



# SUSTAINABILITY REPORT 2018

**SOCFIN**  
— CAMBODIA —



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# Foreword

The present report is the second edition of Socfin Cambodia's sustainability report and gives an overview of the company's activities for 2018 in terms of sustainable and responsible management.

Under the name "Socfin Cambodia", this report covers the activities of two registered companies: Socfin-KCD and Coviphama.

In all aspects of its activities, Socfin Cambodia respects the Socfin Group's commitments, policies charters and codes which are detailed in the Socfin Group's 2018 sustainability report.

The following report is to be used in addition to the Socfin Group's 2018 sustainability report and focuses only on the activities implanted in 2018 in Cambodia and on activities that are specific due to the local context and environment.

All reports related to the Socfin Group in general, and to Socfin Cambodia in particular, are available on [socfin.com](http://socfin.com).

# 1. Introduction



## 1.1 Message from the General Manager

While sustainability is becoming an increasingly popular concept, Socfin Cambodia has applied this principle since the beginning of its operations in the Kingdom, almost a decade ago, and strives to be an example for the development of a sustainable tropical agriculture in the country.

In all new development, Socfin Cambodia acts as a responsible company, which has been particularly true in 2018, a year that has seen our project taking a step further towards its maturity. A key milestone for Socfin Cambodia was indeed reached with the launch of the company's own rubber factory in Mondulkiri, which produced its very first rubber bale in July 2018.

With new activities come new challenges, and Socfin Cambodia's team has focused its efforts through the year to ensure the new facilities and operations are in full compliance with the company's values in terms of health and safety of the employees and respect of the environment.

2018 has also been a year of intense development for our company's activities with over 1,800 new hectares entering into production, over 200 new employees joining the team and moving to the plantations with their families, and a production reaching 2,892 tons of dry rubber for the two plantations combined.

All these activities have however been challenged by the current decline in commodity prices. Through the year, a particular attention has been paid to the efficient and careful management of the company's assets to ensure that it can keep meeting its engagement towards local development and to provide quality services

and infrastructures to its employees and their families.

Socfin Cambodia kept engaging with external stakeholders recognizing the company as an example for the introduction of best practices in the country. Through its contributions in workshops and events, partnerships with external organizations and presentation of its activities to the public, Socfin Cambodia largely promotes the values it is proud to carry in order to drive the transition to a responsible and sustainable private sector.

Socfin Cambodia is committed to continue 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 located.

Jef BOEDT  
General Manager  
[siege@socfin-kcd.com](mailto:siege@socfin-kcd.com)



## 1.2 General profile

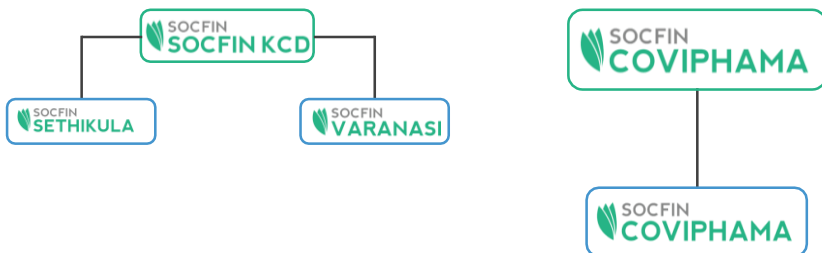
Socfin Cambodia is implanted in the Kingdom through two companies: Socfin-KCD and Coviphama both with their headquarter based in Phnom Penh.

Socfin-KCD is operating through two Economic Land Concessions (ELC), Varanasi and Sethikula, and Coviphama through one ELC of the same name.

Socfin-KCD and Coviphama develop and manage rubber plantations in Mondulakiri Province. Socfin-KCD started producing rubber in 2015, whereas the younger plantation in Coviphama started producing in its more mature plots in 2018.

In 2018, Socfin Cambodia completed the construction of its rubber factory located in the Socfin-KCD plantation. It currently only processes Socfin Cambodia's production, and local smallholders are planned to be integrated into the process in 2019-2020.

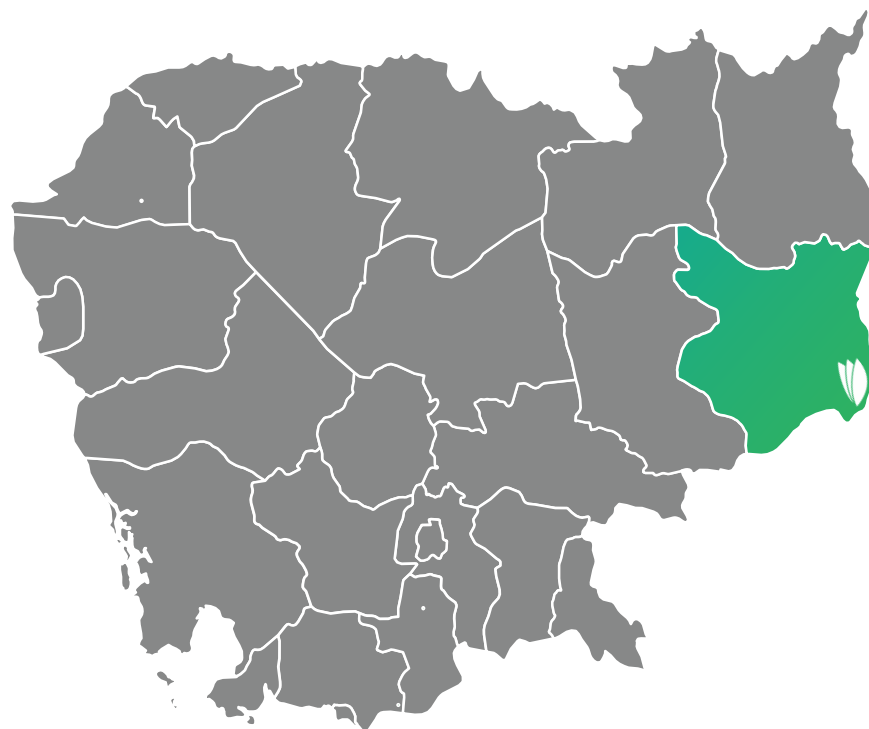
The totality of the factory's production is sold locally.



- Company
- Economic Land Concession

## 1.3 Geographical presence in the country

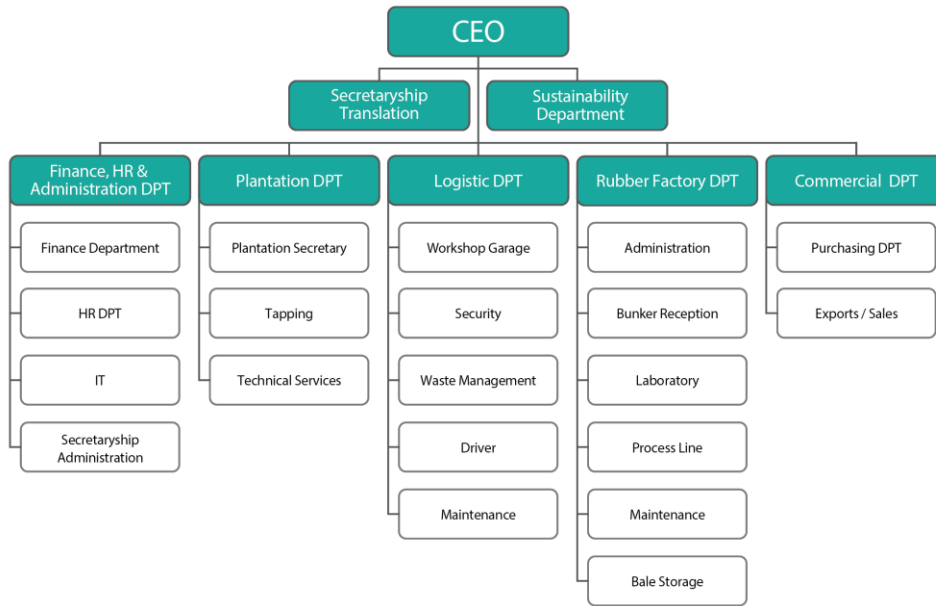
Socfin Cambodia's two rubber plantations are located in Bousra Commune, Pech Chreada District, Mondulakiri Province, where the company has developed 7 198 hectares of rubber trees.



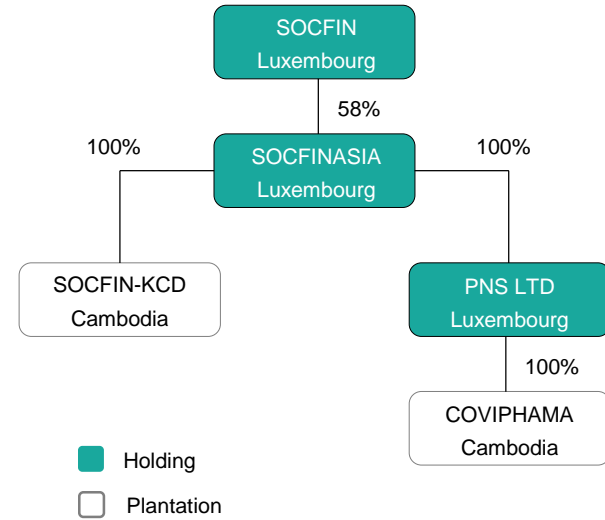
Location of plantation in Cambodia



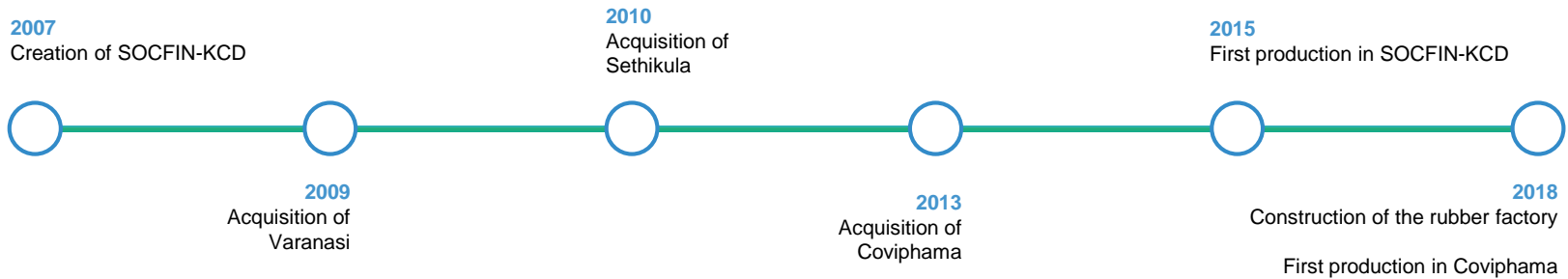
### 1.4 Hierarchical organization chart of the plantation



### 1.5 Capital structure (shareholding)





### 1.6 Key dates



## 2. Economic performance and R&D

### 2.1 Key figures

Company	Planted area (ha)	No. of ha producing rubber	Total production (T)*	Turnover (K USD)
 SOCFIN KCD	3 898	3 394	2 759.7	2 394
 SOCFIN COVIPHAMA	3 300	532	132.7	84

\*Tons of Dry Rubber  
Date: 31/12/18



### 2.2 Research & Development

Since 2009, Socfin Cambodia is working with the Cambodian Rubber Research Institute (C.R.R.I). Through this research partnership, Socfin Cambodia is:

- permanently developing and maintaining a large-scale bud wood garden of twenty-eight different types of certified clones,
- conducting a field trial with eight different clones being planted in a plot of the plantation which is 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.



Large scale field trial

The trees planted in the large-scale field trial entered 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 the different clones, in order to choose the best ones when replanting in similar areas of Mondulhiri province.

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.



# 3. Responsible governance



## 3.1 Governance structure and management approach

Socfin Cambodia works under the authority of the Socfin Group and its Board of Directors and applies all its guidelines. Locally, senior executives, reporting directly to the General Manager, are in charge of ensuring that standards and guidelines are implemented in all departments of the company.

Socfin Cambodia works closely and in full transparency with external stakeholders on economic, environmental, and social topics including NGOs, civil society, local representatives and local authorities.



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

In Cambodia, Socfin is engaged in an ambitious long term environmental and social program which is guided by *the Socfin Group's responsible management policy*. Strengthened by the local *Zero Deforestation Commitment*, the company follows all aspects of this commitment including its transparency, social and environmental policies.

The *Socfin Group policy for responsible management* and Socfin Cambodia's *Zero Deforestation Commitment* are available on [socfin.com](http://socfin.com).

To monitor the implementation of this commitment and to enhance the sharing of standardized and transparent information, the present sustainability report is developed yearly by Socfin Cambodia's Sustainability Department, following the latest guidelines of the Global Reporting Initiative (GRI).



## 3.3 Policies, charters and code of conduct

In their daily tasks, all employees are required to respect the Socfin Group policy designed in a *Code of Employee & Business Conduct*.

Socfin Cambodia's local *Internal Regulation* has been updated in 2018 to fit changes in the local legislation and in the company's activities. In addition to working conditions, the *Internal Regulation* addresses other issues crucial for the company such as human rights, harassment, violence, security at the workplace, environmental protection, child labor or human exploitation.

Socfin Cambodia ensures that all employees are informed and committed to respect these guidelines.



## 3.4 Compliance with legal requirement

### 3.4.1 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.

### 3.4.2 Fight against child labor

While the minimum employment age under the national Cambodian law is 15, Socfin Cambodia strengthened its commitment to prevent child labor by adopting a new regulation, in October 2018, which proscribes the hiring of new employees under 18 years old. For employees aged between 16 and 18 years old, hired before October 2018, no night, dangerous or strong physical work is assigned.

Socfin Cambodia 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 clause on child labor. All employees, managers and contractors are well informed of this policy and field controls are regularly operated by the company's management.

### 3.4.3 National Social Security Fund (N.S.S.F)

In compliance with a new government policy that went into effect on 1<sup>st</sup> January 2018, Socfin Cambodia increased its contribution into its employees' government-managed national social security fund (N.S.S.F) which is intended to provide employees with injury insurance and full nationwide health care.

Socfin Cambodia organized information sessions for its employees and continuously works together with the local office of the N.S.S.F to make sure all workers are properly registered and have access to their benefits. Two registration sessions have been organized with the N.S.S.F at the plantations offices in 2018 to facilitate their affiliation.

As only workers registered through a company can benefit from the new plan, basic healthcare for Socfin Cambodia's employees and their families is still provided by the company directly at the plantations' health centers.



*N.S.S.F registration of Socfin-Cambodia's workers at the plantation's office*

### 3.4.4 Compliance with labor laws

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

The *Internal Regulation*, updated in 2018, has been agreed upon by elected staff representatives and has been assessed and officially approved by the Ministry of Labor on 15 March 2018.

All employees are fully informed about the conditions of service and the general regulations during recruitment and upon employment and have clearly communicated and signed contracts drafted in the local language. Employees are free to terminate their employment contract at any time, by respecting the notice approved in the *Internal Regulation* which is publicly displayed at the company's office.





### 3.5 Voluntary compliance with other standards

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

Also enshrined in the company's core commitments is the respect of the right of indigenous population 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 the relevant standards, including the UN Guidelines on Business and Human Rights and the UN Declaration on the Rights of Indigenous Peoples.



### 3.6 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 (ESIA). The Initial ESIA's for all its concessions have been finalized, approved by the Ministry of Environment, and are available for public consultation. The following full ESIA's on the progress of the activities are currently being processed by the relevant authorities for validation.



### 3.7 Complaints and grievance

Two separate procedures have been designed to address complaints and grievances with the company. The two written procedures have been communicated to the concerned public and are publicly available.

#### 3.7.1 External grievance procedure

This process, designed for external stakeholders (including local communities, NGOs, civil societies, etc.) has been detailed in Socfin Cambodia's 2017 sustainability report which is available on [socfin.com](http://socfin.com).

In 2018, no grievance has been presented to the company through this channel.

Given the local context, land-related grievances are not addressed through this mechanism but through an independent mediation process which is a pilot project in Cambodia. Until final agreements are reached, this process is fully confidential.

#### 3.7.2 Internal grievance procedure

This procedure is designed for the company's employees to report their concerns and questions. The HR Department is in charge of collecting and addressing these grievances.

No grievance has been reported through this process in 2018.



### 3.8 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

Socfin Cambodia is involved in an informal rubber platform supported by WWF-Cambodia and gathering rubber companies established in Monduliri Province and their stakeholders. In February 2018, Socfin Cambodia received participants to the rubber platform in its plantation to share its experience on environmental protection and management in practice.

#### One-time events

Socfin Cambodia also participates in thematic events related to its activities in order to share and discuss its experience with various stakeholders.

In 2018, Socfin Cambodia gave a presentation on Corporate Social Responsibility in Practice for Master's students of the Royal University of Law and Economics.

Representatives of the company also joined a multi-stakeholders forum on land governance issues in the Mekong Region to present the *Private Sector Perspective on Community Negotiations*.



Monduliri 5<sup>th</sup> Rubber Platform meeting at Socfin Cambodia's office  
February 2018



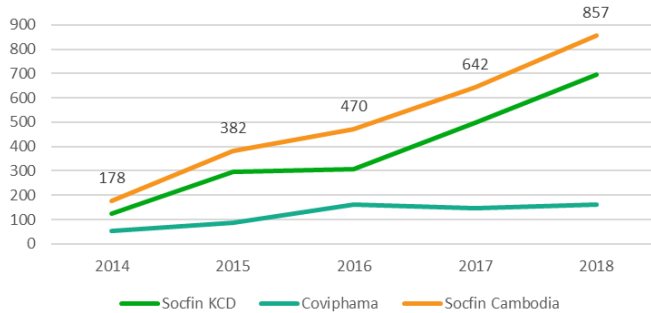
# 4. Social commitment to employees



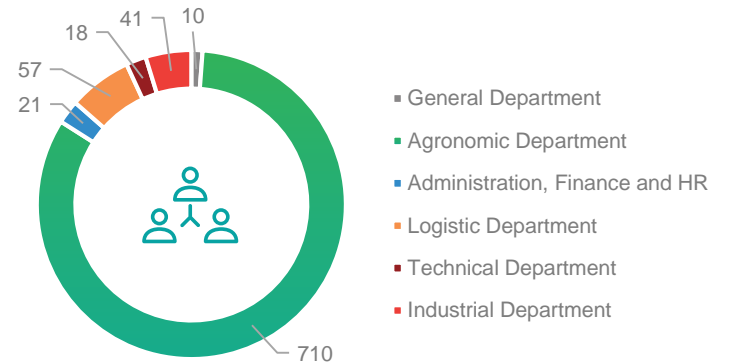
## 4.1 Key human resources indicators – Data: 31/12/18

	SOCFIN SOCFIN KCD	SOCFIN COVIPHAMA	SOCFIN — CAMBODIA —
Total workforce	695	162	<b>857</b>

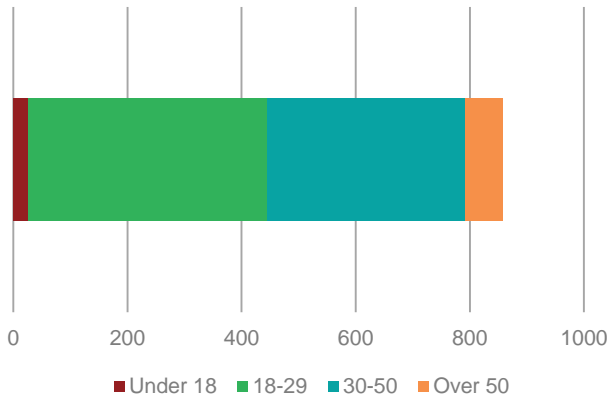
Number of permanent employees – 5 years evolution



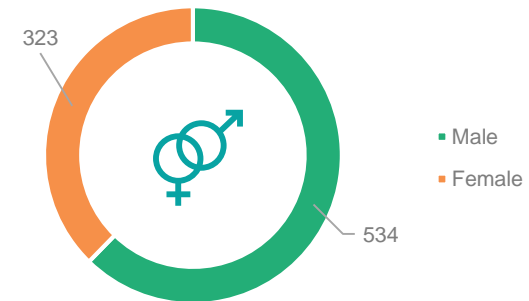
Distribution by department



Distribution by age



Distribution by gender





## 4.2 Employees representation

Staff representatives are key elements to carry the voice of employees within the company and to pass on information between the management and the workers. Regular meetings are organized between the company and elected staff representatives, during which they are informed on the company's activities and can raise questions and concerns.

New staff representatives were elected for Socfin-KCD and Coviphama in June 2018. During the election process, 400 employees casted their votes to select the 7 new representatives and their deputies.

### 2018 election of staff representatives in Socfin-KCD and Coviphama



Employees voting in the polling stations located in different sites of the plantations



Election committee counting the votes



New elected representatives and deputy representatives with the election committee



## 4.3 Training and capacity building

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. Experienced employees can also join the training again if they need to improve their working technique.



**1** new Tapping Academy created in 2018

Coviphama's first tapping academy students who became the plantation's first tappers with their supervisor and instructor



In 2018, the first plots in Coviphama reached maturity. To train the tappers joining the plantation, a Tapping Academy, based on the model of the one already existing in Socfin-KCD, was created and received its first students in March 2018. These students became Coviphama's first tappers after completing the training.

In total, 500 students have joined the one-month course from Socfin Cambodia's two Tapping Academies in 2018.



*Learning at Coviphama's Tapping Academy*

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



*Apprenticeship graduation ceremony with the Labor Department at Socfin Cambodia – February 2018*



## 4.4 Infrastructures for employees and their families

### 4.4.1 Company villages

Socfin Cambodia provides free housing for its permanent employees and their families in the plantations. All rooms or houses are provided with a free access to electricity and get safe water through shared boreholes with handpumps or tap water.

In 2018, three new villages opened in the plantations and the company achieved the construction of one additional village.

For each new village, when workers start moving in, an inauguration day is organized by the company and the workers, consisting in a blessing ceremony conducted by the local pagoda, and a party with food and music to welcome the villagers in their new homes.






**3** new villages opened in 2018

Over **1,000** people living in Socfin Cambodia's villages

*Blessing ceremony in Socfin Cambodia's new village*

In total the company has now constructed eight villages for its employees and their families to live close to the teams operations. In December 2018, 1 232 people, including employees and their families, were living in the existing villages constructed in the two plantations.

In 2018, Socfin Cambodia invested over 1.6 million Euros for the construction and maintenance of its company villages.

			
Open villages	5	2	<b>7</b>
Total population	1 017	215	<b>1 232</b>
Houses / Rooms	555	167	<b>722</b>
Kitchen	555	167	<b>722</b>
Latrines and functional showers	556	194	<b>750</b>
Water access points	58	23	<b>81</b>

*Data for the 7 open villages – 31.12.2018*

#### 4.4.2 Leisure facilities

In addition to personal housing, Socfin Cambodia is developing infrastructures to improve the day-to-day life in its villages and support their social development.

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 Cambodia is also supporting the development of a dynamic social and economic life in its villages by constructing and maintaining market places, clubhouses, and supporting the installation of shops.



*One of the shops in Socfin Cambodia's villages*



### 4.4.3 Social events

#### Socfin Trophy

Every year, Socfin Cambodia organizes the Socfin Trophy, a full day dedicated to sports and traditional games. This day gives the opportunity for the employees from the two plantations to spend the day together and ends with the distribution of prizes and a party for all to enjoy dinner, drinks and dance.



2018 Socfin Trophy

#### Best Village Award

During the 2018 Socfin Trophy, the winner of the very first Socfin Cambodia Best Village Award was announced. This competition, organized between all the villages of the two plantations, is designed to reward the efforts made by the employees and their families to create a nice and clean environment for all to live in and encourage them to care, as a community, for their village.

All year round, evaluators visit the villages and attribute points following an evaluation grid of several criteria including cleanliness, care of infrastructures and community life in the village.

After discussions between the company management and villagers, it was agreed that the prize for the winning village would be the organization of a party with music, food and drinks, for all villagers to celebrate their achievement together.

In 2018, Socfin-KCD's Village 2, which was inaugurated in 2017, won the first Best Village Award and the party to celebrate their achievement was organized in December 2018.



Villagers receiving the Best Village Award certificate





## 4.5 Health

### 4.5.1 Health services

In addition to its contribution to the N.S.S.F for its employees, Socfin Cambodia manages one health center with one doctor and a nurse and one aid post with a nurse. Basic healthcare is free for all employees and their families in these facilities. An ambulance is also available at all times for emergencies.

**6 455** free medical consultations in 2018

### 4.5.2 Prevention and awareness

#### Activities

In order to raise awareness from the company's employees and their families on important health issues, the medical staff and HSE (Health Safety and Environment) team conduct campaigns to raise awareness through group discussions and meetings on family health issues such as basic hygiene, village sanitation or water management.

Due to the local context, the health department is also particularly attentive to the prevention and treatment of mosquito-borne diseases (malaria and dengue fever).



*Awareness meeting in a company village*

#### Partnerships

Socfin Cambodia is working very closely with Population Services International Cambodia (PSI/Cambodia) on their Malaria Plantation Program. Through this collaboration, the company's medical team receives training on malaria prevention, treatment, and follow-up of cases. Socfin Cambodia also receives rapid tests to detect new malaria cases and shares its observations and reports with the organization. Socfin Cambodia and PSI/Cambodia also organize deworming campaigns every year for the employees and their families.

In 2018, Socfin Cambodia supported PSIC in their national WASH (water, sanitation and hygiene) at worksite survey by providing information and ensuring employees collaboration to gather data.

The plantations being located in remote areas, the company's medical department also continuously works with the Public Department of Health to facilitate employees' access to public services and organize campaigns inside the plantations.



*Employees receiving free mosquito nets*



## 4.6 Education

### 4.6.1 Education services

Socfin Cambodia offers a free access to primary schools located in the plantations 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.

**127** children  
attending classes in the  
plantations primary  
schools

In December 2018, 127 children were attending classes from grade 1 to 6 in the two plantation schools, supervised by 6 state teachers.

### 4.6.2 Support to quality education

#### Donations

Socfin Cambodia is supporting the salaries of the teachers working in the plantation schools. At the beginning of the school year, all students receive the official school books for their grade and supplies are provided to the teachers to support teaching in the best conditions possible.

At the end of the school year, in each school, the three best students for every grade receive a donation from the company in the form of school supplies.



*End of the year prizes ceremony for the best students in the 2 company primary schools*

#### Transportation

Socfin Cambodia has set up its classes to be as close as possible to its villages. For company villages that are located in more remote areas of the plantations, Socfin Cambodia provides free transportation in its tuk-tuks in order to ensure all children are provided with the same chances to access quality education. Students are sensitized to the safety rules to respect when riding the tuk-tuks in a group, in order to prevent behaviors that could generate accidents.



*Discussing safety prevention for students riding the company tuk-tuk*



# 5. Ensuring employee safety

## 5.1 Safety management

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 the appropriate Personal Protective Equipment (PPE) is distributed and controlled regularly.

Safety measures are also displayed in each department, using visual signs that are easy to understand for all along with mentions in Khmer language.

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.

## 5.2 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 industrial and storage facilities. All risks have been identified and fire extinguishers, controlled periodically by the company, have been installed in strategic places.



*Fire prevention signs displayed in the plantations*

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 community's fields within or near the plantations 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.

A subcontractor is also 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.

**Collaboration with the local population during the “slash and burn” season in order to prevent fires from spreading to the plantations**

## 5.3 Training and sensitization

Specific trainings are regularly disseminated to the company's employees to ensure they apply the appropriate safety processes in their daily tasks.

A specific program of training is related to the fire season, starting in December. At this time of the year, all departments organize internal training sessions on fire prevention and fire-fighting procedures.





*Training on fire breaks  
December 2018*



*Understanding the importance of wearing safety shoes in the factory*

In 2018, a particular attention has been paid to the training of employees joining the newly opened rubber factory and a program of weekly “safety minutes” has been set up for them. These are informal safety meetings focusing on topics related to the employees specific work tasks, such as workplace hazards and safe work practices. They are short in duration (5 to 10 minutes) and are conducted directly at the factory site.

**Safety minutes  
organized for  
factory workers**



*Understanding safety signs*

# 6. Management of natural resources



## 6.1 Environmental management system

Socfin Cambodia 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 implemented since December 2016 and details best management practices for its environmental impacts. This policy was reinforced in January 2017 by Socfin Cambodia's *Zero deforestation commitment* developed with external stakeholders monitoring the company's activities.



## 6.2 Policies

### 6.2.1 Water

Water is an essential asset and its sustainable management is a key concern for Socfin Cambodia. The company is committed to minimize water consumption, maintain water purity and safeguard water sources.

The rubber trees in the plantations do not need to be irrigated. Water is thus consumed, from various sources, for the factory, irrigation of the bud wood garden and nursery, firefighting activities during the dry season, and for domestic use in the villages and offices.

In the rubber factory, water is used mainly to clean the raw material, a step which is required to meet clients' quality standards. The water consumption is monitored monthly and meetings are organized with employees to raise awareness on responsible water use.

Watercourses in the plantations are protected 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 with containments bunds for its industrial storage areas.

A water treatment facility (effluent pond) has been constructed with the factory in order to treat water effluents from the process. Water from the factory ponds and from nearby rivers (upstream and downstream from the plantation area) is regularly tested by an external laboratory.



*River corridor in the plantation*



### 6.2.2 Soil protection

In the plantations, cover crops are used to prevent erosion and 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 terrain of the mountainous region of Mondulkiri.



*Terraces and interlines planted with cover crop in Coviphama*

### 6.2.3 Waste management

Socfin Cambodia is following the Socfin Group's procedure for waste management, which ensures compliance with general policy, best practices and current national legislation and aims at minimizing both hazardous and non-hazardous waste generation.

Waste from the plantations is collected and transported to be disposed of in secured waste management centers where suppliers collect reusable wastes.

The company provides free trash bins in all its villages and organizes household waste collections two times per week.

The HSE and medical departments also conduct regular clean-up campaigns and awareness activities in the company villages and schools about household waste management and plastic disposal in particular.



**Waste collection and management organized in all company villages**

*Awareness meetings and clean-up campaigns organized in the company villages*





### 6.2.4 Energy

All consumptions of fuel and electricity are closely monitored and followed-up by the company and reports are made daily in order to reduce usage.

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

In order to further reduce energy consumptions, the new factory and its village are connected to the national grid. The connection will be extended to other villages and facilities in 2019.

### 6.2.5 Protection and enhancement of biodiversity

As described in the *Socfin Group policy for responsible management* implemented since December 2016, and in the *Zero Deforestation Commitment* adopted locally in January 2017, 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 by third parties and the plantations have originally left out over 3 000 hectares from exploited areas specifically for environmental purposes. 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).

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

various stakeholders on challenges and opportunities for the sector. The company is also actively engaging with the Provincial Department of Environment, Provincial Department of Agriculture, Forestry and Fisheries (PDAFF) and the Direction of the neighboring Phnom Nam Lear Wildlife Sanctuary.

All employees of the company are required to respect the environmental laws applicable in the Kingdom of Cambodia. As such, wild-meat trade, illegal logging, clearing of natural areas and poaching are strictly forbidden for all employees living in the plantations. This is clearly stated in the company's *Internal Regulation* and any infraction can lead to sanctions going up to dismissal. Meetings are organized in all company villages to raise awareness from the employees and their families on national environmental laws and biodiversity protection in the plantations.



*Collaboration between Socfin Cambodia, the Ministry of Environment, local organizations and the police to rescue a monkey kept as a pet in a worker's village*



### 6.3 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 discuss topics such as the protection of environmental areas, environmental laws, plastics disposal or waste management.



*Clean-up activity at the company's primary school*

Internal trainings disseminated in all departments include sharing best practices on environmental topics such as managing accidental spills or reducing water consumptions.



*Training on emergency procedure to manage accidental spills at the factory's fuel station*



# 7. Contribution to local development



## 7.1 Local partners

### 7.1.1 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. It thus contributes to creating more employment and stimulating local entrepreneurship for its host population.

10 subcontractors worked with the company through the year, mainly for the construction and agronomic departments. Socfin Cambodia also ensures these partners are committed to the same standards in terms of environmental and social responsibility towards their employees.

In 2018, Socfin Cambodia worked with a specialized Cambodian subcontractor employing over 100 local workers to complete the construction of its new rubber factory.

### 7.1.2 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. In Cambodia, 52 smallholders are part of this program, exploiting 136 hectares within the concession.

The first smallholders started producing rubber on their plots at the end of 2016. In December 2018, 45 smallholders were producing rubber on 118 hectares. They currently sell their production to local buyers, but the opening of Socfin Cambodia's processing factory will offer them a new long-term market to sell their production.

In 2018, the team dedicated to the technical assistance of the smallholders organized 9 free group trainings on topics including: maintenance, fire prevention in rubber fields, identifying and marking mature trees, improving yield, 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.

### 9 free group trainings organized by Socfin Cambodia's technical department for smallholders



*2018 smallholders' technical trainings*

Smallholders can also buy the necessary products and material for the exploitation of their fields from the company's stock at no extra cost. They can then have access to high quality products provided below retail market price.

Only two rubber factories are operational for the whole province of Monduliri. The opening of Socfin Cambodia's own processing facility will create a new market for local farmers, allowing the company to extend its program to new external smallholders in 2019-2020 and integrate them in its supply-chain.



## 7.2 Development projects

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 their needs.

Since few organizations are active in the area where its plantations are implanted, Socfin Cambodia engages directly with the local authorities and with the elected as well as the traditional representatives of the local communities to identify development projects. Mondulkiri Province still being a rural and isolated area, the development plan focuses 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 and are discussed with the communities through their official and traditional representatives.

### 7.2.1 Maintenance of roads



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

Since its installation in Mondulkiri, 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 2018, Socfin Cambodia's team spent over 450 hours working to fix the commune public place, over 25 kilometers of roads, 4 km of drainage system along roads and replace 4 bridges for the communities outside its plantations.

### 7.2.2 Donations

Socfin Cambodia supports regularly the public institutions providing free benefits to the whole population in Bousra Commune such as the public hospital and schools.

In July 2018, the company donated supplies of various medicines to the commune's public health center to support its mission to provide free health services to the local population.



*Donation of medicines to the local health center*





## 7.3 Relations with the Bunong indigenous communities



Bousra Commune, where Socfin Cambodia's activities are implanted, is composed of seven traditionally bunong villages. The total population of the commune in 2016 was 6 319 people, of which 69% are reportedly Bunong<sup>1</sup>.

### 7.3.1 In-house community liaison department: the Bunong Administration

In order to facilitate interactions with the local Bunong communities, and to ensure the possibility of a dialogue respecting the local traditions, an in-house department called the Bunong Administration has been set-up since the beginning of the activities of Socfin Cambodia. The department's employees are all from the local villages and speak the Bunong 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.

<sup>1</sup>Source: Latest available commune statistics – 2016 data

### 7.3.2 External platform of dialogue: the Tripartite Committee

In an effort to engage discussions 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 villages, local authorities and representatives from the company. Socfin Cambodia is working closely and in full transparency with the United Nations Office of the High Commissioner for Human Rights, Cambodia Country Office (OHCHR Cambodia) to set up this committee as an example of effective and transparent dialogue.

In 2018, the frequency of Tripartite Committee meetings has been reduced in order not to put extra-responsibilities on the representatives who are already part of other communication processes. The Tripartite committee has met three times to discuss topics such as fire prevention and the development of infrastructures for the community.



2018 Tripartite Committee Meeting

### 7.3.3 Mediation

Some claims from the local population related to land ownership, resurfacing mainly in 2015, are being addressed with independent third parties to ensure a transparent and effective process. In 2016 and 2017, Socfin Cambodia has engaged with GIZ, an independent and neutral organization specialized in land rights in rural areas to map conflict areas. From these initial contacts, the concept of a mediation was developed together with other external observers including the OHCHR Cambodia.

The company and local communities are today engaged in a mediation process, conducted by IMG (Independent Mediation Group), a team of external and neutral professional mediators. This process is confidential at the moment and public information will be shared, with the authorization of the communities, and the local authorities, when full agreements are reached.

This process is a pilot project in Cambodia and aims to serve as an example for other companies and organizations to replicate. It is conducted in full transparency with external organizations acting as independent observers.

### 7.3.4 Support to the Bunong culture

In Mondulkiri, Socfin Cambodia aims at playing a key role in protecting and promoting the culture and habits of the indigenous Bunong community as well as enhancing dialogue between community members and various local stakeholders.

Integral to the Bunong traditional beliefs are their sacred forests, spirit forests and cemeteries. Since the beginning of the company's operations in Bousra, local representatives of the communities, together with the Bunong Administration

have mapped, preserved and marked these areas. Today the company is protecting over 350 hectares for these sacred sites and supporting the communities for the communal land titling process of these areas.



*Sacred area inside the plantation*

Over **350**  
hectares of sacred  
areas preserved



## Objectives and perspectives

After a year intense in industrial development for Socfin Cambodia's activities, the company will concentrate its efforts over the next few years on integrating local smallholders into its supply chain thus fulfilling its commitment to create a long-term market for local farmers and provide sustainable livelihoods to the local communities.

Through its expertise and partnerships built with local organizations, Socfin Cambodia will focus its efforts on ensuring traceability for its whole supply chain while meeting manufacturers quality requirements. By associating responsible sourcing while delivering a final product complying with international standards, Socfin strives to be the driver for a recognized sustainable rubber market in Mondulhiri Province and in Cambodia in general.

The company's activities will be supported by a growing workforce towards which the company carries a strong responsibility. Socfin Cambodia will keep developing its safety management system to ensure safety for all at the workplace. Outside the workplace, the company is also committed to keep improving its social services provided to employees and their families in order to create a safe and healthy environment for all to live in, in respect of the company's values and commitments.

Environmental protection will continue to be integrated in all aspects of the plantation's activities and Socfin Cambodia will keep building on existing partnerships and relationships with external stakeholders to improve and monitor its activities.

Supporting local development will remain one the company's key commitments. Despite low rubber market prices, the company is indeed committed to continue engaging with external stakeholders to maintain its efforts to meet the needs of local communities.

	Unit	Socfin KCD	Coviphama
<b>Financial data (expenses)</b>			
<i>Social actions</i>			
Health	EUROS	72 125	17 731
Education	EUROS	10 182	3 315
Environment	EUROS	295 722	1 306
<i>Workforce</i>			
Permanent employees	Nb	695	162
<i>Health &amp; Safety</i>			
Total hours worked	Nb		1 237 352
Work related fatalities	Nb		0
Work related injuries	Nb		21
Injury Rate	Nb / 200 000 hours		3.39
Lost day	Nb		21
<i>Consumption indicators</i>			
<i>Workshop &amp; Garage</i>			
Average fuel consumption – light vehicles	L/100km	11.11	12.33
Average fuel consumption – trucks	L/100 km	23.06	18.05
Average fuel consumption – tractors	L/h	4.15	4.59
Average fuel consumption – gensets	L/KW	0.58	0.50
<i>Agricultural data</i>			
<i>Toxic product used</i>			
Aldicarbe	Kg	0	0
Paraquat	L	0	0
Carbofuran	Kg	0	0
<i>Medical data</i>			
<i>Infrastructure</i>			
Health center / Hospital	Nb	0	0
Clinic	Nb	1	0
Health outpost	Nb	0	1
Ambulance	Nb	1	shared
<i>Staff</i>			
Doctor	Nb	1	0
Nurse	Nb	1	1
<i>Activity</i>			
Consultations	Nb	4 952	1 503
<i>Education statistics – INSIDE PLANTATIONS</i>			
Primary schools	Nb	1	1
Teachers	Nb	4	2
Students	Nb	93	34
<i>Company villages</i>			
Number of villages opened	Nb	5	2
Number of villages under construction	Nb	0	1



Abbreviation	Meaning
C.R.R.I	Cambodian Rubber Research Institute
ESIA	Environmental and Social Impact Assessment
ELC	Economic Land Concession
FPIC	Free, Prior, and Informed Consent
GRI	Global Reporting Initiative
HCS	High Carbon Stock
HCV	High Conservation Value
HSE	Health Safety and Environment
IMG	Independent Mediation Group
MAFF	Ministry of Agriculture, Forestry and Fisheries

Abbreviation	Meaning
MOE	Ministry of Environment
N.S.S.F	National Social Security Fund
OHCHR Cambodia	The Office of the United Nations High Commissioner for Human Rights
PDAFF	Provincial Department of Agriculture, Forestry and Fisheries
PPE	Personal Protective Equipment
PSI/Cambodia	Population Service International Cambodia
SOP	Standard Operating Procedure
WASH	Water, Sanitation and Hygiene
WWF	World Wide Fund For Nature

GRI standards		Chapters
102-1	Name of the organization	1.2 General profile
102-2	Activities, brands, products and services	1.2 General profile
102-3	Location of headquarters	1.2 General profile
102-4	Location of operations	1.3 Geographical presence in the country
102-5	Ownership and legal form	1.5 Capital structure
102-6	Markets served	1.2 General profile
102-7	Scale of organization	2. Economic performance and R&D
102-8	Information on employees and other workers	4.1 Key human resources indicators
102-12	External initiative	3.5 Voluntary compliance with other standards
102-14	Statement from senior decision-maker	1.1 Message from the General Manager
102-16	Values, principles, standards, and norms of behaviors	3. Responsible governance 2018 Socfin Group Sustainability Report
102-17	Mechanisms for advice and concerns about ethics	3.7 Complaints and grievances
102-21	Consulting stakeholders on economic, environmental and social topics	3. Responsible governance
102-29	Identifying and managing economic, environmental and social impacts	3.6 Third party evaluations
102-31	Review of economic, environmental and social topics	3. Responsible governance
102-40	List of stakeholder groups	4. Social commitment to employees 7. Contribution to local development
102-50	Reporting period	2018
102-51	Date of most recent report	2018: Socfin Cambodia 2017 Sustainability Report
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	<a href="mailto:siege@socfin-kcd.com">siege@socfin-kcd.com</a>
102-55	GRI Content Index	Annex 3 - GRI Index
Economic performance		
201-1	Direct economic value generated and distributed	2 Economic performance and R&D 2018 SOCFIN Financial Report
Indirect economic impacts		
203-1	Infrastructure investments and services supported	4.4 Infrastructures for employees and their families 7 Contribution to local development
Energy		
302-4	Reduction of energy consumption	6.2.4 Energy consumption
Biodiversity		
304-2	Significant impact of activities, products and services on biodiversity	6.2.5 Protection and enhancement of biodiversity
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	4.1 Key human resources indicators
Local communities		
413-2	Operations with significant actual and potential negative impact on local communities	7 Contribution to local development



## For more information on Socfin Cambodia



**Online**  @SOCFINCambodia

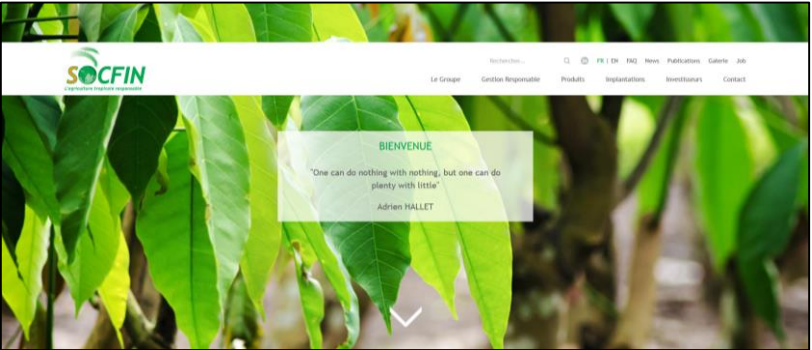
<https://www.socfin.com/en/locations/socfin-kcd-and-coviphama>



**Publication**

2017 Sustainability Report (available online)

## For more information on the Socfin Group



**Online**

[www.socfin.com](http://www.socfin.com)

[www.linkedin.com/company/socfingroup/](https://www.linkedin.com/company/socfingroup/)




**Publication**

2017 Socfin Group Sustainability Report (available online)

2018 Socfin Group Sustainability Report (available online)



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