



SOCFIN
— CAMBODIA —

**2017
SUSTAINABILITY REPORT**



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Foreword

This report has been developed with the aim of giving a general overview of Socfin Cambodia's vision and activities in relation to sustainability, including various aspects: environmental protection, health and safety, social commitment for the employees, and local development in the Kingdom of Cambodia.

In all aspects of its activities, Socfin Cambodia applies the Socfin Group's policies, guidelines, processes, commitments, charters and codes which are detailed in the Socfin Group's 2017 Sustainability Report.

The following report is to be used as an annex of the Socfin Group's 2017 Sustainability Report and thus focuses only on the local activities implanted throughout the year in Cambodia and on activities that are specific to the operations in the Kingdom due to the local context and environment.

The Socfin Group's 2017 Sustainability Report is available on socfin.com.

a. Preface

Guided by the Socfin Group's policies and values, Socfin Cambodia has always acted as a responsible company towards all its stakeholders. It applied the concept of sustainability since the beginning of its operations in the Kingdom and strives to be an example for the development of a sustainable agriculture in the country. The following report gives an overview of the company's activities for 2017 in terms of sustainable management.

Socfin Cambodia entered the year by sending strong messages to reaffirm two of its development pillars: environmental protection and support to the local communities:

- The company's own Zero Deforestation Commitment was published in January 2017, publicly reaffirming its engagement in the fields of environmental protection, respect of local communities and transparency. Socfin Cambodia, supported

by external stakeholders is proud to be the first plantation to abide to such high standards in Cambodia.

- The same month, Socfin Cambodia, together with the Bousra Commune Health Department, publicly inaugurated the local Health Center which had been fully renovated under the financing of the company.

2017 has also been a year of development for our company's activities with 1 200 new hectares entering production, over 150 new employees joining the team and moving to the plantations with their families, and a production reaching 1 150 tons from 318 in 2016.

To support this important development, tremendous investments have been made in terms of industrial and social infrastructures: Socfin Cambodia has started the construction of its own rubber processing factory to

be completed in 2018, has opened one new village for its employees while three more are still under construction. The construction and maintenance of new company villages alone represented an investment of 1.6 M USD for the year.

The company's activities have been more largely promoted through communication towards the public and interactions with external stakeholders which recognize Socfin Cambodia as an example for the introduction of best practices in the country. Through its contribution in workshops and events, partnerships with external organizations and presentation of its activities to the general public, Socfin Cambodia largely promotes the values it is proud to carry in order to drive the transition to a sustainable agriculture for other key players of the industry.

Socfin Cambodia will keep

building on these activities and engaging with all relevant stakeholders to promote responsible development and carry out ambitious projects for the sustainable development of its activities and of the region where it is implanted.

b. General profile

Socfin Cambodia is implanted in the Kingdom through two companies: Socfin-KCD and Coviphama both with their headquarter based in Phnom Penh.

Socfin-KCD is operating through two Economic Land Concessions (ELC): Varanasi and Sethikula.

Coviphama is operating through one ELC of the same name.

Both companies develop and manage rubber plantations. Socfin-KCD started producing rubber in 2015, whereas the plantation in Coviphama is still in the immature stage.

In 2017, Socfin Cambodia started the construction of its own rubber processing factory which will start operating in 2018.

c. Geographical presence in the country

Socfin Cambodia's two rubber plantations are located in Bousra Commune, Pech Chreada District, Mondulkiri Province where the company has developed 7 300 hectares of rubber trees.

d. Key dates

2007	Creation of Socfin-KCD
2009	Acquisition of Varanasi
2010	Acquisition of Sethikula
2013	Acquisition of Coviphama
2015	First production in Socfin-KCD



Location of the plantations in Cambodia

a. Zero Deforestation Commitment

Following the publication of the Socfin Group policy for responsible management, and to locally reaffirm its engagement to responsible and sustainable development, Socfin Cambodia has published its local “Zero Deforestation Commitment” in January 2017. Developed in consultation with external stakeholders it includes commitments in the fields of:

- Protection of ecosystems and biodiversity
- Respect of local communities
- Transparency

Socfin Cambodia is the first plantation to commit to such standards in the country. The full document is available in annex and on socfin.com.

b. Compliance with legal requirements

Socfin Cambodia strictly applies the Socfin Group’s policies described in its sustainability report regarding fight against forced or compulsory labor, corruption, anti-competitive behavior and social contributions. Policies detailed below are specific to the national laws and regulations applicable in Cambodia.

- * No child labor
- * No forced or compulsory labor
- * No corruption
- * No anti-competitive behaviour

1. National environmental and social laws

All activities of the company comply with national policies, laws and regulations relating to environment and social management. The company’s development and activities thoroughly follow the Environmental Impact Assessment Law and the Masterplan for Economic Land Concessions, in full transparency with the Royal Government of Cambodia.

2. Fight against child labor

Socfin Cambodia does not employ or utilize in any manner any individual below 16 years old. The company makes great efforts to verify the ages of all employees by maintaining ID or employment cards records, setting up obligatory medical checkups upon hiring and all subcontractors working with the company sign a contract including a close on child labor.



ID control of new employees

3. Compliance with labor laws

In Cambodia, Socfin adheres to all applicable local, national and international laws and regulations relevant to its sector concerning payment and conditions of employment.

The internal regulations set up by the company have been assessed and validated by the local Department of Labor in 2012. All employees are fully informed about their conditions of service and the general regulations during recruitment and upon employment and have clearly communicated and signed contracts drafted in the local language. More details on pay and conditions are described in the company’s codes and are publicly available for consultation.

c. Voluntary compliance with other standards

As stated in the Zero Deforestation Commitment, the company recognizes and implements the High Carbon Stock (HCS) approach as defined by the HCS Approach Steering Group and the HCS toolkit.

More information on the HCS Approach: <http://highcarbonstock.org/>.

Also enshrined in the company's core commitments is the respect of the right of indigenous peoples and local communities to give or withhold their Free, Prior, and Informed Consent (FPIC) to all operations affecting the land and resources on which they have legal, community or customary rights.

In Cambodia, Socfin has always conducted an open and transparent dialogue with the local population and is communicating in full transparency with the United Nations Office of the High Commissioner for Human Rights, Cambodia Country Office (OHCHR Cambodia) to make sure that its activities are in full compliance with relevant standards, including the UN Guidelines on Business and Human Rights and the UN Declaration on the Rights of Indigenous Peoples.

d. Third party evaluations

Socfin Cambodia receives regular visits and audits from the relevant government institutions monitoring its activities including: MAFF - Ministry of Agriculture, Forestry and Fisheries, the Labor Department and the Ministry of Environment. Regular progress reports on the company's activities are shared with these institutions.

The company also fully complies with the national regulation on Environmental and Social Impacts Assessments. The Initial EIAs for all its concessions have been finalized, approved by the Ministry of Environment, and are available for public consultation. The following full EIAs on the progress of the activities are currently being processed by the relevant authorities for validation.

e. Complaints and grievance

Two separate procedures have been designed to address complaints and grievances with the company from both external and internal stakeholders. The two written procedures have been communicated to the concerned targets and are available to all for consultation.

Internal grievance procedure

This procedure is used to report concerns from the company's employees. The HR Department is in charge of collecting and addressing these grievances. No grievance has been reported through this process in 2017.

In addition, employees can also report grievances through their elected representatives.

External grievance procedure

This process is used to report concerns from external stakeholders with the company (local communities, NGOs, etc). The Sustainability Department collects and records all grievances and works with the involved departments to solve them in a transparent and efficient manner.

This procedure has been designed and improved under the guidance of external stakeholders in 2017. It has been officially presented to the local communities during an open meeting organized in March of the same year. The community representatives and local authorities received a summarized copy of



English version of the procedure

the procedure in Khmer to inform the local population and Bunong interpreters presented the procedure to the local indigenous communities.

In 2017, 11 grievances by 8 villagers from the local communities have been presented to the company through this procedure. All initial reparations asked for these grievances were monetary compensations. They have all been solved through communication with the grievor parties or addressed through independent third parties.

Nature of grievance	Number of occurrence	Solution
Speed limits inside the plantation (speed bumps, slow-down at entrance gates)	4	Communication on road safety
Protective drain around unplanted areas (to prevent illegal settlements, logging, fires ...)	6	Field visits, communication
Land claim	1	Addressed through independent third party

f. Sharing of experience and best-practices

Striving to be an example for responsible business practices in the country, Socfin Cambodia regularly engages with external stakeholders to share its experience and discuss best-practices and challenges.

Rubber platform

The company is involved in an informal Rubber Platform supported by WWF-Cambodia and gathering rubber companies established in Monduliri Province and their stakeholders. During the last meeting organized in March 2017, Socfin Cambodia presented its Zero Deforestation Commitment to promote the company's environmental best practices and share its experience with other agri-businesses.

Workshop on Business & Human Rights



In December 2017, Socfin Cambodia joined the *Business & Human Rights and Sustainable Agri-Business* workshop organized in Monduliri Province by the OHCHR Cambodia. Company representatives presented Socfin Cambodia's approach to Business and Human Rights in practice to the participants, including NGOs, businesses and local authorities.



a. Key figures

Company	Planted area (ha)	Number of ha producing rubber	Total production (T)
Socfin-KCD	3 897	2 069	1 150
Coviphama	3 300	0	0

Data: 31.12.2017

b. Research and Development

Since 2009, Socfin Cambodia is working with the Cambodian Rubber Research Institute (C.R.R.I) on a research partnership. Through this collaboration, Socfin Cambodia is permanently developing and maintaining a large-scale bud wood garden of twenty-eight different types of certified clones. It is also conducting a field trial with eight different clones being planted in a plot of the plantation and maintained by the company.

This trial is designed to exchange

experience between the C.R.R.I and Socfin Cambodia in all activities of a rubber plantation starting from introducing new clones in the bud wood garden to storing rubber and studying the specific tapping technique developed by the company. The trees planted in the large-scale field trial are planned to enter into production in 2018.

The C.R.R.I visits the plantation periodically to observe the growth, the yield and the resistance to disease and wind on



C.R.R.I field visit to Socfin Cambodia's field trial




the different clones, in order to choose the best ones when replanting in areas with similar characteristics.

When developing its plantations

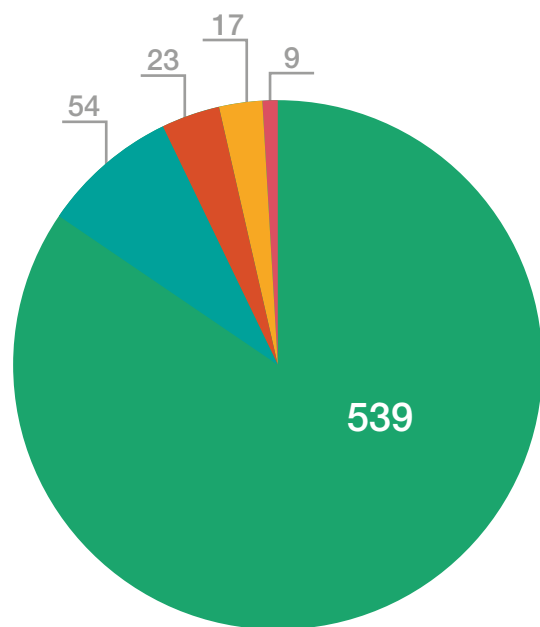
in Cambodia, Socfin had also set up a state of the art nursery, thus introducing new, more resistant clones in the country and contributing to the development of a better quality of rubber.

a. Key human resources indicators

1. Employees

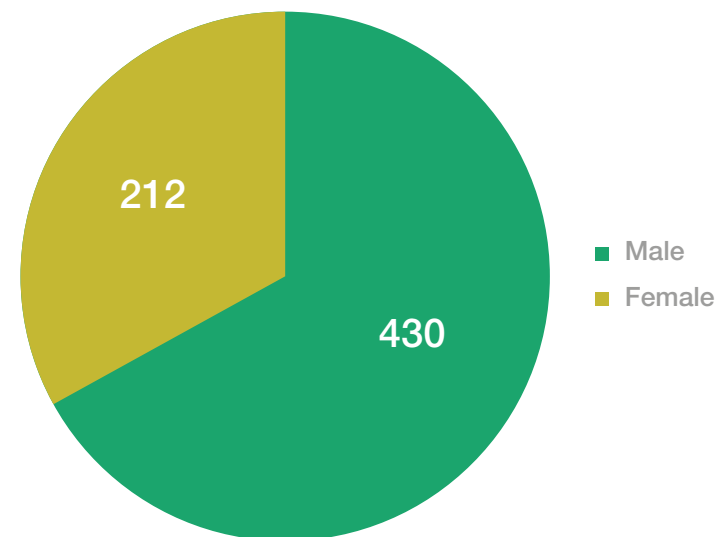
			
Total Workforce	496	146	642

Repartition by department

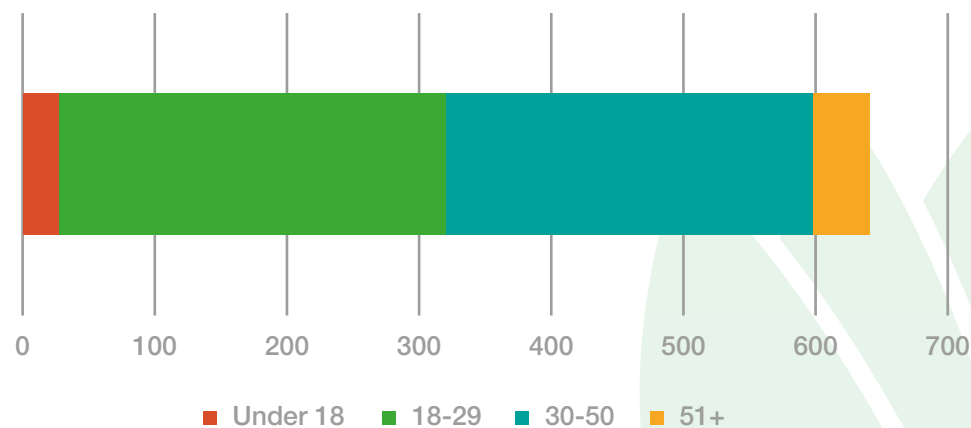


- Agronomic Department
- Logistics Department
- Technical Department
- Administration Department
- General Department

Repartition by gender



Repartition by age



Data: 31.12.2017



Tapping Academy graduates – Session of August 2017

2. Training and capacity building

Tapping Academy

Upon hiring, each new staff joining the tapping activities benefits from a one-month training in the “tapping academy”. This program is designed to disseminate agricultural best practices to tappers who are evaluated at the end of the course. Employees can also join the school again if they need to improve their technique. In 2017, 200 students have successfully finished the one-month course.

Apprenticeships

Socfin Cambodia also works regularly with trainees who can benefit from an apprenticeship in all departments.

200 students successfully completed their Tapping Academy training in 2017

The Labor Department officially recognizes the skills developed by the company’s employees through their training and experience on specific tasks and grants them official diplomas acknowledging their new expertise.



Garage technical training – April 2017

Technical trainings

Socfin Cambodia works closely with partners to disseminate trainings on specific topics related to the activities of its departments. These trainings mainly focus on safety procedures and environmental best practices.

Date	Department	Topic
April	Garage	Safe operation and basic maintenance of new excavator
October	Technical Contractor	Best practices for carrying out weed control in a safe and environmentally-friendly way
November	Health	Malaria, Diarrhea prevention and treatment, Family planning
December	All	Fire prevention and fire-fighting procedures



Chemical maintenance training

837 people living in the company's villages



Company Village



5 company villages completed
3 villages under construction

Inauguration of a new village in August 2017

b. Infrastructures for employees and their families

1. Company villages

Personnal Housing

Socfin Cambodia provides free housing for its permanent employees and their families in the plantation and has thus constructed five villages close to the teams operations. In 2017, Socfin Cambodia invested over 1.6 M USD for the construction and maintenance of its company villages. Three new villages are still under construction and are planned to open in 2018.

All rooms or houses are provided with a free access to electricity and safe water.

In December 2017, 837 people, including employees and their families, were living in the existing villages constructed in the two plantations.



Access to safe water

	SOCFIN — CAMBODIA —
Total Population	837
Houses / Rooms	605
Kitchen	605
Latrines	533
Bathing facilities	147
Water sources	69



Activities during the 2017 Socfin Trophy

Leisure facilities and social activities

In order to develop social interactions and to improve the quality of leisure activities in the villages, employees and their families have a free access to sports fields.

Socfin is also supporting the development of a dynamic social and economic life in its villages by constructing and maintaining gathering places, clubhouses, and supporting the installation of shops. A clubhouse and covered gathering places where corporate events can be organized and

where employees can organize their own celebrations are available in the company's villages.

Every year, Socfin Cambodia organizes the Socfin Trophy, a full day dedicated to sports. During this event, tournaments of football and volleyball games are organized as well as traditional games such as tug of war. This day gives the opportunity for the staff from the two plantations to gather and ends with the distribution of prizes and a party for all to enjoy dinner, drinks and dance.



Gathering places, shops and clubhouses are available in the company's villages to create a dynamic social life.



2. Mobility

Being implanted in an environment where distances to access services and the workplace can be important, Socfin Cambodia is strengthening its employees mobility by providing transport for some work tasks, constructing villages in different parts of the plantation according to the different locations assigned to teams and supporting workers for the purchase of motorbikes and fuel.

Weekly transportation to Bousra Commune is organized by the company for the Tapping Academy students, who often do not have their own transportation when joining the company, so they can receive their salary at the bank's local counter.

**1 health center and 1 aid post
located in the plantations**

*1 Doctor and 2 nurses providing free
consultations for the employees and their families*



Company Health Center

c. Health benefits

1. Health services

One health center with a doctor and one aid post with a nurse employed by Socfin Cambodia are opened for free to all employees and their families in the plantations.

An ambulance is also available at all times for emergencies.

Socfin Cambodia contributes to the National Social Security Fund (NSSF) which covers workers in case of work accidents.



Malaria detection and deworming during a prevention campaign

2. Prevention and awareness

Socfin Cambodia's medical staff provides health check-ups upon recruitment to all new staff who are then followed regularly. This allows the medical department to detect any health problem early on and to facilitate further treatments. During these check-ups, the doctor delivers a health certificate and keeps a record for a better follow-up of the patients.

The medical staff is particularly attentive to the prevention and treatment of mosquito-borne diseases (malaria and dengue fever). For this it works with Population Services Khmer (PSK) on their Malaria Plantation Program. Through this program,

the company's medical staff receives training on malaria prevention, treatment, and follow-up of cases. Socfin Cambodia also receives rapid tests from the NGO to detect new Malaria cases.

In addition, Socfin Cambodia and PSK organize two deworming campaigns every year for the employees and their families.

All year round, the medical staff uses information boards placed in strategic places through the plantation to disseminate prevention and information messages in an impactful and visual way. These materials address all issues relevant to health, from HIV prevention, to water sanitation

or birth control. Medical staff also regularly meets with the staff and their families in the villages where they live, to raise awareness on topics such as

basic hygiene, village cleanliness, water disposal or mosquito eradication.



Awareness meetings between Socfin Cambodia's medical and HSE team and the population from the company's villages

Public meetings are regularly organized in the company's villages to inform on health concerns in order to bring about behavioral change and increase awareness on easy actions to improve the quality of life in the villages.





2 primary schools located in the plantation with 6 teachers and 104 students

Students from the company schools

d. Education

Socfin Cambodia offers a free access to its plantation schools located in the staff villages to the children of all permanent employees. The company thus works together with the Royal Government of Cambodia to ensure that the children can benefit from a quality education and school activities.

In December 2017, 104 children were attending classes in the plantation schools, supervised by 6 state teachers.

Company schools		
Primary school	1	1
Classrooms	4	1
Teachers	4	2

Socfin Cambodia has set up its classes to be as close as possible to its company villages. Choosing this location allows most of the children to easily access the schools that are in a walking distance from their home.

For company villages that are located in more distant locations of the plantation, Socfin Cambodia provides free transportation in a company-owned tuk-tuk in order to ensure all children are provided with the same chances to access quality education.

At the beginning of the school year, all students receive the official school books for their grade and supplies are provided to the teachers by the company to support teaching in the best conditions possible.



Distribution of prizes for the best students – August 2017

At the end of the school year, as it is the tradition in Cambodia, the three best students for each grade receive a donation from the company in the form of school supplies.

To improve its education services, in 2017, the company invested over 24 000 USD for the support of the local education institutions, maintenance of its

plantation schools and donations of supplies for the plantations' students and teachers.

Students from the plantations' schools receive school supplies every year to make sure they all have the necessary materials to follow their grade's program.



Company tuk-tuk to transport students to school

Safety of the employees

V

a. Safety management system

Health and safety of employees is a top priority across all departments



Staff wearing the PPE identified for its specific task

Safety of the employees is a primary concern for Socfin Cambodia. As the company undertakes very diverse activities on the estates, each department has identified its specific safety risks and the mitigation and prevention measures that can be applied under the supervision of the department manager.

All employees are made aware of these risks through the Standard Operating Procedures (SOPs) that have been developed and are communicated and the appropriate Personal Protective Equipment (PPE) is available and controlled regularly. The company's medical team is available at all time during working

hours and can easily reach all locations of the plantations in case of emergency. If employees are confronted with new risks arising in the course of time, they can report directly to the management who will take appropriate actions.

b. Road safety

Socfin Cambodia grants a free access within its plantation to local population in addition to its staff. Dedicated employees are thus responsible for identifying the main risks associated with transport and circulation and mitigating them through road maintenance, the installation of speed bumps and security gates to control dangerous behaviors.



Road safety



Permanent surveillance of the plantations during fire season



Fire prevention signs displayed in the plantations

Specific safety procedures are developed to adapt to the environment of the plantations. Fire prevention and road safety are primary concerns in the estates.

c. Fire prevention

One of the primary safety concerns for Socfin on its estates in Cambodia is the management of fire risks in targeted departments such as the workshops and storage facilities. All risks have been identified and fire extinguishers, controlled periodically by the company, have been installed in strategic places.

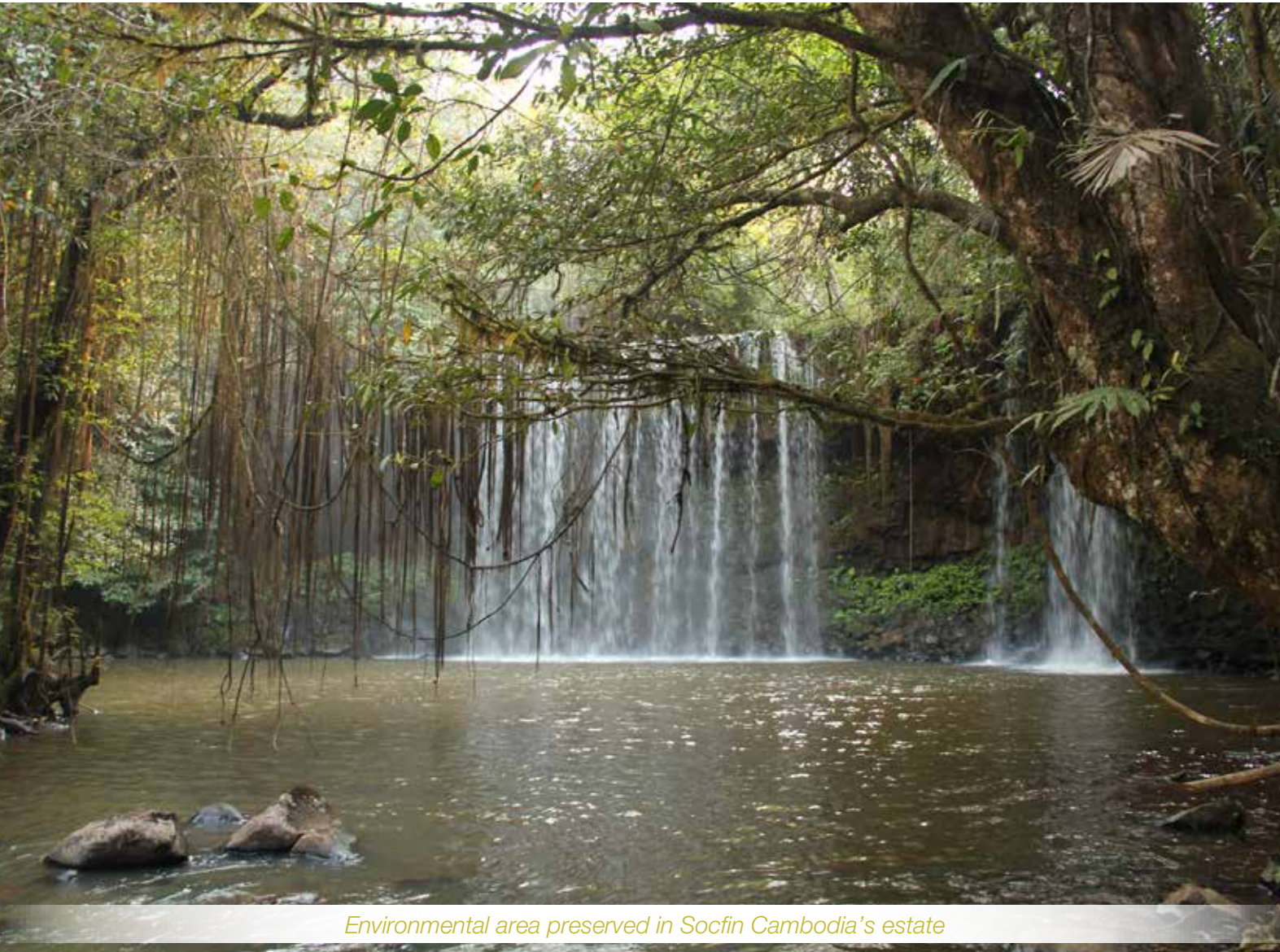
Fire is also a risk within the plantation during the dry season when forest fires and field fires can spread quickly within the

rubber plots. Specific rules apply to all during this season and are communicated to the local communities in collaboration with the local authorities.

The risk is at its highest during the “slash and burn” months due to traditional agricultural techniques used by the population. Fires started on the population’s fields within or near the plantation can indeed spread in the rubber fields, destroying plots and putting the employees’

safety at risk. To prevent this risk, Socfin Cambodia, in collaboration with local representatives and authorities, has established a “Burning Calendar” to better monitor and schedule fires in the population’s fields. In addition, a subcontractor is hired every year to provide a permanent surveillance of the estate during this period and to intervene if necessary with all required equipment provided by the company.

a. Environmental management system



Environmental area preserved in Socfin Cambodia's estate

In Cambodia, the company applies the Socfin Group's policies and guidelines related to environmental and biodiversity protection. This includes the Socfin Group policy for responsible management which has been adopted in March 2017 and details best management practices for its environmental impacts. This policy was reinforced by Socfin Cambodia's Zero deforestation commitment developed with external stakeholders monitoring the company's activities.

b. Policies

1. Water

Water is an essential asset and its sustainable management is a key concern for Socfin Cambodia. The rubber trees in the plantation do not need to be watered, and the company does not have an industrial factory yet. Water is thus only consumed, from various sources, for the irrigation of the bud wood garden and nursery, firefighting activities during the dry season, and for domestic use in the villages and offices.

The main watercourses located in the plantations are protected from the potential impacts of the company's activities through the preservation of natural vegetation along waterways also called river corridors. The company also has procedures for all its operations aiming to avoid damage to natural watercourses and has constructed safe facilities to prevent accidental spillage through the installation of containments bunds in its industrial storage areas.

2. Soil protection

Socfin Cambodia implements an integrated pest management policy in its activities which includes biological and chemical systems. Biological control of pests is always preferred when possible to preserve soil quality.

In addition, cover crops are used to prevent erosion, improve soil fertility with a supply of organic matter and nitrogen thus reducing the use of fertilizers. Three types of cover crops have been used in Cambodia: *Mucuna bracteata*, *Pueraria phaseoloides*, and *Arachis Pintoi*.

In order to prevent erosion, when establishing its plantation in mountainous areas, Socfin Cambodia planted its lines of rubber trees following the existing relief of the mountainous region of Mondulhiri.



3. Waste management

Socfin Cambodia has set up a documented and controlled waste management framework that ensures appropriate segregation of all wastes including domestic and industrial wastes.

A specific attention is paid to reduce the company's waste in all departments: printed paper is reused, compost boxes are available in company's gardens, stocks are strictly monitored to ensure no product is wasted or expired.

In 2017, Socfin Cambodia constructed a new Waste Management Centre in Coviphama in order to improve the sorting, disposal and treatment of the wastes generated by the company.

Wastes from the plantation are collected, transported to the plantation's waste management center where suppliers collect reusable wastes, and disposed of in a secured area. All handling operations of waste are conducted following HSE guidelines to ensure that Personal Protective



Type of waste	Treatment	Type
Scrap metal	Sold	Non-hazardous
Out of use tires	Sold	Non-hazardous
Vehicle batteries	Sold	Hazardous
Plastic containers	Re-used or incinerated	Non-hazardous
Oils	Re-used	Non-hazardous
Household and office waste	Incinerated	Non-hazardous
Medical waste	Collected by NGO or incinerated in dedicated facility	Hazardous

Equipment (PPE) are used and operations are conducted in a safe manner. Hazardous waste is collected by specialized companies.

4. Protection and enhancement of biodiversity

3 000 hectares of natural areas originally preserved

As described in the Socfin Group policy for responsible management and in the Zero Deforestation Commitment Socfin Cambodia is committed to minimize and prevent its environmental impacts; identify, maintain and protect HCS areas, HCV areas and peatlands. Socfin Cambodia is also committed to ensure that its operations do not impact vulnerable species or areas. Environmental and Biodiversity assessments have been conducted and verified by neutral third-parties and the plantations have originally left out over 3 000 hectares from developed areas specifically for environmental purposes, including natural vegetation areas, water corridors and High Conservation Value Forests.

The company is actively engaging with the Provincial Department of Environment and the Direction of the Phnom Nam Lear Wildlife Sanctuary by providing support to its law enforcement team on the field and by monitoring and exchanging information on the activities in the area. In December 2017, the company donated one well to the rangers station located in the sanctuary, thus contributing to improve the daily life of the law enforcement team based in the park and facilitating their access to a safe source of water.

Socfin Cambodia works closely with local environmental NGOs to continually improve its environmental programs. Through this collaboration, the company participates in an informal rubber platform under the guidance of WWF-Cambodia to share its best practices to local companies and exchange on challenges and opportunities for the sector in the kingdom.

5. Energy

All consumptions of fuel and electricity are closely monitored and followed-up by the company



Donation of a well to the Phnom Nam Lear Wildlife sanctuary rangers station

and reports are made daily in order to reduce usage.

Preventive maintenance of equipment and modern installations ensure better functionality and minimal energy consumption.



Daily control of energy consumption in village

Energy consumptions are followed daily in the villages and at the company's facilities. Any increase in consumptions detected is quickly corrected through several actions including maintenance or replacement of equipments.

c. Awareness

Socfin Cambodia deems it important to raise awareness with its employees and the population in its villages on the daily-life actions they can conduct to protect natural resources and their environment. Regular meetings and visits in the villages are conducted to inspire behavioral change by discussing topics such as water management, plastics disposal or waste disposal.

Environmental areas in the plantations are being marked with information boards designed in appropriate language (Khmer, Bunong and Vietnamese depending on the location) to raise awareness on protection measures for these areas (no logging, no fire, no clearing etc).



Clean-up campaigns and awareness on plastic disposal in the company's villages and school



Socfin Cambodia also sponsors local events aiming at promoting environmental awareness. In May 2017, it contributed to the Mondulkiri Province's Biodiversity Day celebration organized in Sen Monorom.

Boards designed in Khmer, Phnong, Vietnamese or English languages mark the protected areas inside the plantations.

a. Local partners

1. Subcontractors

Although Socfin Cambodia is deeply committed to engaging direct employees as much as possible, when a special expertise is needed for its operations, the company works closely with local subcontractors in the fields of agriculture, construction and security. It thus contributes to creating more employment and stimulating local entrepreneurship.

Socfin Cambodia ensures these partners are committed to the same standards in terms of environmental and social responsibility towards their employees through references in their contracts and regular field audits.

24 subcontractors regularly work with Socfin Cambodia

In 2017, Socfin Cambodia launched the construction of its rubber processing factory for which it is working with a specialized Cambodian



2017 Smallholders technical trainings

subcontractor employing over 100 local workers for the majority of the work.

2. Smallholders

In Cambodia, the smallholders project is an agreement between Socfin-KCD and individual smallholders from the local communities to whom it brings an additional and stable income. For the participants, the company provides land in its concessions, land preparation, planting, training programs and technical assistance. In exchange, the smallholders reimburse the costs of the different works on the future production that will be

delivered. In Cambodia, 52 smallholders are part of this program, exploiting 136 hectares within the company's plantations.

In 2017, the team dedicated to the technical assistance of the smallholders organized 9 group trainings on topics including: maintenance, fire prevention in rubber fields, identifying and marking mature trees, stimulation, maintenance of rubber fields and disease treatment. Smallholders can also benefit from a free training at the company's tapping school in order to learn from the company's expertise to work on their own plots.

Smallholders can also buy the necessary products and equipment for the exploitation of their fields from the company's stock, to no benefit for Socfin Cambodia. They can then have access to high quality products provided below retail market price.

9 public trainings were organized for smallholders in 2017

Some smallholders started producing rubber at the end of 2016. In December 2017, 27 smallholders were producing rubber on over 75 hectares.

b. Relations with the Phnong Indigenous Peoples

Bousra Commune, where Socfin Cambodia's activities are implanted, is composed of seven traditionally Phnong (or Bunong) villages. The total population of the commune in 2016 was 6 319 people, of which 69% are reportedly Phnong¹.

1. *In-house community liaison: the Phnong Administration*

In order to facilitate interactions with the local communities and ensure an effective dialogue respecting the local traditions of the Phnong population, a dedicated department, the Phnong Administration, has been set-up since the beginning of the activities of Socfin Cambodia. It acts as an interface between the company and the indigenous villages with a dedicated community liaison position. In 2017, the team was composed of four employees, all from the local phnong community and speaking the Phnong language.

The team engages with communities on all aspects of the plantation's activities in which the population can be integrated and involved such as the smallholder program, safety prevention (particularly during the "Slash and Burn" season when local farmers burn their fields for new cultures) or protection of their traditions.



Meeting between the Phnong Administration and population

2. *External platform of dialogue: the tripartite committee*

In an effort to engage discussion with the local population more formerly and more effectively, Socfin Cambodia also participates in the tripartite committee composed of elected representatives of the population from five Phnong villages, local authorities and representatives from the company. Socfin Cambodia is working closely and in full transparency with the OHCHR Cambodia to set up this committee as an example.

In 2017, the tripartite committee has met five times to discuss topics such as fire prevention, the protection of Phnong sacred forests, the development of infrastructures for the community or the presentation of the factory that will be constructed by the company.



Tripartite Committee Meetings

3. *Support to the Phnong culture*

Socfin Cambodia aims at playing a key role in supporting and promoting the culture and habits of the indigenous Phnong community as well as enhancing dialogue between the community members and various local stakeholders. Much care is being given to the livelihood of the already present local community.

¹Source: Commune Office – 2016 data

Integral to the Phnong traditional livelihoods are their sacred forests and cemeteries. These places are scattered within the concessions and several measures have been undertaken in order to identify, map and preserve these culturally important sites in full cooperation between the Phnong administration of the company and local representatives. Today the company is protecting over 330 hectares of land for these sacred places.



Marking of sacred forests by the Phnong Administration

Based on the initiatives of the company to preserve the Phnong sacred places inside the plantations, community representatives have asked the company to design and donate posters to mark and protect places located outside the concessions and threatened by populations activities. 10 posters were then donated to Pu Char village for the protection of its ancestral land.

The company also supports cultural celebrations to promote the local traditions: On 9th August 2017, local communities from Bousra celebrated the International Day of the World's Indigenous Peoples. Socfin Cambodia was the only organization joining this event funded by the OHCHR Cambodia. Seated at the head table, the company representatives joined the representatives from the local communities

and authorities to watch the offering ceremony to spirits and traditional dances demonstration.

The following week, Socfin Cambodia's Phnong employees, its management, staff representatives, and the representatives of the local smallholders and of the indigenous communities joined at the company's site for dinner and drinks organized with Phnong traditional music to celebrate the integration of indigenous people in the company's activities.



Traditional dance during public celebration



International Day of the World's Indigenous Peoples – Company celebration

c. Support to local development

Socfin Cambodia strives to establish fruitful relationships with the local communities. Its community development strategy looks at strengthening communities in the long-term and includes capacity building through training and employment, but also additional measures specific to local needs of the communities.

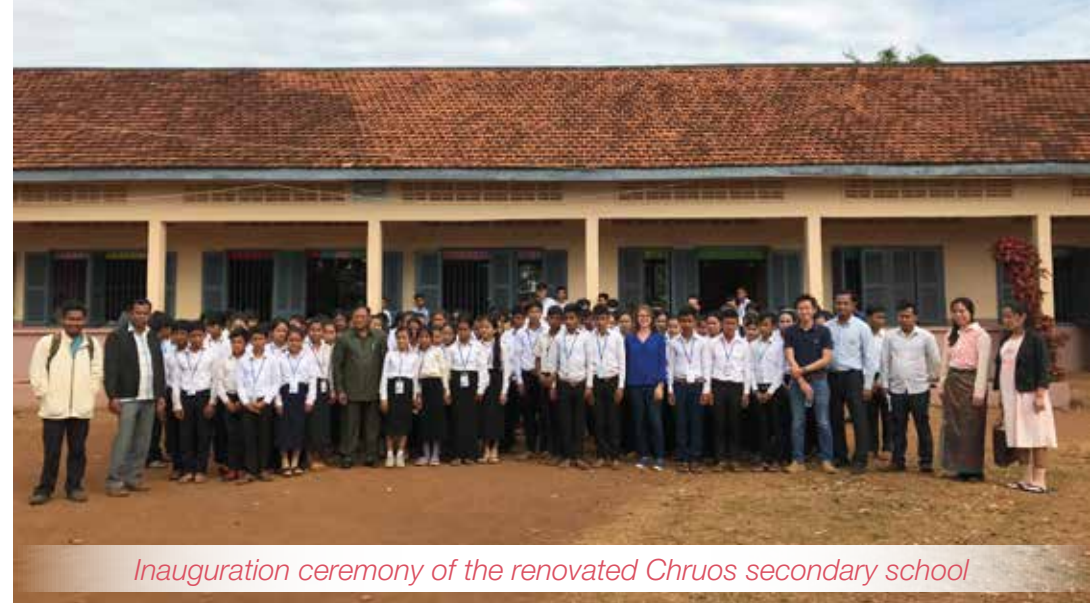
Socfin Cambodia engages directly with the local authorities and with the elected as well as the traditional representatives of the local communities. Monduliri Province still being a rural and isolated area, the development plan focusses mainly on supporting the creation and maintenance of public infrastructures that will bring long term benefits to the entire community (schools, hospitals, roads, wells etc.). All the company's interventions result from official and public requests from both the local authorities and representatives representing all the local communities and are discussed and approved by all before being carried out.

Support to local communities is the backbone of the company's development strategy. Local communities benefit from the company's presence through support provided to social services and infrastructures.

1. Access to health and education for communities

Socfin Cambodia believes that all children should have an easy access to quality educational services, even in rural areas. Education is one of the company's primary focus areas and it supports directly, together with the Royal Government of Cambodia, the local education department in Bousra Commune.

In 2017, the company financed the complete renovation of Chruos Secondary School in Bousra which was completed by one of its subcontractors for a total of 19 811 USD. The renovated buildings where 269 teenagers study will be inaugurated in January 2018.



Inauguration ceremony of the renovated Chruos secondary school



Before Renovation



After Renovation



Support to the local football team

The company also supports extra-curricular activities in order to promote a dynamic social life for the youth of Bousra. In November 2017, Bousra's football team received new uniforms from the company for its 18 players entering the Provincial competition organized by the Department of Education.

Health too can be a critical issue for communities in remote areas. That is why, in addition to the services Socfin Cambodia provides to its workers and their families within the plantation, it also supports the local health infrastructures.

In January 2017, the company, together with the local Health Department and local authorities organized the inauguration ceremony of the Commune's Health Center which had been renovated by Socfin Cambodia in December 2016. Community representatives including indigenous traditional representatives were invited to join the event, giving them the opportunity to visit the facilities and to learn more on the public services they are entitled to benefit from.

Over 17 kilometers of road created or repaired in community villages outside the plantations in 2017

2. Energy and water supply
Socfin Cambodia supports the local communities requests for additional access to safe sources of water. In 2017, 4 wells with handpumps were donated to the local villages of Pu Raing, Bousra, Pu Til and Pu Char for a total of 8 700 USD.



New well donated to the community

3. Opening and maintenance of roads



Maintenance of roads

Free circulation is guaranteed within the plantations, and the company roads are opened to the population living outside the concessions.

Since its installation in Monduliri, Socfin has created over 745 km of roads within the concessions and over 45 km and 16 bridges in Bousra Commune. It also contributes to the rehabilitation of these roads and bridges after and during the rainy season when infrastructures are often damaged. In 2017, Socfin Cambodia has maintained or created over 17 kilometers of roads and 7 bridges for the communities outside its plantations.

Objectives and perspectives

As Socfin Cambodia's plantations are reaching maturity, the company's activities will keep expanding. 2018 will see the opening of a new rubber processing facility in Socfin Cambodia's estate. This new project will fully comply with the sustainability guidelines of the company including environmental protection, engagement with the local communities, safety of the employees and industrial good practices.

The company will also strengthen its workforce by hiring new employees for all departments. In

particular, as more plots will enter into production, the recruitment of new tappers will be a key component for the development of the company's activities.

The increase in the workforce will require the development of new social infrastructures and services for the staff and their families and the continuous improvement of working conditions including procedures, training programs, and strengthened safety processes.

Environmental protection and awareness will continuously be

integrated in the further development of the company's activities.

All these activities will be conducted in cooperation with local stakeholders by continuously building on the communications channels developed with the local communities. Supporting development projects remains one of the primary social engagements of the company and it will keep engaging with relevant third parties to identify the needs and to support sustainable projects in the area.



SOCFIN Cambodia Zero Deforestation Commitment

As part of the Socfin Group, SOCFIN in Cambodia strives to be a leading responsible tropical agro-industry company. Our approach to business is guided by the principles of Sustainability, Continuity, Inclusivity and Transparency.

The Socfin Group Policy for responsible management is the foundation for our strategy and it encompasses all of our operations.

We strive to fully implement best practices in all areas of our operations and in all dimensions of sustainability, such as protection of the environment, community development, working conditions and in our supply chain. We engage our stakeholders proactively and our activities must create and share value while maximizing the positive environmental and social outcomes.

To that end, in Cambodia, SOCFIN is committed:

1. To protect natural ecosystems and their biodiversity and carbon stocks through a “No Conversion, No Degradation, and Restoration” policy, including – but not limited to:

- a. No clearing or development of High Carbon Stock (HCS) Forests as defined and audited by the HCS Approach Steering Group (<http://highcarbonstock.org/>)
- b. No clearing or development of High Conservation Value (HCV) Areas as defined and audited by the HCV Resource Network (<https://www.hcvnetwork.org/>)
- c. No draining or development of peat areas of any depth
- d. No providing of incentives to convert natural ecosystems
- e. Protection of all natural ecosystems inside all concessions from any party
- f. Prevention of the use of all infrastructure for illegal activities
- g. Restoration of protected areas in all concessions as required by law
- h. Progressive improvement of management of existing plantations to – among others - reduce greenhouse gas (GHG) emissions and impact of chemicals
- i. Improvement of yields to reduce the footprint of rubber production

2. To respect people and local communities affected by its operations, through – but not limited to:

- a. Respect for land tenure rights
- b. Respect for the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal or customary rights
- c. Respect for and recognition of the rights of all workers including contractors, temporary and migrant workers
- d. Resolution to all complaints and conflicts through a process involving a wide range of stakeholders including civil society
- e. Integration of smallholders into corporate supply chains
- f. Establishment of community development programs

3. To provide full transparency of its operations, through – but not limited to:

- a. Availability of all concession permits and boundaries for consultation upon request
- b. Availability of all supply chains information for consultation upon request
- c. Establishment of a consultative grievance process
- d. Appointment of an independent third-party to verify that the policy commitments are being implemented and availability of its reports for consultation upon request

SOCFIN in Cambodia will work with local partners and stakeholders to meet the objectives of this commitment.

A time-bound plan will be developed to implement this commitment and provide regular updates and full transparency on the progress of the implementation.

GRI Standards		Chapters
102-1	Name of the organization	I.b General profile
102-2	Activities, brands, products and services	I.b General profile
102-3	Location of headquarters	I.c Geographical presence in the country
102-4	Location of operations	I.c Geographical presence in the country
102-7	Scale of organization	III. Economic performance and R&D
102-8	Information on employees and other workers	IV.a.1 Employees
102-12	External initiative	II.c Voluntary compliance with other standards
102-14	Statement from senior decision-maker	I.a Preface
102-16	Values, principles, standards, and norms of behavior	2017 Socfin Group Sustainability Report
102-17	Mechanisms for advice and concerns about ethics	II.e Complaints and grievance
102-21	Consulting stakeholders on economic, environmental and social topics	II. Responsible Governance
102-29	Identifying and managing economic, environmental, and social impacts	II.d Third-party evaluations
102-31	Review of economic, environmental, and social topics	II. Responsible Governance
102-40	List of stakeholder groups	IV. Social Commitment to employees VII. Contribution to local development
102-41	Collective bargaining agreements	II.e Complaints and grievance
102-42	Identifying and selecting stakeholders	7.2.2 Stakeholder engagement plan
102-50	Reporting period	2017
102-51	Date of most recent report	2017: SOCFIN Group Sustainability report 2016
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	siege@socfin-kcd.com
102-55	GRI content index	GRI index
Economic performance		
201-1	Direct economic value generated and distributed	III. Economic performance and R&D SOCFIN financial report 2017
201-4	Financial assistance received from government	SOCFIN financial report 2017
Energy		
302-4	Reduction of energy consumption	VI.b.5 Energy
Biodiversity		
304-2	Significant impacts of activities, products, and services on biodiversity	VI.b.4 Protection and enhancement of biodiversity
Diversity and equal opportunity		
405.1	Diversity of governance bodies and employees	IV.a Employees
Local communities		
413-2	Operations with significant actual or potential negative impacts on communities	VII. Contribution to local development

An aerial photograph of a mountainous region. In the foreground, there are terraced fields, likely for tea or coffee, with a dirt road winding through them. The middle ground shows rolling hills and valleys, and in the background, a prominent mountain peak rises against a cloudy sky. A teal banner is overlaid on the middle of the image.

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