs.

## 2.6 Risks related to climate change

Preliminary studies conducted at the acquisition of an existing plantation or at the development of a new project, include an analysis of the risks related to climate change.

Locally, after a risk is identified, the estates implement corrective measures to ensure land productivity and local communities' livelihood.



# Responsible governance | 3

## 3.1 Governance structure and management approach

An entire chapter on Corporate Governance is included in the annual reports of respectively Socfin, Socfinasia and Socfinaf.

Legal provisions and the Company statutes govern Socfin's Board of Directors. The Board operates in a collective manner and serves the common interest of the shareholders, while ensuring the Group's sustainable development. The Board defines its composition, functions, responsibilities, obligations, powers and operation.

The Board is responsible for the Group's general management and performance, approving transactions, developing business strategies and monitoring budgets. The Board plays an active role in guiding and formulating the sustainability strategy and recognizes that it is indispensable to the overall success of the Group. Consequently, the Board approves all sustainable development and responsible governance policies and provides the financial and human means necessary to meet the objectives.

Companies	Socfin	Socfinaf	Socfinasia
Holdings	Holding companies, having their head office at avenue Guillaume 4, L-1650 Luxembourg. Established for an unlimited period and listed on the Luxembourg Stock Exchange		
Date of incorporation	5 December 1959	22 October 1961	20 November 1972
Main activities	Management of a portfolio of shareholdings mainly centred on the exploitation of tropical oil palm and rubber plantations		
Areas of activity	Central and West Africa and Southeast Asia	Central and West Africa	Southeast Asia

The Group is convinced that the health and safety of its employees and other stakeholders, as well as the protection of natural resources and biodiversity, are of strategic importance to its successful development.

The operational companies possess a broad set of country-specific development skills and knowledge, in the following fields: tropical agriculture, engineering, finance, law, trade and sustainability in developing countries.

## 3.2 Policies, charters and code of conduct

Since its creation, the Socfin Group has always adopted a sound long-term approach, based on good business sense.

Human, financial and natural resource efficiency is a core value when developing plantations. Nowadays, this process is conceptualized within the sustainable development framework.

In 2016, the Socfin Group formalized its new responsible governance policy, comprising, in addition, societal, transparency and traceability commitments.

The Socfin Group reflected on the values and standards contained in the ethics code in 2016 and identified new stakeholder concerns. Therefore, the Group will update its code of employee and business conduct<sup>5</sup> in 2017.

<sup>5</sup> <http://www.socfin.com/en/socfin-group/commitments>



### 3.3 Human rights declaration

In its new responsible management policy, the Socfin Group reaffirmed its continuous commitment to respecting and endorsing the Universal Declaration of Human Rights, to recognising and respecting the rights of all workers, including workers of subcontractors, temporary workers and migrant workers, and to recognising and respecting the rights of local and indigenous communities.

### 3.4 Compliance with legal requirements

#### 3.4.1 National environmental and social laws

Socfin fully complies with the land legislation of the host countries.

Therefore, at the time of prospecting potential sites for new plantation developments, the Socfin Group focuses on existing plantations, which have been abandoned and need to be rehabilitated.



Apart from some exceptions (Safacam and a part of Agripalma), **the Group's subsidiaries never own, directly or indirectly, the concessions;** they are managed as a lessee under long-term leaseholds.

The concessions and forests that are part of them remain full State property. No land-grabbing has ever taken place: Socfin strictly complies with the HCS 'High Carbon Stock' approach, including participatory mapping, thus ensuring Free, Prior and Informed Consent (FPIC) of the possibly affected communities.

Plantations have also developed legal watch procedures and integrated them into their management system, such as ISO14001, in order to anticipate to new regulations and avoid non-compliant practices.

#### 3.4.2 No child labour

Socfin does not employ or make use of any individual below the minimum employment age set by national law or by ILO conventions (International Labour Organization).

All plantations take adequate measures to prevent child labour; they verify the age of all employees, using documents

such as birth acts, school and church records (if any), ID's and driving licenses.

Socfin does not make any exception to this policy. All our managers are well aware of this and are audited regularly by their line managers or local labour inspectors.

*Socfindo has implemented a system, using checklists, to monitor the effective implementation of all policies related to human rights, the fight against corruption and anti-competitive behaviour.*

To this purpose, the Socfin Group has developed an audit system to verify whether all raw material suppliers and subcontractors adhere to this policy.

### 3.4.3 No forced or compulsory labour

The Socfin Group strictly prohibits forced or compulsory labour, including prison labour, indentured labour, bonded labour, slavery, servitude or any form of human trafficking.

*In SoGB or SCC, all technical assistants use checklists when visiting smallholders in order to verify whether human rights are respected in the supply chain.*

- ✓ Group responsible management system
- ✓ Code of employee and business conduct
- ✓ Commitment applicable to the entire supply chain

### 3.4.4 No corruption

The code of employee and business conduct explicitly specifies that nobody may make illegal payments in name of Socfin or any of its subsidiaries.

It clearly prohibits the use of Company funds to make a payment, directly or indirectly, in money, goods, services or any other form to a government official or political representative, election candidate or political party, to convince them to not perform their lawful duty or to exert influence.

Socfin employees are never allowed to make or receive illegal payments or gifts in their relations with anyone linked to the sale or purchase of goods or services.

Moreover, the operational company most exposed to these practices, the Group's central purchasing body Sodimex, has developed a specific business ethics code, which strongly regulates and limits these practices.

### 3.4.5 No anti-competitive behaviour

Whether described in the code of conduct or Sodimex's business ethics code, all employees have to abstain from practices limiting competition and, in the case of purchases, ensure that all competitors are treated equally during the entire purchase process.

### 3.4.6 Social contributions

All Socfin Group subsidiaries strictly comply with the social laws of their host countries. The obligatory pension and accident cover contributions are transferred to the official social security bodies.

In certain countries, with the employee's authorisation, union contributions can also be deducted from their salary and transferred to the union chosen by the employee.

*In Cameroon, Socapalm informed all subcontractors at the end of 2016 that employee health insurance would henceforth be compulsory.*

- ✓ No child labour
- ✓ No forced or compulsory labour
- ✓ No corruption
- ✓ No anti-competitive behaviour

*In order to compensate for the cost generated by this insurance, Socapalm will increase its rates with the required amount, deducted at source from each contractor's monthly invoice.*

*Pre-employment medical examinations will be organised at Socapalm from January 2017 onwards in order to ascertain the contractual employees' fitness for the job. This insurance will take effect in the first semester of 2017.*



### 3.4.7 Compliance with labour laws

All employees are fully informed about the conditions of service and general regulations during the recruitment process and when they sign their contracts upon employment. Employees are free to terminate their employment contract if they give reasonable notice and can leave the work site after completing the standard working day.

The retention of travel documents, identification papers or any other type of bond from any of the employees is strictly forbidden. Regular audits are conducted by labour inspection to assess compliance with labour laws.

Moreover, only subcontractors that have been positively assessed by labour inspection can enter into an agreement with a Group company.

### 3.5 Voluntary compliance with other standards

Following Group policies, all plantations must gain certification for their management systems to ensure their compliance with national and international environmental and social performance indicators.

'Certification ensures compliance with legal and policy requirements and continuous improvement of operations.'

#### Certification ensures compliance with legal and policy requirements and the continuous improvement of operations.

The systems are locally managed and are not systematically audited by the head office, but by third-party certification bodies such as Bureau Veritas, in order to give more responsibility to local managers.

#### 3.5.1 RSPO

Socfinco and Socfindo have been active members of the Roundtable on Sustainable Palm Oil (RSPO) since 7 December 2004. The RSPO<sup>6</sup> is a private initiative aimed at promoting the production and use of palm oil in accordance with sustainability criteria. The RSPO has developed a set of principles and criteria for sustainable production of palm oil and implemented a certification system.

RSPO's principles and criteria are an integral part of Socfin's environmental and social policies. All Indonesian oil palm plantations are already RSPO certified.

In Africa, the national interpretation of RSPO principles and criteria is mainly not finalized yet. (At the time of writing, the only national interpretation endorsed by the RSPO Secretariat is Ghana's, dated 7 March 2016. Moreover, local legislative tools are sometimes incomplete and still unable to ensure implementation).

The holding company Socfinaf, grouping all African subsidiaries, applied for RSPO membership on 14 September 2015. A time-bound plan has been developed, under which all the Group's African plantations can be certified by 2022.

#### 3.5.2 ISO 14001

The ISO 14001 standard provides a very efficient framework for the Group's environmental management systems, allowing for the continuous improvement of its operations.

Although this standard allows for a demonstration of conformity by self-evaluation and self-declaration, Socfin has decided to seek certification for its management systems through third-party certification bodies.

6) <http://www.rspo.org>



The ISO 14001<sup>7</sup> standard has recently been revised. Of course,

the required modifications to the environmental management systems will be implemented to meet the new requirements.

The Group's objective is to certify all operations according to this standard.

### 3.5.3 SNR-i (Sustainable Natural Rubber – Initiative)

Socfin is a member of SNR-i through its subsidiary Sogescol<sup>8</sup>. This multi-stakeholder initiative encourages the participation of all supply chain players with as main purpose increasing the sustainability of the natural rubber industry.

The Socfin Group has completed the self-declaration stage and continues to actively support SNR-i's activities.



### 3.5.4 OHSAS 18001

The Group's occupational health and safety management systems are based on the OHSAS 18001<sup>9</sup> standard, which defines the system requirements to comply with.

In accordance with this standard, Group subsidiaries develop an Occupational Health and Safety (OHS) policy and determine the goals and required procedures to meet policy commitments. They take the measures necessary for performance improvement and demonstrate their compliance.

The main goal of OHSAS is thus to support and improve best practices related to occupational health and safety, consistent with socio-economic needs.

7) <https://www.iso.org/iso-14001-environmental-management.html>

8) <http://snr-i.org>

9) <http://ohsas-18001.fr>

### 3.5.5 High Carbon Stock approach

Since July 2016, the Socfin Group recognises and implements the High Carbon<sup>10</sup> Stock (HCS) approach as defined by the HCS Approach Steering Group and the HCS toolkit.

The HCS approach is developed to



be used together with and as a part of other land management and conservation strategies, such as Free, Prior and

Informed Consent (FPIC), protection of peat lands, buffer zones along watercourses, HCV (High Conservation Value) areas, and areas of high cultural or economic importance to the local communities or indigenous populations.

### 3.5.6 Free, Prior and Informed Consent (FPIC)

The Socfin Group has always respected the rights of indigenous populations or local communities to give or withhold their FPIC to operations affecting the land or resources they are legally, communally or customary entitled to. This commitment was reaffirmed in the responsible management policy published on 1 December 2016.

### 3.6 Supply chain and traceability

The Group's responsibility does not end at the doors of its factories.

The Group ensures that its sustainability and responsible management criteria apply to all its FFB and rubber suppliers (smallholders).

The Group is also committed to making its entire supply chain fully transparent<sup>11</sup>. The rubber supply chain might prove to be more complex than the palm oil supply chain. Nevertheless, the Group will make the necessary means available to obtain the most complete results.

#### 3.6.1 Identification

Socfin buys wet rubber or palm fruit bunches from thousands of smallholders. The smallholders deliver directly to the factories or sell to a cooperative, which is responsible for transport and delivery to the factories.



3.6 Delivery at SCC, Côte d'Ivoire

The Group identifies all smallholders who deliver directly to the factories (name, number of hectares, GPS coordinates, etc.). However, in the case of a cooperative, it is more difficult to obtain full transparency.

In any case, the physical traceability of the supply chain is on average above 95% (with a minimum of 85% at SCC).

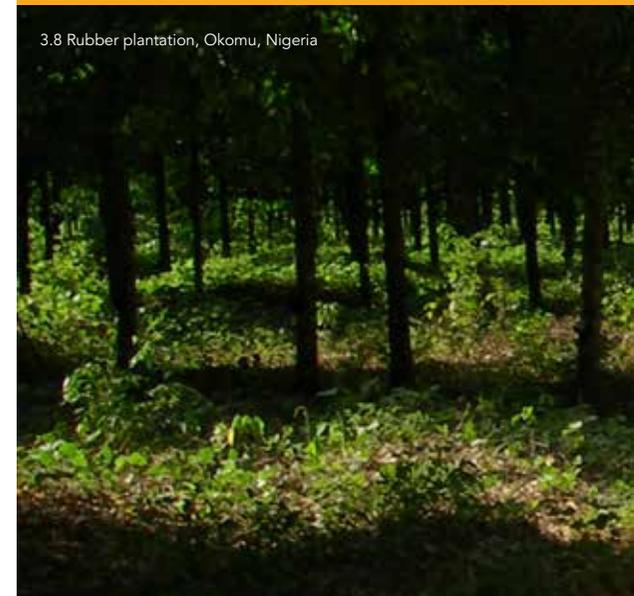
*SoGB and SCC collaborate with APROMAC on the project 'centrale des risques' (credit risk register), to achieve a better identification of smallholders and to avoid they hop from one buyer to another.*

10) <http://highcarbonstock.org>

11) All information will be available on the Group website during 2017

'The Group ensures that its sustainability and responsible management criteria apply to all its FFB and rubber suppliers'

3.8 Rubber plantation, Okomu, Nigeria



### 3.6.2 Transparency and fair procurement

The Group ensures (audit procedure is implemented) that the identified smallholders' operations comply with its policy and sustainability requirements. The audit results will eventually be available online as a corporate social responsibility risk map.

The Socfin Group organises sensitisation sessions and training. It offers decision-making and technical support to its planters.

And, in the event of blatant reluctance, the planter can be banned from the Group's suppliers' list.

The Group does not take advantage of its dominant position but guarantees fair purchase prices, ensuring that the

planters gain a decent living. This principle is also upheld by the sectorial agencies fixing national or international prices.

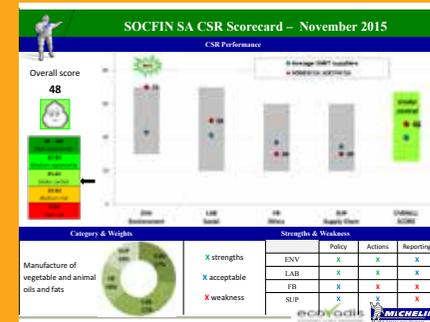
### 3.7 Clients' standards

The Group's ethical, sustainable and responsible management performance is periodically audited by its international clients, such as Michelin, Bridgestone or Nestlé, whose own or contracted experts visit the Group's subsidiaries.

*Socfin is ranked 'Silver' supplier with Michelin (all criteria considered), with the best rating for environmental protection.*

### 3.8 Complaints and grievances

The Group's internal and external grievance procedures are well documented.



The estates have implemented written procedures (see chapter 4.2.3). For external stakeholders, the procedures can be found in the specific stakeholder engagement plans, communicated to the populations.

From 2017 onwards, the Group will make its grievance management procedures public, using adequate and appropriate tools adapted to local reality, and will regularly publish progress reports on conflict resolution.

'The Group will make its grievance management procedures public, using adequate and appropriate tools adapted to local reality'

# Strong social commitment | 4

## 4.1 The Group's social commitment

*Please note that this chapter is dedicated to the Group's social commitment to its employees. Please see chapter 7 for engagement with local communities.*

The Socfin Group is a real driving force for development in the regions where it operates.

The Group's social commitment is described in its code of conduct and policies. These documents further underline its commitment to high ethical standards and compliance with applicable laws.

The creation of long-term employment, with decent conditions and wages, contributes significantly to the development of the countries in which Socfin operates.

The occupational health and safety system is based on OHSAS 18001, while the labour and human rights policies are based on the standards set out in the SA 8000 guidelines, the RSPO principles and criteria, ILO conventions and the UN's Universal Declaration of Human Rights.

When national legislations, standards and conventions refer to the same subject, Socfin applies the provision, which is most favourable to its employees.



The Group strictly commits to freedom of association and non-discrimination, bans forced and child labour, and furthermore guarantees fair pay and decent housing to its employees.

*In 2009, Socfin developed a set of principles in a code of employee and business conduct, outlining its commitment to international standards. This code has been incorporated and implemented in all Group subsidiaries.*

*In 2016, the Socfin Group reflected on the standards and values contained in the ethics code and identified new stakeholder concerns. Therefore, the code of conduct will be updated in 2017.*

The Group will also implement a standardized system for data collection (dedicated software) related to its social, environmental and medical performance.

Additionally, Socfin will reconfirm its commitment to transparency and will make its performance indicators available online. This will allow for better identification, prioritisation and management of problems in full transparency.

## 4.2 Overall assessment of key social indicators

### 4.2.1 Staff

If they are equally qualified, the Group encourages the employment of local residents.

The Group's subsidiaries adhere to all local, national and international laws and regulations relevant to its sector concerning pay and employment conditions, such as working hours, compulsory legal deductions (such as pension contributions), overtime, holiday entitlement, maternity leave, notice periods, wages and allowances, staff benefits, resignation, termination

of contract and retirement. All Socfin employees receive a wage that is above local minimum wage.

Each employee residing within the estate is provided with housing and services such as water and electricity, and also has access to social infrastructure, school and medical services.

*On 31 December 2016, the Socfin Group had 45 971 employees.*

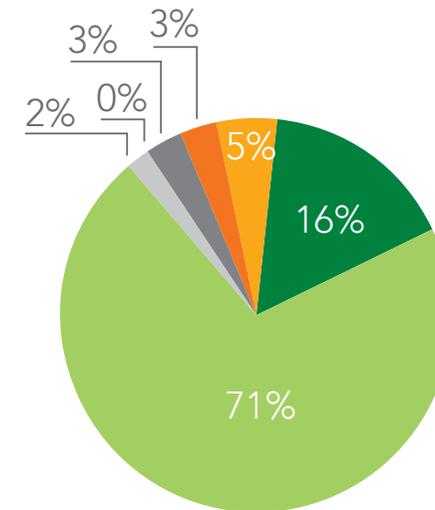


4.2.1 Socfindo, Indonesia

#### 4.2.1.1 Workforce distribution by gender and department

Workforce distribution by department (2016)

Departements	Men	Women	Total
• Industry	4 372	311	4 683
• Agronomy	17 225	3 673	20 898
• General Management	375	40	415
• Sustainable development	84	9	93
• Human resources, education and health	454	371	825
• Administration, finance and commerce	740	235	975
• Security	1 386	24	1 410
Total	24 636	4 663	29 299*



\* The workforce distribution by department does not take into account the contractors.



4.2.1.2 Socfindo, Indonesia

The rubber and oil palm plantations generally require the largest workforce (71%), as there is little mechanisation involved in harvesting. This employment opportunity is received very positively in these isolated rural areas.

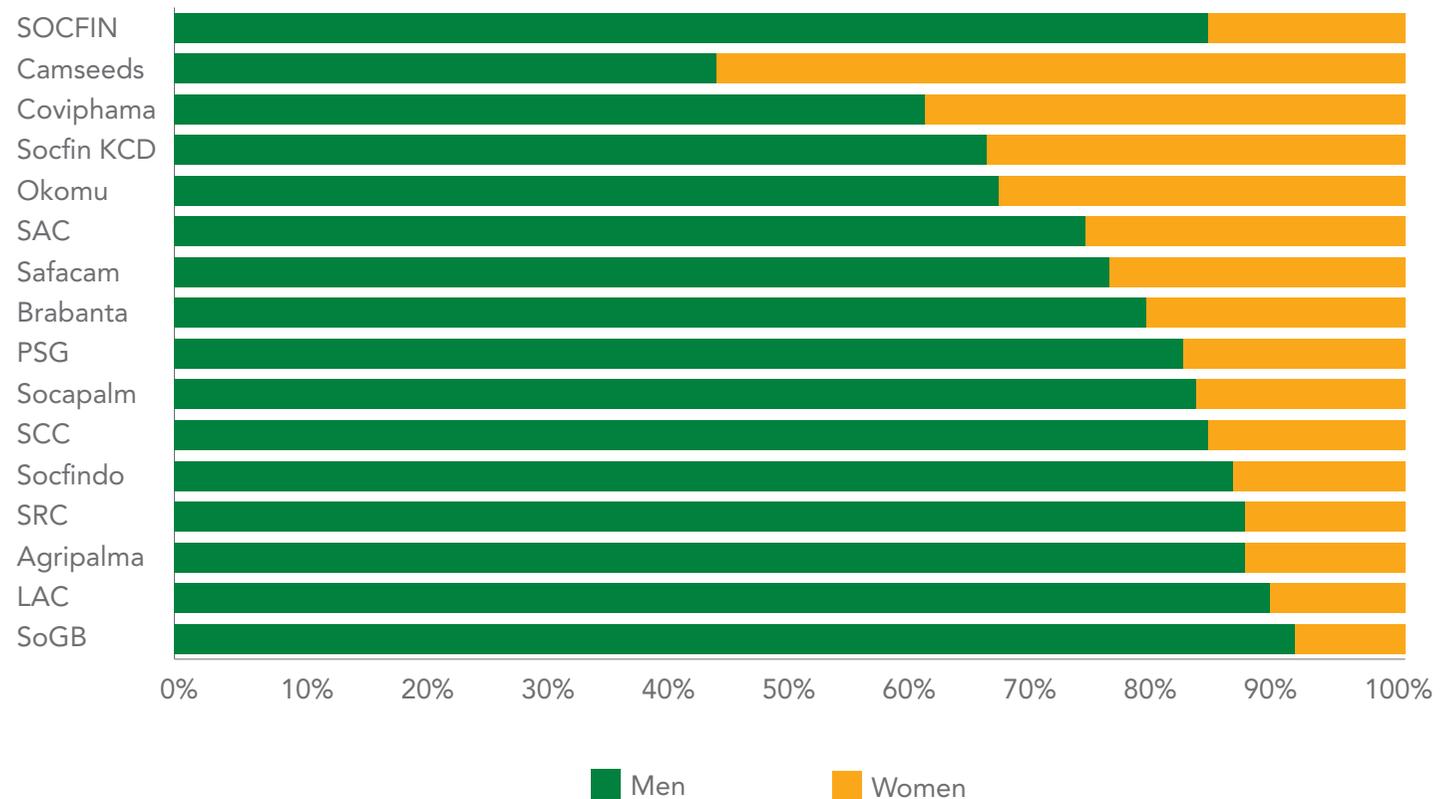
#### 4.2.1.2 Workforce distribution by gender

Socfin is striving to create an equal and fair workplace with a diverse group of people. 16% of its permanent employees are women and they are represented in most areas of employment. Constant efforts are made to increase the percentage of female employees and to investigate how women can be further included into the workforce. However, it is appropriate to observe local customs, which in certain countries favour one gender for a specific position.

*Camseeds, active in agronomic research, shows an excellent integration of women but on a workforce of only 119. At a plantation level, Socfin in Cambodia has the highest ratio of women present in their workforce.*

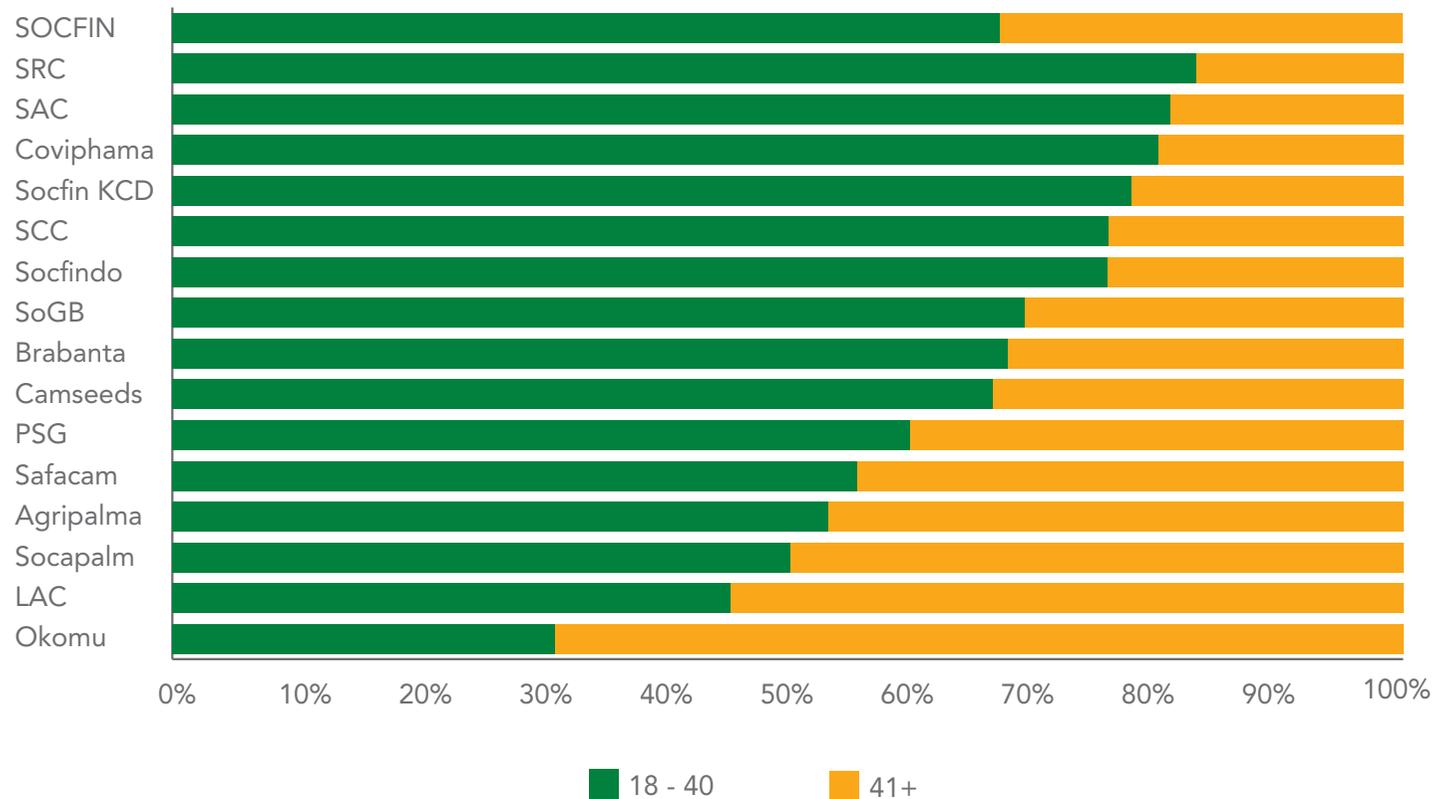
'The Group is striving to create an equal and fair workplace with a diverse group of people'

Workforce distribution by gender 2016



'Each year in Cambodia, Socfin KCD and Coviphama recruit apprentices in order to provide young people with a complete, methodical and professional training'

Integration of young people into the working world 2016



#### 4.2.1.3 Integration of young people into the working world

In 2016, young people, aged between 18 and 40 years, represented 67% of total employees, or an increase of 13% compared to the previous year.

*Each year in Cambodia, Socfin KCD and Coviphama recruit apprentices in order to provide young people with a complete, methodical and professional training. At the end of the apprenticeship in 2016, Socfin KCD recruited 19 apprentices and Coviphama 9.*

The majority of internship and job requests come from young people living on the estates. Priority was given to people from communities around the estates.

#### 4.2.2 Protection of employees

The Group is committed to protecting its employees from workplace violence and harassment.

All employees are obliged to raise concerns and report any incidence of such behaviour.

Currently, the rates of reported incidents are low. Nevertheless, when harassment or violence occurs, appropriate disciplinary action is taken immediately, including dismissal.

Harassment does not appear to be a widespread problem, however, we recognise that this may not reflect reality as many cases are not recorded due to unwillingness or fear to report incidents, despite the fact that every employee has the right to report a concern or lodge a complaint in good faith, without reprisal or threat of reprisal.

The complaints procedure provides the possibility for the plaintiff to remain anonymous.

#### 4.2.3 Internal complaints management

Socfin pursues a constructive social dialogue with its employees and their legal representatives.

Currently, all estates have written procedures for communication and negotiation between the employer, the employees and the legal representatives, as well as for complaints and grievances.

These procedures are described in the subsidiaries' official documents and communicated to staff by their representatives, but also through notice boards, newsletters and radio jingles (LAC radio, for example).

Employees have various means to express their grievances, including anonymously. The communication channels may differ from one country to another taking into account local reality and available means. During periodic meeting between management and staff representatives, these complaints are discussed and a formal reply or solution is prepared. Employees are represented by their union delegates and covered by a Collective Bargaining Agreement (CBA).

#### 4.2.4 Meeting the financial needs of employees

Because of the absence of a banking system in the majority of the isolated regions where the Group operates, Socfin grants interest-free loans to its employees to enable them to:

- Acquire means of transportation (bicycles, motorbikes, etc.),
- Subsidize personal events (death, marriage, etc.),
- Pay for university studies,
- Construct their own house, etc.

Working with a long-term vision on regional development, the Group encourages major banks to set up branches in the vicinity of its estates.

Facilitating workers' access to the banking system allows for bank transfers of remunerations and consequently safeguards the employees' personal savings.

The presence of a banking system also allows for a standardisation of loan conditions. In fact, numerous informal personal associations exist to overcome the absence of credit institutions. Subject to the monthly contributions of its members, they offer personal loans at often outrageous interest rates.



4.2.4 SoGB, Côte d'Ivoire



4.2.4 GTB Bank, Sahn Malen, SAC, Sierra Leone

'The Group encourages banks to open branches in the isolated regions ...'

#### 4.2.5 Training

The Socfin Group is committed to creating a stimulating working environment, full of opportunities. Therefore, each subsidiary has put in place a training program for its employees' professional development. Most Group employees attend professional training each year.

Occupational health and safety awareness sessions, toolbox meetings, are regularly organised for all workers exposed to risks.

In 2016, a total of 3 350 training sessions, induction programs and toolbox meetings were organised in the various subsidiaries.

#### 4.2.6 Occupational health and safety committees and unions

Socfin believes it is responsible for ensuring good labour conditions and respects the right of all personnel to form and join the union of their choice and to bargain collectively.

All employees are informed about their right to join the union of their choice and collective bargaining agreements are in place at each estate.

Employee union membership is estimated at 85%. Union representatives are chosen during union elections. All meeting reports are available locally for consultation.

Socfin enjoys good labour relations in general and there has been no incident where the right to exercise freedom of association or to collective bargaining has come under threat.

Following local legislation, competent Occupational Health and Safety Committees have been formed on each site (see chapter 5.2).

### 4.3 Social infrastructure

#### 4.3.1 Investments in infrastructure

In 2016, a budget of € 8.3 million was spent on social infrastructure.

#### 4.3.2 In the villages

##### 4.3.2.1 Employees' personal infrastructure

Socfin is striving to achieve a suitable quality of housing for all its employees. In spite of all efforts, certain estates are currently confronted with non-compliances in housing and overpopulation, inherited from the period before Socfin was in charge. Most of the time, the inherited housing is below the Group's standards on decent housing (for example in Cameroon).

*Socapalm is confronted with the existence of unauthorised populations within the workers' villages: residents without a company contract, subcontractors whose contracts have expired, retired workers, etc.; these residents refuse to leave the company housing, and although their resistance is comprehensible, they obstruct the renovations of certain buildings and villages.*

To address this problem, which can in some cases date back for decennia, the Group tries to find a solution case by case.

An estimated 22% of village residents are employees, temporary workers and contractors. The balance consists of employees' families, and finally a small percentage of external people. The Socfin Group manages 277 villages on its estates. In these villages inside the concessions currently nearly 170 000 people are residing.

In 2016, the Socfin estates invested € 2.6 million in the construction and renovation of houses inside its concessions.

Substantial efforts are made to rapidly renovate the dilapidated dwellings and specific Group support is scheduled in 2017.

In 2016, more than 229 dwellings were constructed to house newly engaged employees or to rehouse workers whose old dwellings have become unsafe.

*SoGB constructed 40 new dwellings, 24 kitchens and 24 latrines, whereas Brabanta constructed 87 dwellings and 90 kitchens in 2016.*

Another objective of the current massive construction program is, on certain estates, to offer the employees accommodation closer to their workplace, hereby facilitating their daily commuting. Latrines and kitchens are also constructed so that each house has its own personal sanitation and cooking facilities.

Infrastructure constructed in 2016	
Houses	229
Kitchens	199
Latrines	264

#### 4.3.2.2 Utilities

Each village has one or more boreholes, depending on its size, in order to provide for its inhabitants' water needs.

Boreholes and wells constructed in 2016	
Boreholes	25
Wells	24

Regular analyses are performed to guarantee consistent water quality. In some cases, the water tables are too low and an additional chloride treatment is needed to ensure water potability.

*8 wells were constructed in Nigeria this year.*

All plantation companies maintain the roads built within their estates and often also maintain the national roads and tracks around the estates. The road networks in these remote areas are generally in poor condition. Wherever possible, plantations will offer logistic and/or financial support to local authorities in order to maintain the local road network in good condition and facilitate the movement of people in these remote areas.

*In Cambodia, the local population uses the roads within the plantation more often than the public roads.*

*In Socapalm, maintenance of adjacent roads has facilitated oil palm smallholders' access to the local market. They deliver their fresh fruit bunches to the mills and receive a better price. The establishment of small-scale palm oil production units (oil presses) has stopped and fruit theft has considerably decreased.*



4.3.2.2 Road maintenance, SAC, Sierra Leone

The electrification of remote areas is another challenge. Often, electrification is limited to capitals and major cities. It is therefore complicated for agricultural areas to be connected to the national power grid.

*LAC's hydropower plant is operational since June 2016. The central produced 1 900 000 kWh in 2016. Part of the produced electricity is used to provide the villages, benefiting in this way from 24/24 stable electricity supply.*

#### 4.3.2.3 Leisure infrastructure

'Sport equals health', and also offers an opportunity for teambuilding.

Most plantations organise sports competitions between the different villages and departments.

*In total, the Group has 292 sports fields on its estates, more specifically 42 at LAC, 22 at SAC and 21 at SoGB.*

*Each year, the estates in Cambodia organise the 'Socfin Trophy', an entire day dedicated to sports: soccer, volleyball, traditional Cambodian games, tug of war and others are organised.*

*It is the perfect occasion for the teams of both plantations to reunite, to compete in good spirits and end the day with a great party.*

A close-up photograph of a young child with dark skin and short hair, wearing a blue shirt, drinking water from a borehole. The child's hands are cupped together, and water is being poured into them from a metal spout. The child's eyes are closed, and water droplets are visible on their face. The background is slightly blurred, showing a white building and greenery. A red text box is overlaid on the top left of the image.

'Each village has one or more boreholes, depending on its size, in order to provide for its inhabitants' water needs'

In order to create a pleasant environment within the estate villages and school grounds, tropical trees are planted. In Cameroon, more than 3 000 trees have been planted since 2012 and new nurseries are established in Edéa.

*Okomu has a particularly green environment, spurring sports activities. Okomu has also planted numerous fruit trees within and around the various estate villages so that workers can harvest the fruits.*

*All villages have a market place where local products are sold.*

In total, 71 market places (of which 6 constructed this year) are available for Group employees: they promote trade and exchange of products, which are locally grown or imported from the large cities.

Finally, all villages have bars and clubs, generally managed by external entrepreneurs. They offer village inhabitants the opportunity to follow their favourite soccer teams and other international sports competitions on television.

Leisure infrastructure (2016)		
Market places	Clubs	Sports fields
71	75	292

#### 4.3.3 Mobility

Where needed, specially converted vehicles are used to transport workers to their workplaces.

The plantations also provide motorbikes and bicycles to certain employees, provided they need them for work purposes.

To other employees, the plantations offer the possibility to buy their own means of transport (see chapter 4.2.4).

#### 4.4 Security of people and property

Socfin is committed to ensuring the security of its employees and their families, as well as the security of their property. Security teams are therefore put in place on each estate to safeguard the workers and premises.

A systematic security check is carried out at the entrance of the estates.

When necessary, the security team seeks to resolve security issues.

*In 2016, Socfin Cambodia and the HCHR organised training on human rights for plantation staff.*

*In Cameroon, a new security system is put in place: surveillance committees were created with and by the local communities.*

#### 4.5 Health: a driving force for development

##### 4.5.1 The Socfin Group's commitment

Objective: organise and provide quality medical care, both preventive and curative, to plantation employees and their direct dependants (spouses, children), in the most cost-efficient way for both patient and company.

Free medical care is available on all plantations. When patients are referred to external specialised health centers, 50 to 75% of the costs (depending on the estates) are borne by the Company.



4.3.2 Soccer team, SRC, Liberia



4.3.2.3 Sports day, Socfin Cambodia, Cambodia



4.3.2.3 Village, Okomu, Nigeria



4.3.3 Staff transport, Socapalm, Cameroon

In certain countries, depending on the remoteness of the area, the medical department provides medical care, both preventive and curative, at an affordable price, to the local populations living in the immediate vicinity of the plantation (but not employed by the Company), for whom the plantation's medical department is the nearest point for medical care.

*Brabanta's hospital has numerous pavilions: maternity, surgery, paediatrics, pharmacy, etc. Around 100 000 people living in the Mapangu region benefit from this medical service, not taking into account workers and their families.*

On certain estates (SRC, LAC and Brabanta), State dispensaries are too far or insufficiently equipped, making the local communities highly reliant on the estates' health facilities.

Special attention is given to occupational health issues both in terms of prevention and treatment, in line with local, national and international laws and standards. The medical department also organises awareness sessions for staff on the prevention of working accidents and the correct use of Personal Protective Equipment (PPE).

#### 4.5.2 Staff and health infrastructure

The Group runs three fully equipped hospitals (Liberia, Côte d'Ivoire and DR Congo):

Health infrastructure (2016)	
Hospitals	3
Central clinics	25
Outposts	76
Ambulances	19
Total	123

The villages most remote from the plantations' medical centers have an emergency post to guarantee medical care 24/24 and 7/7. All plantations also have an ambulance.

*LAC hospital provides outpatient and in-patient medical care. LAC has also put in place a mobile medical service within the plantation to facilitate access to medical care for the most remote villages and to optimise the organisation of medical care. The William & Garblah orphanage benefits from free medical care and hospitalisations at LAC hospital.*

All plantations are very active in the prevention and early treatment of malaria.

HIV testing is done in most plantations and seropositive patients are treated in accordance with local national guidelines.

Health staff (2016)	
Doctors	30
Nurses	150
Midwives	33
Other staff	210
Total	423

*SCC has signed an agreement with the NGO 'Agence Ivoirienne de Marketing Social' (AIMAS) on the fight against HIV. Awareness campaigns and condom distributions were organised, particularly on World Aids Day.*

*SoGB entered into a partnership with the Elizabeth Glaser Paediatric AIDS Foundation, to strengthen the fight against HIV by providing training and medical equipment.*

Another important theme in the Group's prevention activities is family planning. 12 plantations offer family planning services. In some plantations, this is done in collaboration with NGO's (PSI via ACMS, ASF).

The Group's medical care is based on international and national standards: standardised treatment and prescription of essential drugs.

The manuals of Doctors Without Borders were distributed to the plantations' medical facilities.



Each estate has organised monthly health talks in the plantation villages.

More than 230 000 people have benefited from medical care offered by the Socfin Group, more specifically: employees, family members, subcontractors (if any), and the population living around the plantations.



Hygiene and sanitation

Health indicators (2016)		
Hospitalisations	Investments	Consultations
11 928	€ 5.1 million	330 789

#### 4.5.3 Preparedness for emergency situations

First aid training for supervisors is ongoing (finalized in SAC, LAC, SoGB, PSG, Okomu, Socapalm and Brabanta) and will be extended to the other plantations in 2017.

This program allows for the treatment of minor medical problems on site, and will also be useful for more serious medical issues, as a trained first aider can apply first aid before the patient is transported to the plantation's medical facilities.



Following the Ebola outbreak in Guinea, Sierra Leone and Liberia, the plantations of SAC, SRC and LAC have put in place a system (in collaboration with local governmental authorities), to identify and warn about any reappearance of the disease.

*At SRC, the system is called 'Disease Surveillance System'. Field assistants are responsible for disease monitoring in the villages; Town chiefs and General Community Health Volunteers are responsible for disease monitoring in the neighbouring communities. All identified cases are isolated and treated.*

*At Brabanta, where Ebola and other haemorrhagic fevers are a constant threat, a new quarantine zone was built in the hospital and Veronica buckets were placed at key locations.*

#### 4.6 Supporting education and training

##### 4.6.1 The Socfin Group's commitment

Socfin is dedicated to improving the availability and quality of the schools in the countries where it operates.

Government schools are available on the estates. However, the Group helps as much as possible with the construction and renovation of school buildings and supplies furniture. Socfin supplements teachers' salaries, as the number of teachers is often very limited in these remote areas.

*At LAC, the plantation schools are highly popular with the parents in the region. New pupils immediately and entirely occupy new infrastructure. The estate can hardly keep up with access requests, including from the local communities<sup>12</sup>.*

Plantation schools are open to children of employees, temporary workers, contractors or surrounding communities; in so far infrastructure allows it.

Socfin also provides scholarships for motivated pupils.



4.6.1 Pupils, SAC, Sierra Leone

12) <http://www.socfin.com/frontend/files/userfiles/files/2017%2003%2024%20MediaReleaseLACSchools.pdf>

Each year at LAC, 7 meritorious pupils graduated from LAC school system, receive a scholarship enabling them to attend university.

4 pupils from the William & Garblah Orphanage primary school also receive a scholarship enabling them to freely attend the plantation's school system and this until the end of year 12. A similar project started at the Zondo Elementary secondary school and the Junior High School.

In Sierra Leone, the Malen Junior Secondary School is the only secondary school of 1 cycle in the Chiefdom where SAC is located. In 2016, 41 pupils received a scholarship based on their excellent school results (compared to 1 in 2011). The plantation has greatly supported the school in order to help these pupils: supplementary school teachers, school transport, meals during the exam periods, etc.



4.6.5 School, Socfindo, Indonesia



4.6.4 School bus, SRC, Liberia

Infrastructure	
Nursery schools	80
Primary schools	157
Secondary schools	46
Pupils	
Total	52 391
Boys	26 186
Girls	26 205
School staff	
Teachers	2 426
Pupils per teacher	21.60

#### 4.6.2 Financial support and donations

In 2016, the Socfin Group supported the schools on its plantations with various donations.

Approximately € 175 500 was spent on school equipment and infrastructure to improve the quality of education.

#### 4.6.3 Student loans

€ 415 000 was lent in 2016.

Group employees have the possibility to take out zero-interest loans with the plantation company at the start of the school year. In this way they can buy school supplies and pay for their children's registration fees.

#### 4.6.4 School transport

On certain estates (SRC, LAC, SoGB, Socapalm and Okomu), a system of school buses is available for children who attend school.

#### 4.6.5 Infrastructures and staff

10 new schools were opened since last year. The Socfin Group has 134 teachers and 399 pupils more than in 2015.

#### 4.7 Micro-projects

Various micro-projects were organised across the plantations, considering specific local needs.

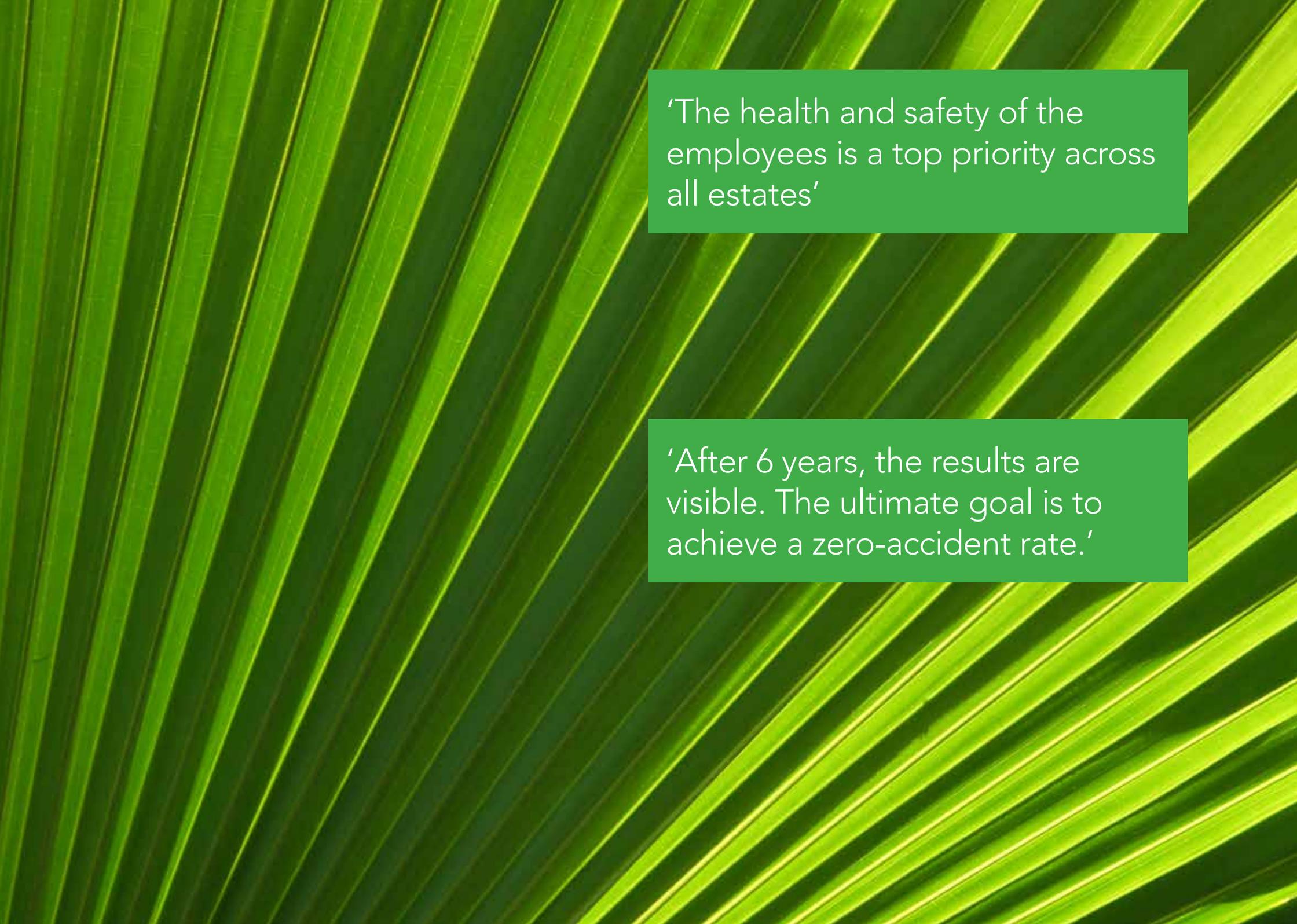
*Since 2012, both Socapalm and Safacam organise an annual 'cleanest village' competition.*

*The objective is creating awareness with the population about the improvement of their natural environment (waste management, tree plantation), but also about sanitation: 'a healthy habitat for a healthy life'.*

*At the instigation of the Sub-Prefecture and with the supervision of village chiefs, the last Thursday of each month is called 'clean Thursday' and everyone is invited to participate in the general cleaning of the village.*



4.7 Cleanest house and village project, Kienké, Cameroon

The background of the slide features a close-up, high-angle view of numerous green palm fronds. The fronds are long, narrow, and pointed, radiating from the bottom left towards the top right, creating a strong sense of movement and depth. The lighting is bright, highlighting the texture and vibrant green color of the leaves.

'The health and safety of the employees is a top priority across all estates'

'After 6 years, the results are visible. The ultimate goal is to achieve a zero-accident rate.'

# Ensuring employee safety | 5

## 5.1 Safety management system

The management system is based on the OHSAS 18001 standard (see chapter 3.5.4).

*All Indonesian plantations are SMK3 certified (local certification of the management system, equivalent to OHSAS 18001) and Okomu (Nigeria) has received its OHSAS certification in November 2016.*

## 5.2 Occupational health and safety policy

The health and safety of employees is a top priority across the estates. Each plantation develops its own policy in line with the Group's commitment to follow the OHSAS 18001 standard.

Local policies are updated and comprise commitments towards:

- Prevention of accidents and injuries;
- Continuous amelioration of occupational health and safety management and performance.

Information dissemination systems are in place to inform workers about obligations and possible risks, allowing for better risk management.

In this regard, the Occupational Health and Safety Committees play a crucial role and they work closely together with local management.

After 6 years of applying these policies, the results are clearly visible. The ultimate goal is to achieve a zero accident rate. One of the top performers in this area is Socfindo in Indonesia.

*Due to good management and strict evaluation over the years, Socfindo received a Zero Accident certificate for 3 of its estates in 2016.*



## 5.3 Occupational health and safety committees

In compliance with local legislation, competent occupational health and safety committees have been established on each site to:

- Advise management on occupational accident and injury regulations;
- Verify the proper functioning of the occupational health and safety system;
- Organise regular training sessions in occupational health and safety.

## 5.4 Risk analysis

On all sites, and in compliance with local laws, and the requirements of the RSPO, OHSAS and other standards, Socfin has called upon specialised offices to perform a risk analysis of its operations: agricultural, industrial, medical and even administrative. The risk analyses define the organisational measures and required means to prevent all accidents and protect the workers.

Following these analyses, plans define the measures to be implemented to protect staff, equipment, populations and the environment.

While most working accidents on the plantations are minor, work-related fatalities do sometimes occur. Every incident is treated with the utmost care and is followed by a thorough review of the cause and actions needed to avoid recurrence.

*In 2016, Safacam completed a risk analysis of each job. This has led to the implementation of an effective prevention plan, a training plan and the provision of adequate quality of workers' personal protective equipment.*

# A collaboration with local representatives and authorities has led to the introduction of a 'Fire Calendar', enabling better monitoring and planning of these traditional practices.

*In Cambodia, fire risk management in the workshop and storage facilities received particular attention. All risks were identified and fire extinguishers, periodically inspected by approved firms, were installed at strategic locations.*

*During the dry season in Cambodia, forest fires and fires related to the traditional custom of slash and burn agriculture, can quickly spread across the rubber plantations, completely destroy the blocks and pose a security threat to the employees.*

*Therefore, a collaboration with local representatives and authorities has led to the introduction of a 'Fire Calendar', enabling better monitoring and planning of these practices. Boards with security measures are displayed at each department.*

*In Ghana, road safety is a significant problem. Consequently, the plantation pays particular attention to:*

- Training of drivers,
- Installation of tracking devices (GPS) for better supervision,
- Reduction of speed through installation of speed bumps and road signs.

*This to ensure higher safety in the villages, workplaces and surroundings.*

The road safety rules are also repeated in the 'Oil Palm Manual' and 'Rubber Field Handbook'.



5.4 Fire truck, PSG, Ghana



5.4 Eyewash station, SoGB, Côte d'Ivoire



5.4. Road safety, SAC, Sierra Leone

PSG made considerable progress in 2016: numerous OHS sessions were organised for the workers, thus creating a positive health and safety climate.

At Safacam, there is continuous awareness training of motorbike drivers and a partnership with management is in place. Early 2017, this partnership will be reinforced, as Safacam will donate 100 motorbike helmets.

## 5.5 Training & Sensitization

### Upon employment:

A Group procedure, called 'Health-Safety-Environment Induction' describes the welcoming process and employee training (newly hired employees or subcontractors). The procedure provides the minimum information that needs to be contained in the induction booklet for employees, before they have access to their workstation or job. The procedure is implemented after adaptation to the local context of each estate.

### Continuous training:

Training programs are adapted to the various departments' needs and to the identified risks.

Training and sensitization (2016)			
Site	2015	2016	Difference (%)
SAC	668	1 904	185%
SRC	58	52	-10%
LAC	20	13	-35%
SoGB	2	94	4 600%
SCC	222	18	-92%
PSG	36	17	-53%
Okomu	92	72	-22%
Safacam	114	277	143%
Socapalm	470	607	29%
Brabanta	55	73	33%
Agripalma	0	1	-
Socfindo	150	222	48%
Socfin	1 887	3 350	78%

The QHSE officer is charged with the implementation of training and awareness programs, in close collaboration with the local OHS committee, of which this is a key task. Certain training sessions are long, several days, whereas others, called 'toolbox meetings' are shorter and more repetitive. These last ensure that workers stay focused and prevent that routine makes them forget about basic protection measures.

### Responsive training:

In case of an accident, the causes are identified and the results of the analysis are transmitted to the OHS committee. A workers' sensitization will take place to reduce the occurrence of similar accidents in future.

A first aid training program was launched (see chapter 4.5.3). Following this training, all plantations have created 'first aid' posts where deemed necessary.

## 5.6 Medical check-up

The Company is responsible for ensuring each employee's medical fitness for the job. A medical check-up is meant to guarantee the employee's fitness for work upon employment and periodically (while he is employed).

This also offers the opportunity to inform the employee of medical job-related risks. The employee is also informed about the planned medical supervision.

In certain cases, additional medical check-ups are necessary, for example for workers exposed to specific risks (physical or chemical) or for handicapped workers, and pregnant or breastfeeding women.

## 5.7 Working accidents

The Socfin Group companies achieved an average injury rate of 13.26 injuries/200 000 working hours (or 100 employees) during 2016.

However, this injury rate is not representative on Group level. Rates need to be compared by estate, in order to identify the progress made over time and in a comparable socio-economic environment.

*Okomu received a 'NECA-NSITF' reward for its exceptional performance in occupational health and safety in Nigeria.*

The increase in training and sensitization has an unexpected secondary effect: a simultaneous rise in accident reporting.

This is because workers no longer consider an accident as minor. They go for treatment at the dispensary and the accident is finally registered. A rise in certain rates is thus normal, and does not represent a failure in prevention policy but rather a rise in awareness.

There is another secondary effect: a higher knowledge of accidents and better-adapted training and sensitization.

	Working accidents	Deaths	Non-fatal injuries	Injury rate per 100 employees	Lost days	Lost days per 100 employees
Working accidents (2016)	Brabanta	1	733	21.18	2 120	61.17
	Agripalma	0	138	20.95	433	65.95
	LAC	0	861	46.17	6 593	351.83
	Okomu	2	417	7.02	113	1.87
	PSG	2	428	26.31	924	56.81
	SAC	0	373	10.26	901	24.79
	Safacam	0	70	3.39	1 466	71.08
	SCC	0	13	7.17	55	22.75
	Socfindo	0	63	0.57	1 388	12.58
	SoGB	1	1 650	17.07	8 168	114.46
	SRC	0	3	0.37	0	0
	Socapalm	1	296	10.93	1 161	53.24
	Cambodia	0	4	0.93	365	84.69
<b>SOCFIN</b>	<b>7</b>	<b>5 049</b>	<b>13.26</b>	<b>23 687</b>	<b>69.71</b>	

# Management of natural resources | 6

## 6.1 Environmental management system

In a business that is closely linked to the natural environment, the Socfin Group is well aware that the soil is its main capital, that biodiversity helps in battling pests and that water is a scarce commodity, whose use needs to be optimised.

Protection of the natural environment is one of the main priorities of the Socfin Group.

Plantations pay particular attention to plant selection in this way achieving higher yields and optimising land use. They use water wisely and in doing so benefit from ecosystem services, etc.

This approach is reflected in the Group's environmental management systems, compliant with the ISO 14001 standard, agricultural practices and Company policies.

This commitment drives Socfin to continuously improve its operations and environmental performance. Management of the environment, biodiversity, energy, water, emissions, effluents and waste are comparable on all Group estates.

All quantitative and qualitative environmental impacts are identified and an inventory of all relevant legal requirements is drawn up. On this basis, an environmental management plan is set up yearly for each site (objectives, deadlines, means). All potential environmental risks and accidents are identified and an action plan is developed to address them.

New employees receive an HSE induction (see chapter 5.5) and follow training adapted to their professional activities and environmental impacts. After evaluating the Company's environmental performance, the needs for specific training in certain areas are assessed and implemented. In order to avoid any divergence from the implemented environmental policy and its objectives, operational procedures are developed

2016, OHSAS 18001: 1 estate  
2016, ISO 14001: 3 estates  
2016, Adherence to HCS approach

for biodiversity, water consumption and quality, energy consumption, waste management, etc.

Monitoring of environmental performance, compliance with procedures and achievement of set objectives is guaranteed by internal and external audits, such as monthly monitoring by the HSE correspondent and data measurements and registration.

Early 2016 was characterised by particularly violent attacks of NGO's and journalists related to the environmental and social impacts of Group operations in Africa.

These accusations show how little they know about Socfin's work on the ground.

*Group activities mainly consist of replanting previously developed plantations; moreover, Socfin voluntarily protects, monitors and manages thousands of hectares of natural forests on its concessions at LAC, SoGB, Socapalm, Brabanta, Agripalma and other projects.*

## 6.2 Status of certifications in progress

New certificates obtained in 2016:



6.1 ISO signage, Socfindo, Indonesia

Standard	Company / estate	Status	Date
RSPO	Okomu	On-going	Planned for 2018
	Other African plantations	On-going	Global plan until 2022
	Socfindo	Obtained	2011 - 2015
ISO 9001	Sogescol (trading)	Obtained	2015
	SAC (mill)	On-going	Planned for 2018
	LAC	Obtained	Since 2009
	SoGB (rubber factory)	On-going	Planned for 2017
	SCC	Obtained	Since 2014
	Okomu	Obtained	Since 2012
	Safacam (rubber factory)	Obtained	2015
ISO 14001	Socfindo	Obtained	Covered by RSPO
	SAC	Obtained	2016
	SRC	Obtained	2016
	SoGB	On-going	Planned for 2017
	SCC	Obtained	2016
	Okomu	Obtained	Since 2014
	Safacam (rubber factory)	On-going	Planned for 2018
OHSAS 18001 / SMK3	Socapalm	Obtained	Since 2014
	Socfindo	Obtained	Covered by RSPO
	Okomu	Obtained	2016
	Socfindo	Obtained	2015-2016



6.1.1 Well at Kienké, Socapalm, Cameroon

In 2017, Socfin will continue its efforts to achieve RSPO compliance for all its operational palm plantations; Okomu will be the first African RSPO certified plantation, probably in 2018. In addition, the rubber operations will follow the relevant IFC and SNR-i criteria.

## 6.3 Policies

### 6.3.1 Water

Water is a valuable asset and the Group sees to minimizing water consumption, maintaining water purity and safeguarding water sources.

Water is used in the palm oil mills and the rubber factories, in the nurseries for irrigation and in the villages.

Irrigation needs in the nurseries are closely monitored and based on rainfall data; only the water millimetres required by the plants are applied. Drip irrigation is preferred as it is more efficient and reduces erosion risks.

Water consumption is equally monitored at factory level, where appropriate action is taken to further reduce water consumption.

Currently, average water consumption of the Group's palm oil mills is 1.16 m<sup>3</sup>/ton of FFB (fresh fruit bunches) processed and 21.70 m<sup>3</sup>/ton of dry rubber. Water use per ton of processed FFB or produced dry rubber is in line with industry standards.

### Drinking water

The estates provide drinking water for the estate villages through boreholes, wells and also protected springs. Pumps are maintained and new boreholes are drilled when needed.

*The estates invested € 500 000 in the construction and maintenance of this infrastructure (boreholes, wells, protected springs) in 2016.*



Water quality is regularly tested following WHO parameters (World Health Organisation) and local regulations. Samples are analysed in registered laboratories.

*Sierra Leone does not have a laboratory that can test the potability of drinking water, therefore the plantation purchased an approved toolkit (used by development NGO's) to analyse water potability on site.*

#### Surface water

Compliant with RSPO Principles and Criteria, riparian buffer zones are maintained and created where they do not yet exist, to protect water courses and lakes.

*In Cameroon, studies will be conducted to identify the water system and develop action plans to manage riparian zones in line with RSPO criteria.*

Moreover, cover crops are systematically used to reduce:

- Use of nitrogenous fertilizers;
- Soil erosion;
- Agrochemical leakage.

All palm oil mills and rubber factories have water treatment facilities (effluent ponds).

These systems ensure that no water from a mill or factory can be discharged directly without treatment.

The discharge water from the ponds is regularly monitored to ensure that the biochemical oxygen demand (BOD) and chemical oxygen demand (COD) values are within permitted levels (local regulations or IFC standards).

*In addition to regular monitoring, PSG has installed a drip irrigation system for its nurseries, using 25 to 30% less water than a sprinkler irrigation system. Water used for irrigation comes from*

*storage dams in order to avoid direct extraction from watercourses. Rainfall data are registered and irrigation is only applied when rainfall is insufficient.*

*Riparian buffer zones are maintained along riverbeds to avoid surface water contamination by run-off of chemical products and are clearly demarcated in the field using signboards.*



6.3.1 Effluent pond

### 6.3.2 Soil protection

The soil is a planter's main capital.

Techniques to reduce erosion are systematically applied (and for decennia) and are thoroughly described in the Group's manuals:

- Use of cover crops,
- Contour planting and windrowing,
- Structure improvement (compost),
- Specific systems to reduce water velocity in the discharge channels, etc.

### 6.3.3 Waste management

Each estate follows the Group procedure on waste management, ensuring compliance with general policy and current national legislation.

All waste management procedures must be developed in relation to the hierarchy below, giving priority to the higher levels:

	Prevention	8
	Reuse	7
Recovery	Material or organic recycling (composting)	6
	Energy or biomethanisation waste recovery	5
Disposal	Incineration without energy recovery (for sanitary purposes)	4
	Engineered landfill or lagoon	3
	Non-engineered landfill, discharge in aquatic environment, biodegradation in the ground	2
	Concentration (collection in a bin or on a pile)	1

Solid biodegradable waste is mainly reused on the estates.

- Empty fruit bunches (EFB) are re-used as organic fertilizer.
- Fibres and shells are used as biofuel for the boilers.

When replanting, the trunks of old trees and the tree stumps are left in windrows in order to decay on site. The nutrients return to the soil, contributing to soil fertility and reducing the need for chemical fertilizers.

*At Bangun Bandar, Socfindo invested in a composting facility. The input consists of EFB's, solid ex-decanter, boiler ashes and Palm Oil Mill Effluents (POME). The compost produced reduces the need for*

*chemical fertilizers by up to 70%.*

*SoGB has also put in place a sludge-ashes composting system, without effluents. The mixture is dried in open air and the end product is packed in empty bags (old fertilizer bags) and spread in the plantation.*

Collection, transport, recovery and disposal of both industrial and household waste are continuously monitored in accordance with the Environmental Management System. For the collection and handling of waste, HSE guidelines are followed to ensure



6.3.2 Cover crops, Brabanta, DR Congo



6.3.3 Waste collection center, SAC, Sierra Leone

that Personal Protective Equipment (PPE) is used and that waste is stored in an appropriate manner.

*In 2016, Socfin KCD constructed a waste management center to improve the sorting and treatment of waste produced by the plantation.*



6.3.3 Sorting waste, Okomu, Nigeria



6.3.3 Sorting waste, Socfindo, Indonesia

*Agripalma signed a draft agreement with a waste management company and the T.E.S.E. association to separate organic and non-organic waste. This company produces compost from organic waste and resells the glass bottles for construction sand.*

Concerning hazardous waste, the HSE officers verify whether all chemical products are stored following the First Expired-First Out (FEFO) principle, in order to prevent as much as possible the accumulation of expired products. Hazardous waste such as used oil, oil filters or used batteries are collected by registered companies.

In addition to respecting waste procedures and installing waste bins, the estates also focus on raising awareness about household waste management in the communities.

Competitions such as the ‘cleanest village’ are held to educate and encourage cleanliness and hygiene. It’s a challenging long-term task since neither sensitization programs nor waste management systems are in place in the countries where Socfin operates.

#### **6.3.4 Protection and enhancement of biodiversity**

As mentioned previously, most Group plantations are previously developed on abandoned industrial plantations (‘brownfield projects’), grasslands or previously developed agricultural areas.

Competitions, such as the ‘cleanest village’, are held to educate and encourage cleanliness and hygiene.

In accordance with the results of the environmental impact assessments, certain areas are set off for conservation.

In 2015, HCV assessments were conducted for the new developments at Okomu (replanting of Extension 1 and planting at Extension 2) in compliance with RSPO’s new planting procedure.

In the estates established in the beginning of the 20th century, riparian buffer zones were created and indigenous tree species were replanted.

In line with its commitment, Socfin applies the HCS approach: no new developments (‘greenfield’) on primary forests, secondary forests, peat lands, HCV areas, riparian areas, protected areas or critical habitats.

Areas identified and protected by the HCS approach, are managed and monitored by the plantation.

The Group has put in place a monitoring system and closely follows the development of HCS convergence.

*PSG will be the first estate where the HCS approach will be applied to determine the possibilities of future development.*

In line with Socfin’s biodiversity conservation policy and strategy, measures are implemented to improve the biodiversity of existing plantations (Integrated Pest Management procedures for example).



6.3.4 Obo national park, Sao Tomé

*At SAC and Brabanta, estates are confronted with the proliferation of rats, provoking enormous damage and reducing yields; these estates have installed birdhouses and perches so that birds of prey can land there and easily fly around in search of preys.*

Various endemic, rare, vulnerable or endangered species inhabit the regions in and around the Group concessions.

Within its concessions, the estates monitor and prevent all illegal hunting (bush meat), fishing, logging or cutting, in respect of local legislation.

However, in biodiversity areas (national parks, classified forests or other) adjacent to the concessions (Sao Tomé, Nigeria, Ghana), the plantation can only monitor passage between the concession and the biodiversity area, with the authorization of local authorities.

*In Sao Tomé, rangers patrol the entire boundary between the concession and Ôbô national park.*

Of course, all workers, subcontractors, suppliers and members of local communities are informed and educated about these rules.

*Safacam is collaborating with ZSL and the Dizangue Community, to improve the preservation and protection of lake Ossa. Alternative subsistence activities are proposed to limit the communities' dependence on the forest or protected areas: agroforestry, livestock, vegetable farming, fish farming, etc.*



6.3.4 Biodiversity area, PSG, Ghana



Protected forests within the concessions: 31 964 ha						
LAC	SoGB	PSG	Okomu	Safacam	Brabanta	Cambodia
3 100 ha	1 614 ha	5 050 ha	1 000 ha	4 200 ha	13 000 ha	4 000 ha

**6.3.5 Zero-deforestation policy**

On 13 July 2016, the Socfin Group adopted a moratorium on the extension of its plantations.

On 1 December 2016, the Group published its new responsible management policy<sup>13</sup>.

Moreover, the Socfin Group supports and encourages the adoption of ‘zero deforestation’ regulations applicable to all socio-economic activities. Consequently, Socfin has officially supported the ‘Marrakech Declaration for the sustainable development of the African oil palm sector’, issued during the COP22 in Marrakech (Morocco).

Several countries from Central and West Africa (Sierra Leone, Liberia, Côte d’Ivoire, Ghana, Nigeria, Cameroon and DR Congo, etc.) have signed this declaration. The Socfin Group participates in the work of this initiative. In addition to Socfin’s strong commitments, reforestation and afforestation programs are implemented on Group sites.

*At SAC, a reforestation program started in 2015 in partnership with the MAFFS. In 2016, SAC extended the project with its own forest nursery: 18 000 seedlings from different species (Acacia, Afzelia, Banana, Cashew nuts, Gmelina, etc.).*

These reforestation programs have several objectives: production of timber, protection of endangered species, increase in green areas (‘green belts’) between the palm plantation and the villages, etc.

**6.3.6 Air emissions**

When air emissions are concerned, the Group commits to implementing best management practices to prevent and reduce greenhouse gas emissions (GHG).

The Group has started to assess the ‘carbon’ impacts of its palm operations (using the PalmGHG calculator) and plans to do the same for its rubber operations in 2017.



6.3.5 Reforestation, SAC, Sierra Leone

The objective is reducing direct and indirect greenhouse gas emissions, in particular linked to energy consumption (transport, gen sets, factories), by rational choice and use of fuel and technologies respecting the environment and by excluding the use of fire for land preparation in new developments.

All plantations, under supervision of the industrial department, ensure monitoring and steady consumption reduction: rational energy use, technical maintenance, use of machines with low energy consumption, alternative and renewable energy sources, etc. Emissions from the chimneys are regularly measured, in compliance with local laws, and if they are inexistent, with IFC guidelines.

13) [http://www.socfin.com/frontend/files/userfiles/files/2017\\_03\\_22\\_Policy\\_responsible\\_management.pdf](http://www.socfin.com/frontend/files/userfiles/files/2017_03_22_Policy_responsible_management.pdf)



# Integrated Pest Management

6.3.7 Palm plantation with trees for biological control of rats and birds of prey

### 6.3.7 Materials used

In line with its commitments, the Group is continuously striving to reduce its application of chemicals and inorganic fertilizers.

Maximum use of organic fertilizers from the factory limits the need for chemicals (see chapter 6.3.3).

Socfin succeeds in reducing the use of phytosanitary products thanks to its 'Integrated Pest Management' procedures. The objective is to keep pests below a harmful level rather than systematically eradicate pests, and to create, improve and safeguard the

habitats of their natural enemies (such as birdhouses and perches for birds of prey, so they can rest and easily fly around in search of rodents).

By reducing the use of chemicals to the strict minimum, the exposure risk for workers and the number of occupational injuries and diseases are reduced.

Small quantities of chemicals classified 1B by the WHO are still used in the oil palm plantations. Paraquat is used only in Indonesia and its consumption has been minimised, following the relevant RSPO criterion. The people in charge are actively searching for more adequate

and less harmful alternatives for these products.

*In 2015, the use of Aldicarb (Class 1A) was definitely stopped.*

*In 2016, the use of Paraquat and Carbofuran was reduced by respectively 18.37% and 47.02% compared to 2015.*

*Likewise, 395 649 tons of organic fertilizer was used, or an increase of 1.11% compared to 2015.*

### 6.3.8 Environmental impact assessments

Before any development can take place, and in addition to the implementation of the HCS approach, environmental and social impact assessments have to be conducted in compliance with national legislation, IFC's performance standards and RSPO principles and criteria.

*In 2016, Okomu conducted a social and environmental impact assessment, and followed the 'RSPO New Planting Procedure' for the new development called 'extension 2'.*



6.3.8 RSPO, PSG, Ghana



6.3.9 Hydropower turbine LAC, Liberia



6.3.9 Hydropower plant LAC, Liberia

Biomass  
2016:  
23 882 093 kWh



- HCV studies,
- Community FPIC,
- Carbon stock evaluation,
- Greenhouse gas emissions studies,
- Verification by authorised consultancy firms.

*PSG conducted an HCV assessment on its concession, to evaluate the possibilities for future development.*

### 6.3.9 Energy

A reduction in energy consumption goes hand in hand with a reduction in greenhouse gas (GHG) emissions, and consequently in production costs. Preventive maintenance of equipment and installations ensures better

functionality and minimal energy consumption. All fuel and electricity consumption is checked and monitored so as to reduce usage.

The palm oil mills and rubber factories are almost entirely self-sufficient in energy:

- Palm oil mills: fibres, EFB, kernel shells, by-products from processing, fuel the boilers. In this way, the turbines produce energy for the factories, offices, hospitals and villages.
- Rubber factories: rubber wood from block replanting is used to feed the rubber dryers.

*In 2016, 23 882 093 kWh was produced by the steam turbines fuelled by biomass.*

Group activities in the field of renewable energy are continuous. Socfin is committed to investing significantly in renewable energy production, not only to reduce production costs but also to reduce:

- Transport with fossil fuels,
- GHG emissions,
- Dependence on the unreliable government electricity grids.

*In 2013, LAC started the construction of a hydropower plant; operational since June 2016. The hydropower plant already produced 1 939 406 kWh of electricity, with a stable supply, 24h/24. 582 000 liters of fuel were saved during the first months of operation.*

The carbon credits will be certified and put on the market in compliance with the VCS standard (Verified Carbon Standard).

*Safacam installed a biomass boiler for the rubber factory. Since July 2016, the boiler has allowed for a reduction in fossil fuel use of 200 000 liters.*

*At Brabanta, locally produced palm oil is used as biofuel in the gensets, reducing their dependence on imported fossil fuels and representing an annual saving of € 240 000/y.*

### **6.3.10 Impacts on climate change**

The Socfin Group is well aware that climate change might impact its operations and that, in turn, its operations might also have an impact on climate change, not only globally but also locally.

The responsible management policy and the commitment towards the HCS approach are linked to this.

Locally, once possible risks have been identified, corrective action is implemented in the plantations and the habitats within the concessions. The objective is to ensure surface productivity and local communities' means of subsistence.

These impacts linked to external circumstances are taken into account in the choice of agricultural techniques (anti-erosion measures, cover crops, fertilisation, herbicide and pesticide use, etc.).

Direct employment, training in better agricultural techniques, implementation of zero-deforestation policy in the supply chain, etc. are actions taken by the Group which reduce the impact of climate change on the livelihoods of the local populations.

*Brabanta actively protects the IFL (Intact Forest Landscape), called 'Block Forestier Kandjumba', which is situated within its concession, at the southern boundary, in order to ensure the temperature, air humidity and rainfall pattern.*

### **6.4 Evaluation of 6 HCV**

During 2016, ProForest conducted HCV studies at Okomu and PSG.

### **6.5 Programs and plans**

*In Cambodia, 3 000 hectares within the plantations were preserved especially for environmental purposes:*

- *Natural vegetation areas,*
- *Riparian forest areas,*
- *HCV areas.*

*These areas are monitored and collaboration with local authorities was set up to prevent illegal logging and poaching.*

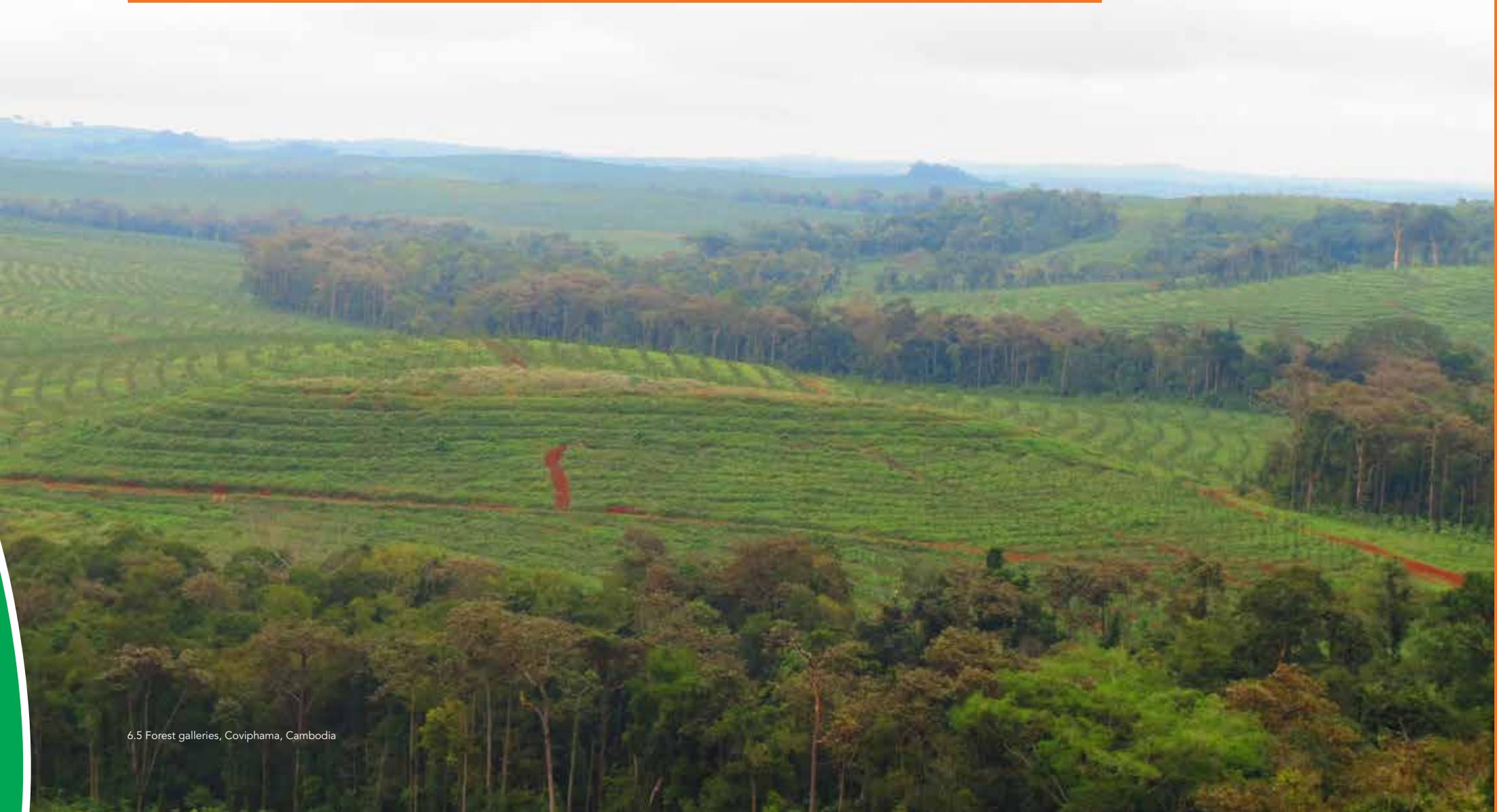
*Socfin KCD and Coviphama equally collaborate with environmental protection agencies to continuously improve their programs.*

*They participate in a platform with the support of WWF-Cambodia, in order to share their best practices with local businesses and to exchange ideas on challenges and opportunities in the country's rubber industry. Finally, sensitization of the workers and local population is organised to inform them about the daily actions they can undertake to protect their natural resources and environment.*

'3 000 ha preserved in Cambodia'



'Socfin KCD and Coviphama equally collaborate with environmental protection agencies to continuously improve their programs'





7.1.2 Smallholder committee, SCC, Côte d'Ivoire

'It is crucial that local communities benefit from Socfin's presence and equally have the possibility and capacity to further develop'

## Contribution to local development | 7

Socfin's long-term success is dependent on strong partnerships and collaborations with the communities in and around the estates.

It is crucial that local communities benefit from Socfin's presence and equally have the possibility and capacity to further develop.

Rubber and oil palm cultivation are an effective way to stimulate local development.

In 2015, most of the estates developed their own 'stakeholder engagement plan' and 'community development plan' to ensure the effectiveness of their projects.

### 7.1 Local partners

#### 7.1.1 Subcontractors

To encourage local entrepreneurship, the estates call as much as possible upon local SME and VSB.

Although the estates favour direct employment, they also offer opportunities to local subcontractors to

stimulate entrepreneurship (Liberia and Cameroon).

However, this can also create problems on certain estates where there are too many subcontractors, as it complicates monitoring.

Certain subcontractors do not respect the OHS regulations, despite regular audits and contractual obligations.

Nevertheless, the plantations will always work, to a certain extent, with local subcontractors.

*Currently, there are 3 389 subcontractors at Socapalm, 1 684 at LAC and 1 177 at Socfindo.*

Subcontractors and suppliers must respect the same rules as the plantations concerning quality and responsible management (specified in the subcontractors' contracts). Regular audits of their management systems take place to ensure their activities are in compliance with the Group's environmental and social commitments.

#### 7.1.2 Smallholders

The plantations maintain relations, specific to each estate, with rubber and oil palm smallholders.

The estates source from independent smallholders and certain plantations have put in place, at their own initiative or within the framework of State smallholder programs, technical assistance projects aimed at:

- Providing good quality seedlings;
- Improving agricultural practices through training and supervision;
- Ensuring purchase of their crop at market price.

*Côte d'Ivoire has the largest 'smallholders' programs.*

*The SCC rubber factory is entirely dependent on 6 500 smallholders. SCC is actively involved in creating smallholder groups and providing technical assistance.*

'SCC: 6 500 smallholders'

SCC purchased 42 745 tons of ‘cup lumps’ (wet rubber) from smallholders in 2016 (a 5% increase compared to 2015).

In 2016, SoGB purchased 14 947 tons of fresh fruit bunches from smallholders around its concession, or an increase of 120% compared to 2015.

In 2016, there was equally a 12% increase in the dry rubber purchases from smallholders.

The smallholder partnership at SoGB comprises:

- Creation and maintenance of blocks,
- Technical support in maintenance of immature plantations,
- Training in harvesting methods,
- Sensitization sessions (on environmental and other topics),
- Detection and treatment of diseases,
- Identification and geopositioning of blocks.

Socapalm also increased its smallholder purchases with 4.1%, or 3 252 tons compared to 2015. In total, Socapalm purchased over € 7.5 million of fresh fruit bunches in 2016.

Socfin in Cambodia makes land within its concession available to smallholders.

The company is responsible for:

- Land preparation,
- Planting, training and technical assistance to 52 local smallholders.

For tapping their blocks, the smallholders can join the plantation’s tapping school free of charge. Tapping of their blocks started at the end of 2016.

### 7.1.3 Responsible supply chain

The Group’s responsible management policy applies to all suppliers from whom Socfin purchases and with whom Socfin maintains a commercial relation.

Consequently, environmental protection, zero-deforestation policy, no child labour or forced labour, human rights, safety at work, are all essential elements Socfin takes into consideration when evaluating its supply chain.

SoGB and SCC are most dependent on smallholders and are at the forefront of supply chain risk mapping. Field assistants work with checklists to be completed when visiting smallholders (for example to verify whether they respect human rights).



7.1.2 Fresh fruit bunch

The Group is committed to collaborating with its suppliers to make its supply chain transparent, nevertheless taking into account the complexity of the supply chains of certain raw materials.

Currently, the traceability of the palm supply chain is 100%. For the rubber supply chain, it is over 95%, except for SCC, where it is higher than 85%, considering SCC depends entirely on smallholders for its supply.

Traceability of groups supply chains	
SCC	85%
SoGB	95%
LAC	98%
Okomu	98%
Safacam	98%
Socfindo	100%
Others	100%

## 7.2 Local communities

The Socfin Group is not only concerned about its own workers and families, but also engages with local communities. The relations with local communities are governed by the new responsible management policy<sup>14</sup>.

### 7.2.1 Neighbourly relations with local communities

Legal, community and customary rights on the land and its resources are not always clearly documented in the regions where the estates are located, and despite all precautionary measures, confrontations concerning competing claims for the same land are sometimes inevitable.

Identifying legitimate representation and determining the strongest claim can be quite challenging, especially when established laws or law enforcement is lacking.

When land disputes or any other grievances occur, the Group facilitates a transparent and open dialogue with the stakeholders involved, at local, national or international level, if necessary. All grievances are registered and documented, and the utmost is done to settle all grievances in a timely and amicable manner.

When the Group pursues the expansion of certain operations ('greenfield'), it ensures local communities give their Free, Prior and Informed Consent. Socfin does not force any person or community to give up their land.

The Group does not start any new development ('greenfield') unless the process of Free, Prior and Informed Consent is finalized (or in case of a non-resolved conflict for particular areas, it ensures that an appropriate conflict resolution process is started and approved independently by all stakeholders).

*In Cambodia, Socfin KCD has put in place a tripartite committee and collaborates with IMG (GIZ has ended its project in Cambodia), who is responsible for initiating a more structured, transparent and efficient dialogue with the local population.*

*Socfin KCD actively participates in the meetings of the tripartite committee under presidency of the United Nations Office of the High Commissioner of Human Rights. 7 meetings were organised in 2016 and the following topics were discussed: fire prevention, job opportunities, protection of sacred forests, etc.*

*Socfin KCD also actively participates in the multistakeholder platform supported by the HCHR. Its objective is to reinforce the dynamics created within the platform and to be open to all stakeholders from the Bousra region (other private parties and more distant communities).*

*Socapalm's dialogue platforms. Good neighbourly relations have always existed between the traditional local authorities, the representatives from the surrounding communities and the plantation. Smallholders were rapidly included in the supply chains. Nevertheless, it became apparent that a more structured dialogue between the communities and the company is needed to further formalize the dialogue and increase transparency. Four tripartite dialogue platforms were created:*

1. Dizangué (Mbongo-Mbambou),
2. Edéa
3. Kienké
4. Dibombari

*Plantation delegates actively participate in periodic meetings, mainly discussing water provision; energy infrastructure, electricity supply, and medical care for the communities.*

*Gradually and in open collaboration with local authorities, measures are put in place to involve the partners concerned and accountable and to implement adequate solutions in the field. At the end of 2016, a similar platform was created at Safacam.*



7.2.1 Multistakeholder platform, Bousra, Cambodia

14) [http://www.socfin.com/frontend/files/userfiles/files/2017\\_03\\_22\\_Politique\\_gestion\\_responsable.pdf](http://www.socfin.com/frontend/files/userfiles/files/2017_03_22_Politique_gestion_responsable.pdf)



7.2.1 ADV-SoGB partnership, Côte d'Ivoire

At SoGB, a discussion platform was launched in 2009, to encourage a close collaboration between SoGB and the surrounding populations.

This long-term partnership was then formalized by the signing of a memorandum of understanding between the surrounding villages and SoGB, chaired by the sub-prefect of Grand Béréby. The association of displaced villages (ADV) was created. Delegates from all villages involved see to it that the various commitments described in the memorandum are respected. The ADV supervises the implementation of community projects and analyses possible grievances.

In 2016, € 155 000 was allocated to the ADV to set up community projects in the surrounding villages.

### 7.2.2 Stakeholder engagement plan

To further increase the impact and success of social activities, the Socfin Group collaborates as much as possible with local and national governments, as well as non-governmental organisations. These 'win-win' partnerships harness synergies between different competences for a common development goal.

Building the capacity of community-based representatives and engaging with the communities on a regular basis is essential.

Each estate has developed its own 'stakeholder plan' and subsequent 'community engagement plan' to ensure the efficiency and relevance of the projects for the local communities. These plans are detailed and updated progressively as the dialogues structures in place validate the communities' needs.

SAC has developed strategic partnerships with local communities, government, NGO's and other stakeholders:

- Partnership with the Ministry of Health and Sanitation for the organisation of environmental awareness campaigns in primary and secondary schools in the Malen Chiefdom.
- Partnership with the Ministry of Agriculture, Forest and Food Security for the development of rice cultivation, protected forest and reforestation projects.
- Partnership with the Pujehun District Council: financial support and in-kind donations to ensure on-going health care for the Malen Chiefdom.
- Partnership with the Ministry of Water Resources: sensitization to water quality in the villages, chlorination of well water, information distribution on water quality monitoring, and GPS data of wells and boreholes.
- Partnership with Njala University: acceptance of trainees. Etc.



7.2.2 Forest Protection, SAC, Sierra Leone

### 7.2.3 Grievance management

Grievance procedures, both internal and external, are included in the stakeholder engagement plans and described in various separate documents.

From 2017 onwards, the Group will make its grievance procedures public, using appropriate means adapted to the circumstances, and report on a regular basis on the progress made in conflict resolution.

In 2017, the Group will develop, in full transparency, performance indicators for the monitoring of complaints and grievances.

### 7.2.4 Community development plans

All Group subsidiaries set up community projects on a regular basis. Socfin primarily focuses on 4 domains: health, education, local development and environmental protection.

### 7.2.5 Community development projects

Improvement of public services is an issue that is very often raised and that requires the involvement of local authorities, energy transporters and energy providers.

All estates construct, maintain and repair roads and bridges, even outside its concessions; the roads facilitate access to marketplaces, schools, workplaces, hospitals and neighbouring communities.

Social actions for local communities	
Roads	€ 300 202
Boreholes	€ 121 328
Wells	€ 9 348
School buildings	€ 63 355



7.2.5 Beneficiary businesswoman, Sahn Malen, Sierra Leone

*In 2016, SAC launched a micro-credit fund of € 6 485.*

*All plantation uniforms are made by a tailor from Sahn Malen for a total amount of about € 25 000/year.*

*With the introduction of this micro-credit, SAC has laid the foundations for a microfinance institution (MFI) to take over.*

*SAC attaches great importance to the implementation and development of social projects for local communities; hence in 2016, SAC spent approximately € 327 309 on projects pertaining to its social responsibility.*



7.2.5.1 Renovation of the Bousra health center

#### 7.2.5.1 Access to health and education for communities

Mainly located in isolated areas, the plantations' surrounding communities generally have very basic public infrastructure. In collaboration with local communities and authorities, regular support is provided to public services (see chapter 4.6.1).

*In Cambodia, Socfin supports two primary schools and one secondary school with in total 900 students. In partnership with the Government of Cambodia, Socfin KCD and Coviphama contributed to the payment of 30 teachers' salaries in 2016.*

*At the end of 2016, PSG launched a scholarship program for students from the local Daboase community. Thanks to the program, 10 students in need will receive a scholarship allowing them to graduate. This program will fully come into force in 2017.*

From a medical point of view, the situation is very similar. The estates' medical facilities are often the only ones in the area (see chapter 4.5.1).

*In Cambodia, the plantation supported the Bousra health center. About € 10 000 was spent on the complete renovation of the center in 2016: provision of electricity, water distribution in the buildings, renovation of rooms, roof repair.*

*In DR Congo, patients sometimes travel more than 100 km to benefit from the health care offered at Brabanta (child births, surgery, etc.).*

*SAC, in partnership with the Pujehun District Council, financially supports the local dispensary to ensure good quality health care.*

*Since 2013, Socapalm and Safacam launched a partnership with EICD to establish two 'Agricultural family schools': these schools educate youngsters in rural professions and encourage entrepreneurship.*

Certain estates double their efforts by offering the local youth the opportunity to work and/or benefit from training.

*At Okomu, 17 students completed training in the industrial department in 2016.*



### **7.2.5.2 Energy and water supply**

The distance from certain villages to the main urban centers deprives many communities from public services. The Group supports their requests to be connected to either government or private electricity grids and in certain cases pays for the connection of these isolated communities.

*In 2016, Okomu constructed 7 boreholes for the neighbouring communities. Okomu also provided for the electrification of a village and renovated the generating sets of a village.*

*In 2016, SAC installed 16 solar streetlights in Sahn Malen village. SAC also provided electricity to the medical facilities of Sahn Malen and Taninahun.*

### **7.2.5.3 Roads and telecommunication networks**

In isolated regions, getting around can be difficult: public transport is non-existent and roads are rarely maintained.

In so far as possible, the estates provide logistic support to maintain the national road network in a good condition so that free movement of persons and goods is facilitated in these isolated regions and communities.

*In Cambodia, the roads constructed within the estates are generally preferred to the public roads, which are not as well maintained and less accessible. More than 745 km of roads were constructed within the concession, 45 km within the Bousra community and 16 bridges were constructed. In 2016, € 308 194 was spent on road construction and maintenance in Cambodia.*

*SAC maintains the roads within the Chiefdom and has created road access for all villages within the plantation.*

*Each year over € 100 000 is spent on road maintenance. Road security is a priority SAC shares with the 'Sierra Leone Road Safety Authority': road signs and speed bumps are installed, as well as a system to reduce dust (limiting visibility).*

*Telecommunication services have significantly improved and cover now the entire Malen Chiefdom. The plantation teamed up with the local operator to install two antennas. In return, SAC supplies the energy needed for the 2 antennas.*

### **7.3 Indigenous population**

Two indigenous population groups live in proximity of the Group's operations:

- The Bagyéli pygmies, close to Kienké (Socapalm)
- The Phnongs in Cambodia

These population groups participate in dialogue platforms set up to structure community relations. Their unique identity is recognized and a special position is attributed to them.

### **The Phnong indigenous population**

97.6% of Cambodia's population is Khmer. The balance consists of various indigenous groups, of which the Phnongs are primarily present in the Mondulkiri province.

Their culture is rich in myths, music, tales and traditions linked to nature, and is orally transmitted. The Phnongs traditionally live in close connection with their natural environment for food collection and other non-food products. They rely on slash and burn agriculture.

The main threat to their culture is probably the dominant position of the Khmer culture, which can eventually lead to complete acculturation.

Population of the Bousra community – Mondulkiri Province.

Mondulkiri is the largest and least populated province of Cambodia. The Bousra community, where the Group is present, counts seven traditional Phnong villages (1 500 families).

However, it is not easy to obtain official data on the number of Phnong families

within this population. Socfin KCD and Coviphama want to play a crucial role in the protection and promotion of Phnong culture as well as in the improvement of dialogue between the community and the various local stakeholders.

Since the beginning of Group activities in Cambodia and to facilitate dialogue and guarantee the survival of their traditions, a Phnong administration (4) was put in place.

The Phnongs' traditional livelihoods are their sacred forests and cemeteries. These areas are widespread within the concessions and several measures were taken to identify and preserve these places of high cultural value (cooperation between the Company's Phnong administration and local representatives). Currently, the plantation protects more than 300 hectares of sacred places.



7.3 Pech Chreada district, Cambodia

A photograph of a forest with several tree trunks. Yellow collection cups are hanging from the trunks, likely for collecting latex. The background is a dense forest with green foliage and sunlight filtering through the trees.

'The Group appeared a few times in European and African media in 2016. Please visit the press page of our website for more information: [www.socfin.com](http://www.socfin.com)'

# Communication | 8

In 2016, the Socfin Group launched various communication actions and projects.

In 2017 a new website will be launched to facilitate communication with all stakeholders and to contribute to a transparent presentation of Socfin activities.

It is a simple tool to communicate both on the various projects and challenges the Group is facing.

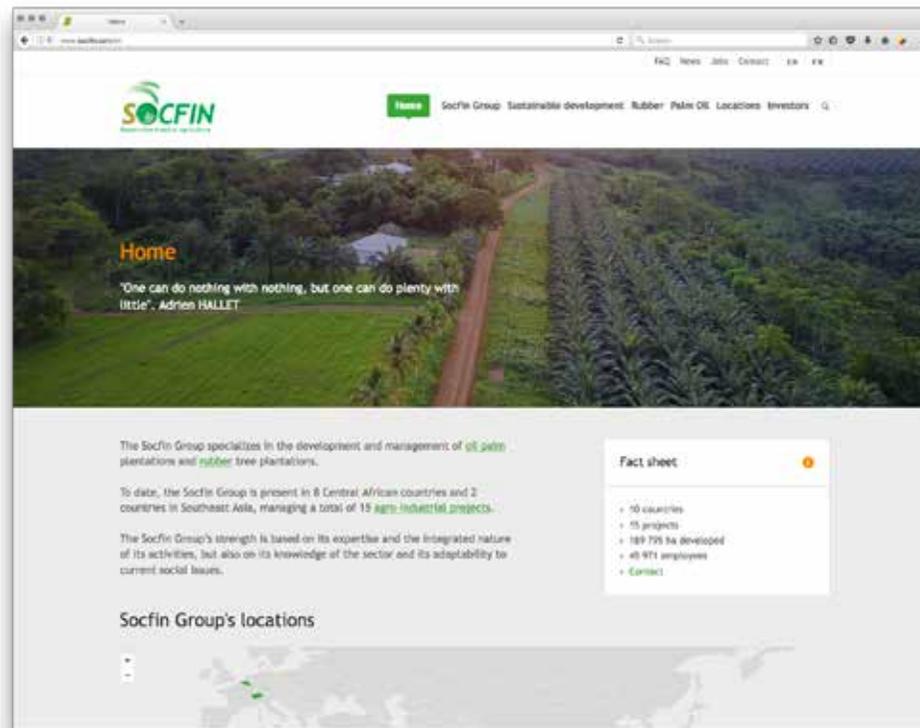
The Group works daily on the improvement of its communication and hopes to meet most expectations with this project: [www.socfin.com](http://www.socfin.com)

The Group appeared a few times in European and African media in 2016. Please visit the press page of the website for more information: [www.socfin.com](http://www.socfin.com).

All the Group's press releases and issued press articles are equally transmitted. In conclusion, all documents published are available for consultation on the website.

The sustainable development page gives access to:

- The Group's social, environmental, health and education data and statistics;
- The list of partners.



# GRI Index

CRI Standards		Chapters
102-1	Name of the organization	1.3 Profile
102-2	Activities, brands, products, and services	1.3 Profile
102-3	Location of headquarters	1.3 Profile
102-4	Location of operation	1.4 Group management organogram
102-5	Ownership and legal form	SOCFIN financial report 2016
102-6	Markets served	1.3 Profile
102-7	Scale of organization	1.4 Group management organogram 2 Economic performance in figures SOCFIN financial report 2016
102-8	Information on employees and other workers	4.2.1 Staff
102-9	Supply chain	3.6 Supply chain and traceability
102-10	Significant changes to the organization and its supply chain	2 Economic performance in figures 3.6 Supply chain and traceability SOCFIN financial report 2016
102-11	Precautionary Principle or approach	3.2 Policies, charters and code of conduct
102-12	External initiative	3.5 Voluntary compliance with other standards
102-13	Memberships of associations	<a href="http://www.socfin.com/en/sustainable-development">http://www.socfin.com/en/sustainable-development</a>
102-14	Statement from senior decision-maker	1.1 Preface
102-15	Key impacts, risks, and opportunities	1.2 Commitment to environmental, social, societal and transparency aspects
102-16	Values, principles, standards, and norms of behavior	3.2 Policies, charters and code of conduct
102-17	Mechanisms for advice and concerns about ethics	3.8 Complaints and grievances 4.2.3 Internal complaints management 7.2.3 Management of complaints
102-18	Governance structure	3.1 Governance structure and management approach
102-19	Delegating authority	3.1 Governance structure and management approach
102-20	Executive-level responsibility for economic, environmental, and social topics	3.1 Governance structure and management approach
102-21	Consulting stakeholders on economic, environmental and social topics	3.1 Governance structure and management approach
102-22	Composition of the highest governance body and its committees	3.1 Governance structure and management approach
102-29	Identifying and managing economic, environmental, and social impacts	3.1 Governance structure and management approach
102-30	Effectiveness of risk management processes	3.1 Governance structure and management approach
102-31	Review of economic, environmental, and social topics	3.1 Governance structure and management approach

102-32	Highest governance body's role in sustainability reporting	3.1 Governance structure and management approach
102-33	Communicating critical concerns	3.1 Governance structure and management approach
102-40	List of stakeholder groups	4 Strong social commitment 5 Ensuring employee safety 7 Contribution to local development
102-41	Collective bargaining agreements	4.2.3 Internal complaints management
102-42	Identifying and selecting stakeholders	7.2.2 Stakeholder engagement plan
102-43	Approach to stakeholder engagement	7.2.2 Stakeholder engagement plan
102-44	Key topics and concerns raised	7.2.2 Stakeholder engagement plan
102-45	Entities included in the consolidated financial statements	SOCFIN financial report 2016
102-49	Changes in reporting	1.2 Commitment to environmental, social, societal and transparency aspects
102-50	Reporting period	2016
102-51	Date of most recent report	2016: SOCFIN Sustainability report 2015
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	info@socfin.com
102-54	Claims of reporting in accordance with the GRI Standards	1.1 Preface
102-55	GRI content index	GRI index
Economic Performance		
201-1	Direct economic value generated and distributed	2 Economic performance in figures SOCFIN financial report 2016
201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	2.6 Risks related to climate change
201-4	Financial assistance received from government	SOCFIN financial report 2016
Indirect economic impacts		
203-1	Infrastructure investments and services supported	4.3.1 Investments in infrastructure
Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	3.4.4 No corruption
Anti-competitive behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.4.5 No anti-competitive behaviour
Materials		
301-1	Materials used by weight or volume	6.3.7 Materials used

Energy		
302-1	Energy consumption within the organization	6.3.9 Energy <a href="http://www.socfin.com/en/sustainable-development">http://www.socfin.com/en/sustainable-development</a>
302-4	Reduction of energy consumption	6.3.9 Energy
302-5	Reductions in energy requirements of products and services	6.3.9 Energy
Water		
303-1	Total water withdrawal by source	6.3.1 Water
Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.3.4 Protection and enhancement of biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	6.3.4 Protection and enhancement of biodiversity
Effluents and waste		
306-1	Waste discharge by quality and destination	6.3.1 Water
Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	7.1.3 Responsible supply chain
Occupational health and safety		
403-1	Workers representation in formal joint management-worker health and safety committees	4.2.6 Occupational health and safety committees and unions 5.3 Occupational health and safety committees
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	5.7 Working accidents
403-3	Workers with high incidence or high risk of diseases related to their occupation	5.4 Risk analysis
Training and education		
404-1	Average hours of training per year per employee	4.2.5 Training 5.5 Training & Sensitization
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	4.2.1.1 Workforce distribution by gender and department 4.2.1.2 Workforce distribution by gender 4.2.1.3 Integration of young people into the working world
Security practices		
410-1	Security personnel trained in human rights policies or procedures	4.4 Security of people and property
Local communities		
413-2	Operations with significant actual or potential negative impacts on local communities	7. Contribution to local development 4.2.1.3 Integration of young people into the working world

# Glossary

Abbreviation	Term
ACMS	Cameroonian association for the social marketing - Association Camerounaise pour le Marketing Social
APROMAC	Association of natural rubber producers of Côte d'Ivoire - Association des Professionnels du Caoutchouc Naturel de Côte D'Ivoire
ASF	Family health association - Association de Santé Familiale
DBO - BOD	Biological Oxygen Demand
DCO - COD	Chemical Oxygen Demand
FISDES	Fonds Ivoir-Suisse de Développement Economique et Social
FSC	Forest Stewardship Council
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit – German International Development Cooperation Agency
GPS	Global Positioning System
HCDH	High Commissioner emphasized that protecting the rights of indigenous peoples
HSE	Health, Safety and Environment
IECD	French international solidarity organisation - Institut Européen de Coopération et de Développement
IMG	Independant Mediation Group
MAFFS	Minister of Agriculture Forestry and Food Security
MSF	Médecins Sans Frontières
MWR	Ministry of Water Resources Sierra Leone
NSITF	Nigeria Social Insurance Trust Fund
OHSAS	Occupational Health and Safety Assessment Series
OMS - WHO	World Health Organization
ONG – NGO	Non-Governmental Organization
PME - SMB	Small and Medium size Business
Proparco	Private sector financing arm of Agence Française de Développement (AFD), has been working to support development in Southern countries - PROMotion et PARTicipation pour la COopération économique
PSI	Population Services International

QHSE	Quality Health Safety and Environment
RSPO	Roundtable on Sustainable Palm Oil
SA 8000	Auditable certification standard that encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace
SFI – IFC	International Finance Corporation
SIDA - AIDS	Acquired Immune Deficiency Syndrome
SIPH	Leading producer of natural rubber in Africa - Société International de Plantations d'Hévéas
SSE - HSE	Health, Safety, Environment
SST	Safety and Health at Work
T.E.S.E.	Association for Portuguese development
TPE - VSB	Very Small Business
VIH - HIV	Human Immunodeficiency Virus
WWF	World Wide Fund for nature
ZSL	Zoological Society of London



“One can do nothing with  
nothing, but one can do plenty  
with little”. Adrien HALLET

