

# Socfin Group Responsible Management Policy

14 September 2021

## 1. Context and Intentions

Created early in the 20<sup>th</sup> century, the Socfin Group has become a major player in agro-industrial development in Africa and South-East Asia.

The Socfin Group is aware of the imperatives of economic development, food security, reduction of poverty, respect of human rights and preservation of the environment in its host countries. This policy ensures that our operations are implementing the best economic, social and environmental practices, taking into account the needs and expectations of all stakeholders, whether internal or external, in collaboration and transparency with them.

**Our ambition has always been to develop and promote responsible tropical agriculture by creating shared value for all whilst ensuring the economic viability of the Group and its operations on the long term.**

The Socfin Group presents herein the principles of its revised policy for responsible management, first released in March 2017, and the strategy enabling them to be implemented. Reflecting the Group's role as a global leader in rubber and palm oil production, this policy is intended to be in line with the United Nations Guiding Principles on Business and Human Rights, the Roundtable on Sustainable Palm Oil Principles and Criteria, and the Global Platform on Sustainable Natural Rubber Policy Framework.

Beyond that, this policy is also designed to integrate our purpose "*enhancing rural livelihoods by driving respectful transformative agriculture*" and focuses on the three impact areas of our sustainability strategy: rural development, local workers and communities, and the environment. Its principles drive key initiatives bringing long term economic performance, social welfare, health, security and natural resource management.

## 2. Scope of application

**This Responsible Management Policy is applicable, without exception, to:**

- All operations of the Socfin Group, and those of its subsidiaries, including all the factories, palm oil mills and plantations that the Group owns, manages or in which it invests, regardless of the level of its share.
- All suppliers (third parties).

This includes smallholders suppliers who deliver to the Socfin factories their oil palm Fresh Fruit Bunches (FFB) or their wet Natural Rubber (NR). Due to the complexity of the supply chain involved, with typically large number of smallholders, there will be a gradual implementation of the policy with a prioritization of the risk mitigation actions based on assessment of social and environmental risks.

## 3. Commitment to local and rural development in Africa and Asia

**The Socfin Group aims to contribute to rural economic development/performance through continuous transfer of technical and agricultural skills, as well as best management practices for sustainable production.**

To contribute to local food security and to improve livelihoods:

- We ensure and encourage the inclusion of smallholders/farmers in our supply chains;
- We fairly and transparently negotiate prices with smallholders/farmers and expect traders to do the same.

To accelerate rural development while preserving the environment, we provide the following solutions:

- We offer and support training for employees, smallholders/farmers, and suppliers to improve yield, sustainability performance, and quality;
- We improve or create the most needed facilities and infrastructure, such as road networks.

#### 4. Commitment to employees & communities

The Socfin Group aims to respect and improve social well-being of its employees and their families, as well as the communities surrounding its operations.

##### 4.1. Employees:

To ensure social protection and uphold the Universal Declaration of Human Rights for our workers:

- We apply a zero-tolerance approach to serious human rights abuses including intimidation, physical harm and/or threats;
- We promote gender equity and strengthen gender equality;
- We recognize and respect the rights of all workers, including the workers of subcontractors, temporary workers and migrant workers;
- We implement a grievance mechanism in line with Guiding Principle 31 of the UN Guiding Principles on Business and Human Rights.

##### 4.2. Communities:

To respect the rights of local communities in all our operations and supply chains:

- We respect the right of indigenous populations and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to all operations affecting the land or resources on which they have legal, community or customary rights, using RSPO's FPIC methodology;
- We maintain ongoing, effective, transparent, open and culturally appropriate channels of dialogue with indigenous people and local communities;
- We promote long-term collaboration to implement local community projects supporting decent living conditions: social life, health, education, food security, etc.;
- We respect land access rights and tenure by local and indigenous communities;
- We uphold traditional rights of access to our operations for hunting and gathering of animals and plants for the purpose of:
  - o Subsistence;
  - o Indigenous cultural religious traditions;
  - o Customs and ceremonies;
 in line with legal requirements and Socfin's commitment to protect rare, threatened, endangered, and critically endangered species;
- We implement a grievance mechanism in line with Guiding Principle 31 of the UN Guiding Principles on Business and Human Rights. This is used to bring ongoing disputes to a solution; the implementation of the agreed remedy measures is jointly monitored by the community (ies) and Socfin and/or by mutually agreed third party (ies).

#### 5. Commitment to our planet

The Socfin Group implements integrated actions to fight deforestation and preserve the environment.

##### 5.1. To minimize and prevent our environmental impacts:

- We minimize carbon emissions;
- We minimize the rate of energy usage;
- We increase green energy consumption and reduce fossil fuel consumption;
- We prevent water and air pollution;
- We maintain healthy soils;
- We prohibit the use of fire, except in well documented cases where specific threats of phytosanitary or other risks prevent us from doing so;
- We manage/ensure wastewater treatment;

- We protect water quantity through best-in-class performance for water use intensity in our operations;
- We constantly improve our agricultural practices with the aim of higher yields requiring a minimum of inputs and natural resources.

#### 5.2. To promote biodiversity and forest preservation:

- We commit to promote biodiversity and to eliminate deforestation; to that aim the Socfin Group commits to:
  - o Identify, maintain and protect natural forests, using the High Carbon Stock (HCS) Approach where applicable;
  - o Identify, maintain and protect High Conservation Values, including protecting wildlife and rare, threatened, endangered and critically endangered species from poaching, hunting and habitat loss in areas under our management;
  - o Identify, maintain and protect peatland areas;
  - o This includes supporting restoration of such areas if they are degraded;
  - o Support the long-term protection of other ecosystems.

### 6. Transparency

#### The Socfin Group commits to continually improve its transparency:

- We commit to comply with all local and international laws and regulations applicable to our operations;
- We prohibit any form of corruption (see details in the Socfin Employees & Corporate Code of Ethics and the in the Socfin Supplier Code of Ethics);
- We will publish a global action plan with precise objectives and timelines to ensure transparency and constant improvement. Progress, updates and adaptations of this action plan will be made and published annually and submitted to the Socfin Board of Directors;
- We will make the maps of our concessions public, our permits and the outcomes of HCS and HCV participatory mappings, if local legislation authorizes it;
- In order to work constructively we will proactively consult and collaborate with all relevant stakeholders (internal and external). This includes NGOs, civil society organisations, local and national authorities, local communities, companies neighbouring our operation areas, customers, suppliers and industry organisations;
- We commit to obtain traceability for 100% of our raw material supply by 2025.

### 7. Implementation

#### No new development can be carried out until:

- Mappings and studies identifying the HCS, HCV and peatland areas have been completed by qualified experts, and made public. This includes using the HCSA Steering Group and/or HCV Network's ALS quality assurance systems whenever relevant;
- The FPIC procedure has been completed in a culturally appropriate manner following credible methodologies;
- Any on-going dispute for the areas in question has been resolved, unless a mutually-agreed process for dispute settlement, freely consented to by the parties concerned, is implemented.

The cut-off date for the application of these new development commitments is the date of release of the 1<sup>st</sup> version of the Socfin Group Responsible Management Policy, March 2017.

The Socfin Group commits to make available the human and financial resources necessary for the proper implementation of this policy. To that aim, the Group will embed these commitments into its decision-making processes, systems, and performance metrics of its corporate management, relevant business units, joint ventures, and company affiliates and subsidiaries.

The Socfin Group will support and encourage its suppliers to implement this policy. It will be pro-actively communicated to all suppliers, including within supplier contracts where possible. Smallholders' extension services will sensitize and train the farmers on sustainable practices.

In instances of supplier non-compliance, a time-bound implementation plan to move towards compliance will be developed.

The Socfin Group will support the adoption of government policies which will facilitate the rapid transformation of the agro-industry towards responsible development and management practices.

The Socfin Group commits to participate and support multi-stakeholder planning and policy efforts that uphold the Global Platform for Sustainable Natural Rubber (GPSNR) principles at a landscape, jurisdictional or other spatial level.

#### 8. Verification

The Socfin Group will use various third-party verification tools such as satellite imagery, certification and consultation of external stakeholders to assess how effectively its policy is being implemented. The results of these assessments will be used to update the action plan and allow continuous improvement.

Approved by the Board of Directors on the 22<sup>nd</sup> September 2021

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## Appendix: Definitions and specifications

The elements of our policy are listed and defined in this section in order to ensure good understanding by all. However, these definitions and specifications are not intended to be exhaustive or set in stone, and will be updated when necessary or needed.

- High Carbon Stock Approach (HCSA)  
The Socfin Group recognises and will implement the High Carbon Stock Approach as defined by the HCS Approach Steering Group and the HCS Toolkit<sup>1</sup>.
- High Conservation Value (HCV)  
The Socfin Group recognises the concept of High Conservation Value as defined by the HCV Network<sup>2</sup> and will use the guidelines and tools developed by this network. The Group actively collaborates with the appropriate authorities and bodies for the protection of endangered and threatened species.
- Peatland  
Peat soils are characterised by an organic content of more than 65%, regardless of depth and surface area. The Group commits not to develop new plantations or infrastructures on peatland.
- Free, Prior and Informed Consent (FPIC)  
The Group commits to identify and respect the customary and individual rights of local and indigenous communities through participatory mapping. The Group commits to ensure that the laws and the best international practices in FPIC are implemented for all its operations. This includes the United Nations Declaration on the Rights of Indigenous Peoples.
- Workers' rights  
The Group commits to ensure that the rights of any individual working in the operations falling within the scope of application of this policy are respected according to applicable local, national and international legislation, including the eight fundamental conventions of the International Labor Organization. The following key elements are applicable to our activities:
  1. Child labour is prohibited and appropriate measures are implemented to prevent it.
  2. Forced or bonded labour and human trafficking are prohibited and appropriate measures are implemented to prevent it.
  3. Recruitment practices are transparent and fair, and direct recruitment is encouraged.
  4. The health and safety of workers are protected from any risk that could generate permanent injury, illness or death.
  5. Workers are provided with written employment contracts in a language that they understand, with details of working conditions, including a minima: the type of work, the salary and payment conditions, working hours, holidays and other leave, and other benefits of employment.
  6. All workers are paid a wage that equals or exceeds the minimum legal wage defined by national standards and legal regulations.
  7. When Decent Living Wages (DLW) applicable to our operations have been established and validated by RSPO or GPSNR, they will be implemented.
  8. No worker works more than the legal maximum number of hours; overtime is worked on a voluntary basis, and workers have at least one day of rest every seven days.
  9. Workers are protected from any form of discrimination constituting a violation of human rights.
  10. Harassment and abuse are prohibited. Policies and procedures will be implemented to prevent and obtain redress for any act of harassment or abuse, notably sexual.
  11. Workers at all levels have access to remedy for grievances, whether judiciary or through a credible grievance mechanism, without fear of recrimination or dismissal.
  12. Where the Group provides housing, this meets the criteria of hygiene and physical safety, and the conditions of decent housing.
  13. Freedom of Association and the right to collective bargaining are respected. All workers, regardless of rank or job grade, have the right to form and join a trade

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<sup>1</sup> <http://highcarbonstock.org/>

<sup>2</sup> <https://www.hcvnetwork.org/>

union of their choice, and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, parallel means of free association and collective bargaining are made available to workers.

- Environmental impacts

The Group commits to implement the best existing management practices to prevent and reduce its environmental impacts, notably in relation to:

- Greenhouse gas emissions;
- Management of water level in plantations already existing on peatland, and a prohibition on new peatland drainage;
- Prohibition on the use of fire for developing new plantations, preparing land, or waste management, except in well documented cases where specific threats of phytosanitary or other risks prevent us from doing so;
- Soil and water pollution;
- Soil deterioration and erosion;
- Optimizing the use of fertilizer, and using agricultural waste as a soil amendment wherever possible; and
- Prohibition on the use of WHO class 1A and 1B chemical products as well as chemicals on the Stockholm POP and Rotterdam PIC lists, elimination of the use of Paraquat, and development and implementation of integrated pest management techniques.

When the Socfin Group cannot immediately put a stop to the use of certain practices, the Group commits, in its action plan, to actively conduct research into the use of alternatives in order to cease these practices as soon as possible.

- Grievance management  
The Group has developed and will maintain a grievance management mechanism at local, national and international levels, in line with the UN Guiding Principles on Business and Human Rights. The procedures must be transparent, open and collaborative. The Group hereby commits to resolve all ongoing disputes and complaints in line with this policy.
- Traceability  
The Group commits to work in collaboration with its suppliers to make its supply chain transparent whilst taking into account the complexity of the supply chains for certain raw materials.

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