



# Sustainability Report 2019

**SOCFIN**  
— CAMBODIA —



# Contents

<b>Foreword</b> .....	05
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## 1

### Introduction

1.1 Message from the General Manager.....	07
1.2 General profile.....	08
1.3 Geographical presence in the country.....	08
1.4 Hierarchical organization chart of the plantation.....	09
1.5 Capital structure.....	09
1.6 Key dates.....	09

## 2

### Economic performance and research & development

2.1 Key economic figures.....	11
2.2 Research and development.....	11

## 3

### Responsible governance

3.1 Governance structure and management approach.....	13
3.2 Commitment to environmental, social, societal and transparency aspects.....	13
3.3 Policies, charters and code of conduct.....	13
3.4 Compliance with legal requirements.....	13
3.4.1 National environmental and social laws.....	13
3.4.2 Fight against child labour.....	13
3.4.3 Fight against corruption.....	14
3.4.4 National Social Security Fund (NSSF).....	14
3.4.5 Compliance with labour laws.....	14

## 4

### Strong social commitment

4.1 Key human resources indicators.....	18
4.2 Training and capacity building.....	19
4.2.1 Internal training.....	19
4.2.2 External training.....	19
4.3 Infrastructure for employees and their families.....	20
4.3.1 Company villages.....	20
4.3.2 Leisure and social facilities.....	21
4.3.3 Social events.....	21
4.4 Health.....	22
4.4.1 Health services.....	22
4.4.2 Prevention and awareness.....	23
4.5 Education.....	24
4.5.1 Education services.....	24
4.5.2 Support to quality education.....	24

## 5

### Ensuring employee safety

5.1 Health and safety management.....	26
5.2 Fire prevention.....	26
5.3 Training and sensitization.....	26
5.4 Monitoring and results.....	27

3.5 Voluntary compliance with other standards.....	15
3.6 Supply chain.....	15
3.7 International client's standards.....	15
3.8 Third party evaluations.....	15
3.9 Complaints and grievance.....	15
3.9.1 External grievance procedure.....	15
3.9.2 Internal grievance procedure.....	16
3.10 Sharing of experience.....	16

## 6

### Management of natural resources

6.1 Environmental management.....	29
6.2 Policies.....	29
6.2.1 Water.....	29
6.2.2 Soil protection.....	30
6.2.3 Waste management.....	30
6.2.4 Protection and enhancement of biodiversity.....	31
6.3 Monitoring.....	32
6.4 Awareness.....	32

## 7

### Contribution to local development

7.1 Local partners.....	34
7.1.1 Subcontractors.....	34
7.1.2 Smallholders.....	34
7.2 Development projects.....	34
7.2.1 Opening and maintenance of roads.....	35
7.2.2 Donations and support.....	35
7.3 Relations with the Bunong indigenous communities.....	36
7.3.1 In-house community liaison department: the Bunong Administration.....	36
7.3.2 External platform of dialogue: the Tripartite committee.....	36
7.3.3 Mediation.....	37
7.3.4 Access to farmland.....	37
7.3.5 Support to the Bunong culture.....	37

<b>Objectives and perspectives.....</b>	<b>39</b>
---	-----------

<b>Annex 1 - Policy on child labour.....</b>	<b>40</b>
--	-----------

<b>Annex 2 - Key figures.....</b>	<b>41</b>
-----------------------------------	-----------

<b>Annex 3 - Glossary.....</b>	<b>43</b>
--------------------------------	-----------

<b>Annex 4 - GRI index.....</b>	<b>44</b>
---------------------------------	-----------





## Foreword

The present report is the third edition of Socfin Cambodia's sustainability report and gives an overview of the company's activities for 2019 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 2019 sustainability report as well as on its corporate website.

The following report is to be used in addition to the Socfin Group's 2019 sustainability report and focuses only on the activities conducted in 2019 in Cambodia, and particularly 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 [www.socfin.com](http://www.socfin.com).



# 1. Introduction



1.1 Message from the General Manager



1.2 General profile



1.3 Geographical presence in the country



1.4 Hierarchical organization chart of the plantation



1.5 Capital structure



1.6 Key dates





## 1.1 Message from the General Manager

CSR, sustainability, business ethics, corporate accountability... All these concepts are now an integral part of any business activity. They speak of a company's identity and responsibility towards its economic, social and natural environment, and companies are increasingly promoting their sustainability accomplishments.

At Socfin Cambodia, we are proud to have been leaders for the introduction of these concepts since the beginning of our activities in the Kingdom a decade ago. By introducing best practices in all activities of our company, from environmental protection and social responsibility to community development, Socfin Cambodia has been a driver for the promotion of a responsible agriculture in the country.

2019 has been a year of consolidation for our activities in Mondulkiri Province with our rubber factory celebrating its first year of operation. A lot of efforts have been placed through the year on training the industrial department's employees and reinforcing our quality processes. As a result, our industrial team is proud that the quality of its product is being recognized by external stakeholders as a model for the sector.

For Socfin Cambodia, industrial and economic developments come hand in hand with responsible management and we kept engaging with external stakeholders to carry ambitious projects and promote best practices developed through a decade of experience working in an isolated area of Cambodia. Through its contributions in events, field visits, 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 responsible and sustainable private sector for other key players of the industry.

Socfin Cambodia is proud to present these accomplishments in the third edition of its sustainability report.

Jef BOEDT  
General Manager  
[info@socfin.com](mailto:info@socfin.com)



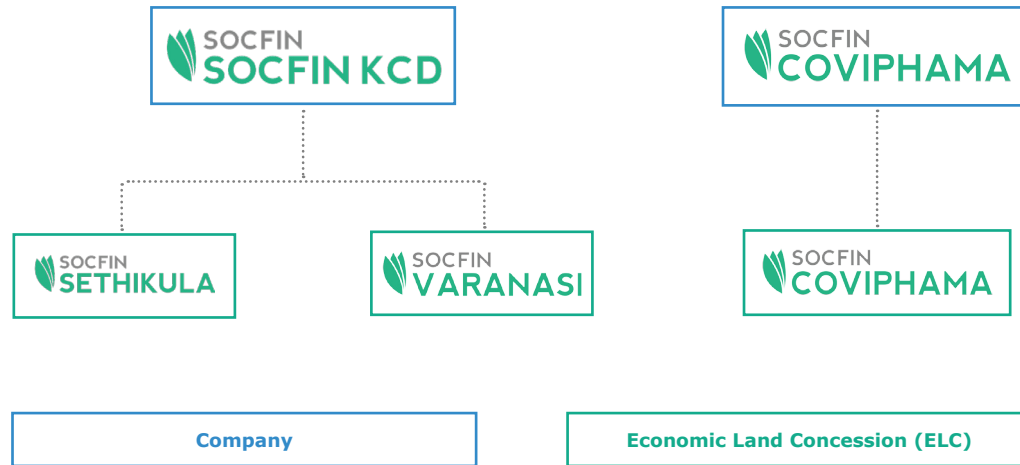
*View of Socfin Cambodia's rubber field*



## 1.2 General profile

Socfin Cambodia is implanted in the Kingdom through two companies registered with the Ministry of Commerce: Socfin-KCD and Coviphama. Both companies have 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 Monduliri Province. Socfin-KCD started producing rubber in 2015, and Coviphama in 2018.

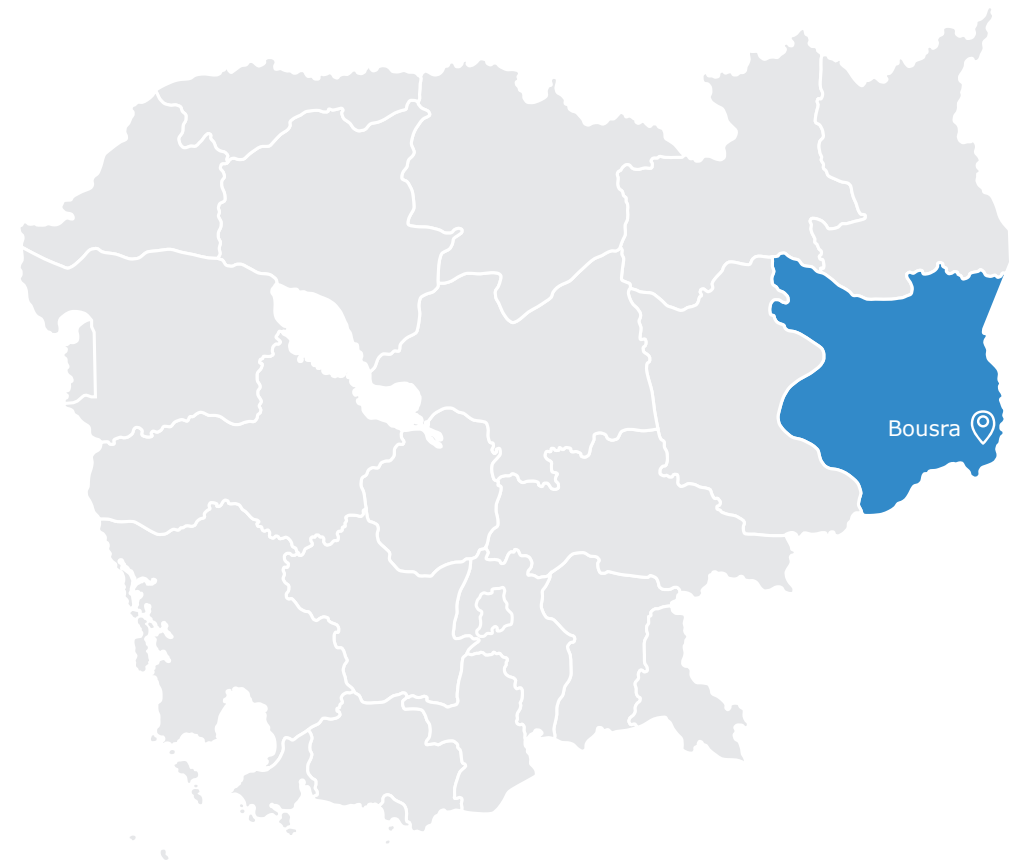
Since 2018, Socfin Cambodia operates its own rubber processing factory located on Socfin-KCD's estate. It processes the production of the two plantations and local smallholders are planned to be integrated into the process in 2020, once quality management systems respecting international standards are fully implemented.

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



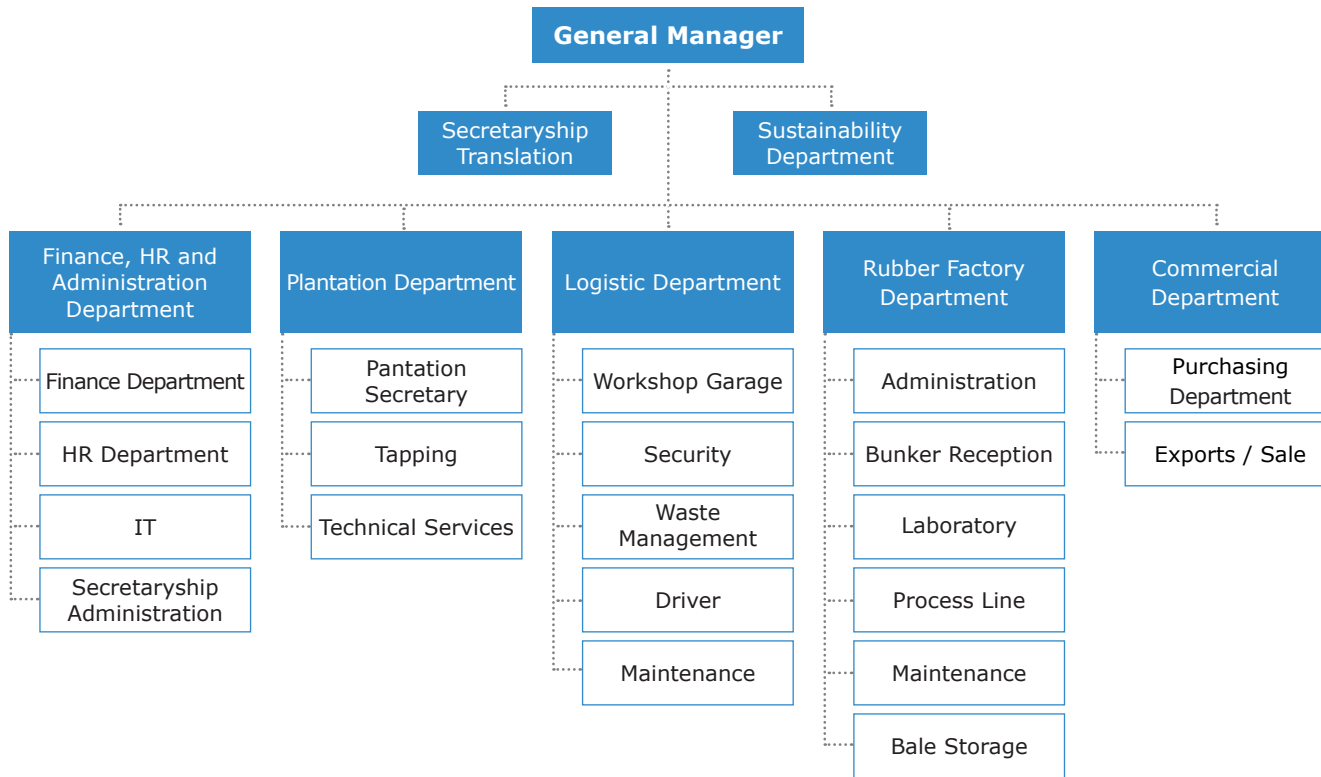
## 1.3 Geographical presence in the country

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

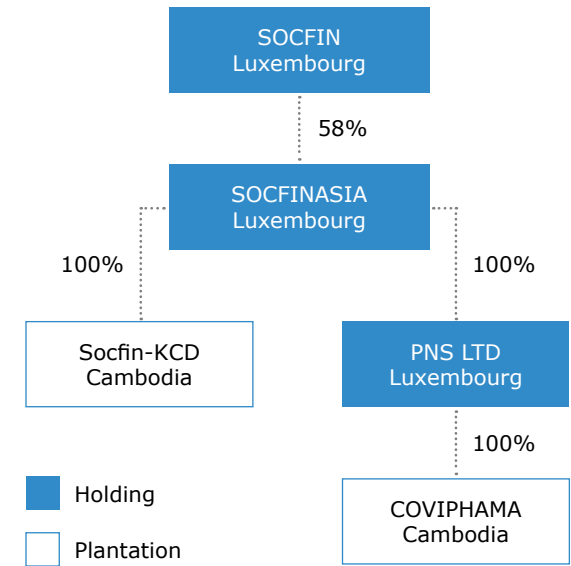




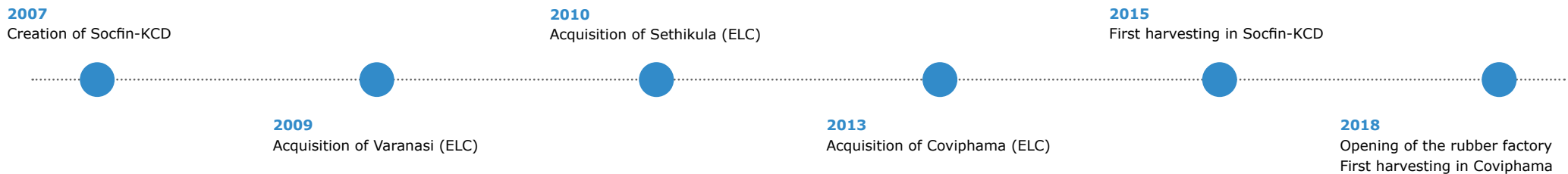
### 1.4 Hierarchical organization chart of the plantation



### 1.5 Capital structure



### 1.6 Key dates







# 2

## Economic performance and research & development



2.1 Key economic figures



2.2 Research and development





## 2.1 Key economic figures



Production from Socfin Cambodia's field arriving at the factory

Company	Planted area (ha)	Hectares producing rubber	Total production (T)*	Turnover (Euros)
SOCFIN KCD	3 898	3 394	3 510	3 507 767 <sup>1</sup>
SOCFIN COVIPHAMA	3 300	553	280	205 522 <sup>2</sup>
<b>Total</b>	<b>7 198</b>	<b>3 947</b>	<b>3 790</b>	<b>3 713 289</b>

\* Tons of dry rubber  
Data: 31/12/2019



## 2.2 Research and development

Socfin Cambodia is strongly promoting research and development activities. Since 2009, Socfin Cambodia has been working with the Cambodian Rubber Research

<sup>1</sup> 3 928 699 USD (using average exchange rate 2019: 1.12 USD/EUR)

<sup>2</sup> 230 185 USD (using average exchange rate 2019: 1.12 USD/EUR)

Institute (CRRRI). 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.

In 2019, the Director of the CRRRI and a delegation of his team visited Socfin Cambodia's project to officially sign the General Memorandum of Understanding (MoU) between the two organizations.



Donation of clones to the CRRRI – September 2019

To support the CRRRI's activities, Socfin Cambodia donated vegetal material from its bud wood garden for the reproduction of five new clones by the Institute's team.



Visit from the Director of the General Directorate of Rubber to the field trial

In November 2019, Socfin Cambodia's team presented this research project to a delegation from the General Directorate of Rubber during their audit of the company's activities.



# 3. Responsible governance



3.1 Governance structure and management approach



3.2 Commitment to environmental, social, societal and transparency aspects



3.3 Policies, charters and code of conduct



3.4 Compliance with legal requirements

3.4.1 National environmental and social laws

3.4.2 Fight against child labour

3.4.3 Fight against corruption

3.4.4 National Social Security Fund (NSSF)

3.4.5 Compliance with labour laws



3.5 Voluntary compliance with other standards



3.6 Supply chain



3.7 International client's standards



3.8 Third party evaluations



3.9 Complaints and grievance

3.9.1 External grievance procedure

3.9.2 Internal grievance procedure



3.10 Sharing of experience





### 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.

Socfin Cambodia works closely and in full transparency with external stakeholders on economic, environmental, and social topics including Non-Governmental Organizations (NGOs), civil society, government bodies, local representatives and local authorities.



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

Socfin Cambodia is engaged in a long-term environmental and social program guided by the Socfin Group's responsible management policy. This commitment is reaffirmed locally in Socfin Cambodia's zero deforestation commitment which includes engagements in the fields of protection of ecosystems and biodiversity, respect of local communities and transparency.

The Socfin Group policy for responsible governance and Socfin Cambodia's zero deforestation commitment are available on [www.socfin.com](http://www.socfin.com).

To monitor the implementation of this commitment and to enhance the sharing of standardized and transparent information, the sustainability report is developed yearly by the Sustainability Department, following norms from the Global Reporting Initiative (GRI).



### 3.3 Policies, charters and code of conduct

All employees are required to respect the employee and corporate code of ethics

which has been updated and standardized at the Group level in March 2019. 27 employees representing key positions in all departments have been trained on the new code.

Employee and corporate code of ethics updated in 2019

Socfin Cambodia's internal regulation addresses working conditions and other issues crucial for the company such as human rights, sexual and workplace harassment, violence, security at the workplace, environmental protection, child labour or human exploitation.



### 3.4 Compliance with legal requirements

#### 3.4.1 National environmental and social laws

The economic land concessions developed by Socfin Cambodia are the full property of the Cambodian Government and the company strictly follows the legal requirements under relevant Ministries' authorities which regularly audit the company's activities.

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.

#### 3.4.2 Fight against child labour

Socfin Cambodia complies with relevant national laws and international agreements on child labour, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations (UN) Convention of the Rights of the Child, the ILO Minimum Age Convention No. 138 and the ILO Worst Forms of Child Labour Convention No. 182.

While the minimum employment age under the national Cambodian law is 15, Socfin Cambodia does not hire direct employees under 18 years old since 2018. For employees younger than 18 years old, hired before October 2018, no night, dangerous or strong physical work is assigned.

### Dedicated policy on child labour adopted in 2019

This is clearly mentioned in the company's Internal regulation and in its updated policy on child labour<sup>3</sup> adopted in November 2019. Through this policy, subcontractors must also ensure that all their workers are above the minimum age required by the applicable labour laws and regulations for their activity.

### 3.4.3 Fight against corruption

All executive employees have signed and been trained on the employee and corporate code of ethics which explicitly specifies that nobody may make illegal payments in name of the company.

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

The new code of ethics' anti-corruption provisions are consistent with the United Nations Convention of 31 October 2003 against corruption (article 12).

### 3.4.4 National Social Security Fund (NSSF)

Socfin Cambodia contributes to its employees' government-managed National Social Security Fund (NSSF) which is intended to provide employees with injury insurance and full nationwide health care.

Socfin Cambodia collaborates with the local office of the NSSF to organize registration sessions at the company's offices in Bousra. During the 2019 annual registration session, over 100 employees enrolled to the scheme.

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



*NSSF registration session in Socfin Cambodia's office – November 2019*

### 3.4.5 Compliance with labour laws

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

Its internal regulation has been agreed upon by elected staff representatives and has been officially approved by the Ministry of Labour on 15 March 2018. The full document is publicly displayed at the company's office.

All employees are fully informed about the conditions of employment and have signed contracts drafted in Khmer language. Employees are free to terminate their employment contract at any time, by respecting the notice approved in the internal regulation.

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



### 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 will implement the High Carbon Stock (HCS) approach for any new development as defined by the HCS Approach Steering Group and the HCS toolkit.

Socfin Cambodia has always conducted an open and transparent dialogue with the local population and is working 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 Supply chain

In Cambodia, Socfin does not yet purchase rubber from smallholders. However, in order to integrate local farmers to the supply chain, an identification of potential partners has started in 2019.

Smallholders will be evaluated in 2020 to identify the farmers meeting the company's environmental and social requirements which will allow a complete transparency of the company's supply chain.



### 3.7 International client's standard

Socfin Cambodia is not yet working directly with international clients to export its production. However, its rubber factory has integrated processes adapted to the most demanding international standards from the set off of its activities.

A first and mandatory step for rubber factories to work with international tire manufacturers is to obtain the ISO 9001:2015 certification for their Quality

Management System (QMS). In order to anticipate future demands from potential clients, Socfin Cambodia started documenting its processes towards this standard at the end of 2019, and will work with international organizations to apply for the certification in 2020.

Through the company's commitments and policies, Socfin Cambodia's operations are also already in line with international customers' standards regarding responsible management such as: zero deforestation, no child labour, respect of human rights, etc.



### 3.8 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 Labour 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 (ESIAs). The Initial ESIAs have been finalized, approved by the Ministry of Environment, and are available for consultation upon request with the relevant government institutions. The following full ESIAs on the progress of the activities are currently being processed by the relevant authorities for validation.



### 3.9 Complaints and grievance

Two separate procedures have been designed to address complaints and grievances with the company for external and internal stakeholders.

#### 3.9.1 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 [www.socfin.com](http://www.socfin.com). Grievances from external stakeholders with the company can also be addressed directly to the Socfin Group via email to:

[transparency@socfin.com](mailto:transparency@socfin.com)

In 2019, no external grievance related to Socfin Cambodia's activities has been received.

Given the local context, land-related grievances are not addressed through this mechanism but through an independent mediation process which is a pilot project for land conflict resolution in Cambodia. Until final agreements are reached, the process is fully confidential. The mediation is planned to reach its final stage in 2020 and results should be communicated afterwards, upon agreement from local communities.

### 3.9.2 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.

In 2019, in order to provide another safe channel through which to lodge anonymous grievances, locked mailboxes have been placed in each company village. These boxes can be used to report grievances anonymously or not, individually or in group.

Five grievances have been recorded in 2019, all submitted through village mailboxes. All grievances have been addressed within one month.



### 3.10 Sharing of experience

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.



### Mondulkiri rubber platform

Socfin Cambodia is involved in an informal rubber platform supported by WWF-Cambodia and gathering rubber companies established in Mondulkiri Province and their stakeholders. In February 2019, Socfin Cambodia received participants to the platform in its plantation to discuss its best-practices and challenges on waste management and present the company's factory.



Mondulkiri 6<sup>th</sup> rubber platform meeting at Socfin Cambodia's office – February 2019



### Events

Socfin Cambodia also participates in thematic events related to its activities in order to share and discuss its experience with various stakeholders. In June, the company participated in the CSR Awards contest organized by the Eurocham Cambodia and in the CSR Awards networking event to promote its best practices for the agri-business sector.





# 4. Strong social commitment



4.1 Key human resources indicators



4.2 Training and capacity building

4.2.1 Internal training

4.2.2 External training



4.3 Infrastructure for employees and their families

4.3.1 Company villages

4.3.2 Leisure and social facilities

4.3.3 Social events



4.4 Health

4.4.1 Health services

4.4.2 Prevention and awareness



4.5 Education

4.5.1 Education services

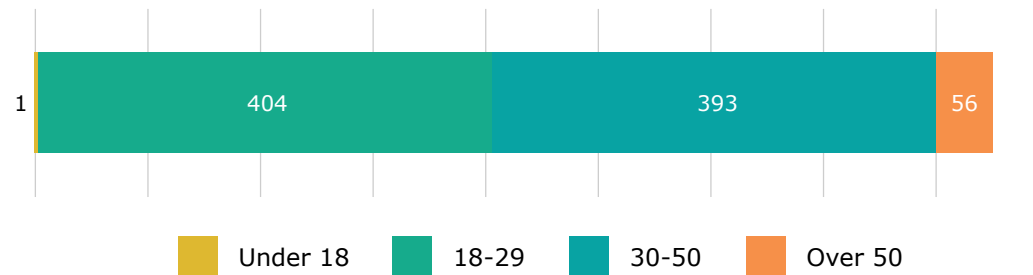
4.5.2 Support to quality education



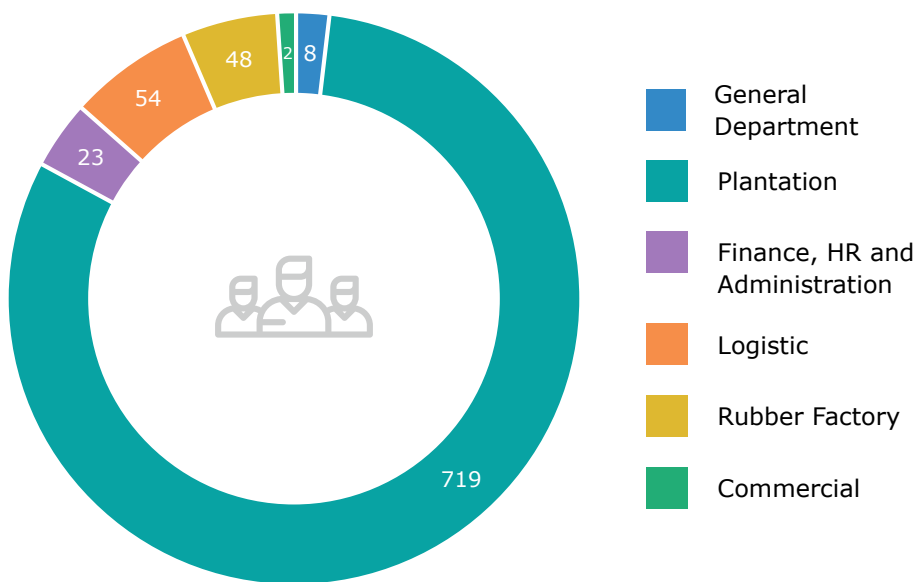
### 4.1 Key human resources indicators

	SOCFIN SOCFIN KCD	SOCFIN COVIPHAMA	SOCFIN — CAMBODIA —
Total permanent employees	697	157	854

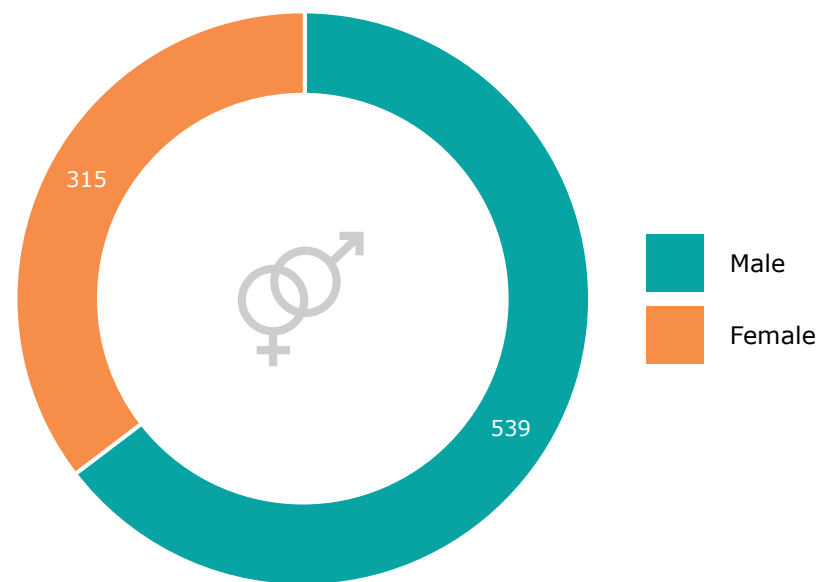
Distribution by age



Distribution by department



Distribution by gender



Data: 31/12/2019





## 4.2 Training and capacity building

### 4.2.1 Internal training

Upon hiring, each new tapper benefits from a one-month training in the “tapping academy”. This program is designed to disseminate agricultural best practices and students are evaluated at the end of the course. Experienced employees can also

join the training again if they need to improve their technical skills. Each plantation has its own tapping academy.

**300+**

trainees completing the tapping academy training

In total, 333 trainees have successfully finished the one-month course from Socfin Cambodia’s two tapping academies in 2019.



Socfin-KCD



Coviphama



Socfin-KCD

Training at Socfin Cambodia’s two tapping academies – 2019

Socfin Cambodia also regularly offers apprenticeships in all departments. The Labour Department officially recognizes the technical skills acquired 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 – May 2019

Every year, the performance of each employee is evaluated against a standardized evaluation form by its direct manager. This allows discussion between employees and management on opportunity for career development and potential trainings.

### 4.2.2 External training



Career Talk at RUA - May 2019

Socfin Cambodia works closely with local education institutions. In May, representatives of the company joined the Career Talk organized by the Royal University of Agriculture (RUA) to present job opportunities and career development with the company.

In June, students from the RUA visited the plantation and factory during their study tour in Mondulkiri Province in order to better understand the reality of working in the agricultural sector.



Visit from RUA students to Socfin Cambodia - June 2019

Socfin Cambodia also works continuously with external partners to disseminate trainings on specific topics.

In September 2019, representatives from Socfin Cambodia and from its security contractor joined a training of trainers organized by WWF-Cambodia on the subject of environmental education. The purpose of the two-day course was to build capacity on environmental knowledge and practice, and strengthen participants' ability to train and share knowledge in their daily interactions with their communities.

In December, Socfin Cambodia, together with a local organization and the Provincial Department of Agriculture, Forestry and Fisheries (PDAFF), jointly organized a training on "State Land Management". During the workshop, presided by officials from MAFF, four representatives from the company and one manager from its security contractor, learned about the Protected Land Law and its application for the protection of environmental areas inside the plantations.



## 4.3 Infrastructure for employees and their families

### 4.3.1 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 water through shared boreholes with handpumps or tap water.

In total, the company has now constructed eight villages.

In December 2019, 1 107 people, including employees and their families, were living in the existing villages.

**1 000+**  
people live in company villages

In 2019, Socfin Cambodia invested 295 028 euros<sup>4</sup> for the construction and maintenance of its company villages.

			
Open villages	5	2	7
Total Population	890	217	1 107
Houses / Rooms	552	169	721
Water access points	67	23	90

Data for the 7 workers villages – 31.12.2019



In order to improve families' livelihoods in its plantations, Socfin Cambodia is testing a program of family gardens through which employees and their families living in company villages are allocated a plot of land to grow vegetables and fruits.



First family gardens in Socfin Cambodia's village

### 4.3.2 Leisure and social facilities

To develop social interactions and improve the quality of leisure activities in the villages, employees and their families have a free access to volleyball and football fields located in the villages.

Socfin Cambodia is also supporting the development of a dynamic social and economic life in its villages by constructing and maintaining marketplaces, clubhouses, and supporting the installation of shops. Employees can organize events such as weddings or birthdays in the villages and can request free use of gathering places for these occasions.

### 4.3.3 Social events



Socfin Trophy

The Socfin Trophy is a full day dedicated to sports organized every year to gather employees from the two plantations. Tournaments of football and volleyball games are organized as well as traditional games such as tug of war or bag races. The day ends with the distribution of prizes and a party for all to enjoy dinner, drinks and dance.

The 2019 Socfin Trophy was hosted by the team in Coviphama who received their colleagues from Socfin-KCD and organized a full day of fun activities for all to enjoy together.





☆ Best Village Award

During the Socfin Trophy, the winner of the second Socfin Cambodia Best Village Award was announced, rewarding the efforts made by employees and their families to create a nice environment for all to live in and encourage them to care, as a community, for their village.



2019 Best Village Award Winner

This year, Coviphama’s Village 1 won the competition and a party to celebrate their achievement was organized in December.

☆ Cultural events

Socfin Cambodia supports employees and their families when they require group transportation to attend cultural celebrations outside the plantations.



Socfin Cambodia’s team from Coviphama attending the Pchum Ben ceremony at the local pagoda

⊕ 4.4 Health

4.4.1 Health services

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

**5 883**  
free medical consultations in 2019



### 4.4.2 Prevention and awareness

#### Activities

In order to raise awareness from the company’s employees and their families on important health issues, the medical and HSE departments conduct regular campaigns to raise awareness through group discussions and open meetings on family health issues such as hygiene, water management or the prevention of epidemics.



Health information meeting

During a chicken pox outbreak in villages, meetings were organized by the medical and HSE departments to inform employees and their families on symptoms and treatment methods.



Clean-up campaign for dengue fever prevention – July 2019

Due to the local context, the health staff is particularly attentive to the prevention and treatment of mosquito-borne diseases such as malaria and dengue fever. In 2019, Cambodia faced a strong outbreak of dengue fever with over 56 000 registered cases, 8 times the declared amount of the previous year. In this context, a strong emphasis has been placed on village cleanliness to destroy possible mosquito breeding sites and on informing employees and their families about prevention, symptoms and treatment. As a result, only 22 consultations have been conducted at the company’s clinic for dengue fever cases through the year.

In addition, the medical staff uses information boards placed in strategic places through the plantation to disseminate messages in an impactful and visual way.



Information poster on dengue symptoms displayed in company villages

#### Partnerships


Socfin Cambodia works with the NGO Population Services International Cambodia (PSI/Cambodia) on their Malaria Plantation Program.

Every year, Socfin Cambodia and the Public Department of Health work together for the distribution of free mosquito nets to Socfin Cambodia’s employees. In June 2019, 453 mosquito nets were distributed in the company’s villages.





Families receiving free mosquito nets – June 2019

 4.5 Education

4.5.1 Education services

**135**  
children attending classes in the plantation primary schools

attending classes from grade 1 to 6 in the plantation schools, supervised by seven state teachers.



Students in the plantation school at Socfin-KCD – School year 2019-2020

Socfin Cambodia offers free access to primary schools located in the plantations to the children of all permanent employees.

In December 2019, 135 children were

4.5.2 Support to quality education

 Donation

Socfin Cambodia is supporting the salaries of the teachers working in the plantation schools.

At the beginning of the school year, the company provides supplies to the teachers to support teaching in the best conditions possible.

 Transportation

Socfin Cambodia has set up its classes to be as close as possible to its villages which allows children to easily access the schools that are at a walking distance from their home.

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.



Class in Socfin Cambodia's plantation school





# 5. Ensuring employee safety



5.1 Health and safety management



5.2 Fire prevention



5.3 Training and sensitization



5.4 Monitoring and results

### 5.1 Health and safety management

As the company undertakes very diverse activities on the estates, each department has identified its specific safety risks and the 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. Appropriate Personal Protective Equipment (PPE) is distributed and controlled regularly and safety trainings are organized in all departments.

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

Monitoring systems and reporting mechanisms for work incidents have been put in place by the medical and HSE departments. All activities are supervised by the company's in-house medical team, which is available at all time during working hours and can quickly reach work locations in case of emergency.

### 5.2 Fire prevention



Fire prevention signs displayed in the plantations

One of the primary safety concerns for Socfin Cambodia is the management of fire risks in targeted departments such as the industrial and storage facilities. Fire equipment, controlled periodically by the company, has 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 to 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. To prevent these fires from spreading to the rubber plots and putting its employees at risk, Socfin Cambodia, in collaboration with local representatives and authorities, has established a “Burning Calendar” to better monitor and schedule fires in the villagers’ 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.

### 5.3 Training and sensitization

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. During this period, all departments organize internal training sessions on fire prevention and fire-fighting procedures.



Training on fire breaks – December 2019



The program of weekly “safety minutes”, started in 2018 for the factory’s employees, was extended through the first semester of 2019. 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. 16 safety minutes have been

**16**  
“safety minute” trainings  
organized for factory workers

organized in 2019, covering topics such as fire emergency procedure, working with electrical equipment, workplace hygiene and safe driving of equipment in the factory site.



*Safety minute on emergency muster point – May 2019*

Each department organizes trainings, internally or with partners, when starting new operations or when receiving new equipment. In 2019, the Garage Department trained its drivers from Coviphama to learn how to drive the new tuk-tuk to transport children to the plantation’s school; and the company’s supplier conducted a safety briefing for the operation of the new dump-truck delivered to Socfin-KCD.

Subcontractors can also benefit from training sessions organized by the company: in October, the company’s HSE Department and Plantation Management organized a training for subcontractors and plantation supervisors on protective equipment and safe operation for spraying activities.



## 5.4 Monitoring and results

As a result of efforts from all departments to promote and ensure safety at the workplace, Socfin Cambodia recorded only 13 work accidents involving its employees (with loss greater than one day) in 2019, representing an accident rate of 1.51/200 000 hours of work.

Although this number is relatively low, each work accident is taken very seriously by the company’s management. All incidents, even near-misses, are thoroughly investigated and documented, and measures are taken to reduce risks.



# 6. Management of natural resources



6.1 Environmental management



6.3 Monitoring



6.2 Policies



6.4 Awareness

6.2.1 Water

6.2.2 Soil protection

6.2.3 Waste management

6.2.4 Protection and enhancement  
of biodiversity





## 6.1 Environmental management

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.



*Security agents patrolling protected areas*



## 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.

Watercourses in the plantations are protected through the preservation of natural vegetation along waterways also called river corridors. However, some of these corridors have been illegally cleared through time by external individuals to be cultivated.

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.



*Water corridor inside the plantation*

The rubber trees in the plantations do not need to be irrigated. Water is thus consumed, from various sources, for the irrigation of the bud wood garden and nursery, factory process, 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 product, a step which is required to meet clients' quality standards. The facility's consumption is continuously monitored and controlled. Meetings are organized with factory employees in order to raise awareness on responsible water use and to disseminate good practices aiming at limiting water consumption for activities such as cleaning work areas and equipment.





Factory effluent pond

Two water treatment facilities (biological effluent ponds) have been constructed in order to treat water effluents from the process. There is no direct discharge of untreated water in the nearby river.

Water from the factory ponds and from nearby rivers (upstream and downstream from the factory area) is regularly tested by an external laboratory.

The company receives regular audits from the local authorities and ministries to verify compliance of its water treatment process against national environmental laws and standards.

### 6.2.2 Soil protection

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 Socfin Cambodia's estates: Mucuna bracteata, Pueraria phaseoloides, and Arachis Pinto.

When establishing its plantation in mountainous areas, Socfin Cambodia planted its lines of rubber trees following the existing terrain.



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 management centre in Coviphama

Waste from the plantations is collected, transported to the plantation's waste management centres and disposed of in a secured area. All handling operations of waste are conducted following HSE guidelines to ensure that Personal Protective Equipment (PPE) is used and operations are conducted in a safe manner.

In its company villages, Socfin Cambodia organizes two waste collections every week, provides free waste bins for each occupied housing, and the HSE and medical departments conduct regular awareness activities about household waste management and plastic disposal in particular.



Clean-up campaigns organized in the company villages



## 6.2.4 Protection and enhancement of biodiversity



*Biodiversity in Socfin Cambodia's estates*

Socfin Cambodia is committed to minimize its environmental impacts and 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, including natural vegetation areas, water corridors and other protected forests. The company's security department regularly patrols these areas and a reporting system has been set up to efficiently inform the relevant local authorities of any external infraction to the national environmental law.

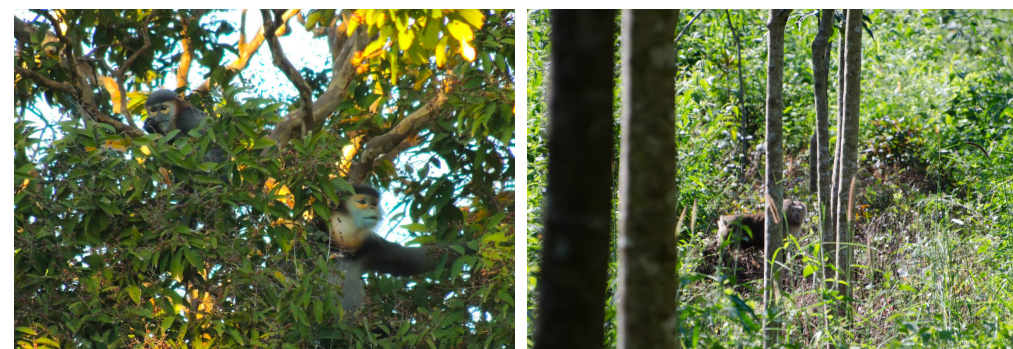
Socfin Cambodia works closely with local conservation NGOs to continuously improve its environmental program and promote best-practices for the protection of natural ecosystems. Through this collaboration, the company participates in an informal rubber platform under the guidance of WWF-Cambodia to share its best practices to local companies and exchange on challenges and opportunities for the sector in the Kingdom.

The company is also actively engaging with the Provincial Department of Environment (PDoE), Provincial Department of Agriculture, Forestry and Fisheries (PDAFF) and the Direction of the Phnom Nam Lear Wildlife Sanctuary by supporting their law-enforcement activities, jointly monitoring and exchanging information on the situation in the area and reporting any infraction.



*Collaboration between Socfin Cambodia, the Ministry of Environment, local conservation organizations and the police to confiscate wildlife trophies kept in a workers' village*

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 plantation. This is clearly stated in the company's Internal Regulations 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.



*Primate species seen in Socfin Cambodia's estates*



### 6.3 Monitoring

The company's external infraction reporting system documenting infractions to the environmental law from outsiders has been improved in 2019. This system facilitates the communication between all departments involved (security, plantation department, sustainability department), to ensure all cases are fully investigated, documented and local authorities promptly receive all necessary information to take actions.



*Collaboration between Socfin Cambodia's security, local authorities and law-enforcement units on an illegal logging site*

A monitoring system for environmental accidents has also been set up to document all environmental incidents resulting from the company's operations, such as fuel leakage. The sustainability department collects and records all information and shares corrective actions with the relevant departments to prevent future negative impacts.



### 6.4 Awareness

Internal trainings disseminated in all departments include sharing best practices on environmental topics such as managing accidental spills or reducing water consumption. Socfin Cambodia also collaborates with external stakeholders to organize trainings on environmental protection for its teams. In September, representatives from Socfin Cambodia and from its security contractor joined a training of trainers organized by WWF-Cambodia on the subject of environmental education.

Trainings can also be opened to external stakeholders to give them a broader impact. In December, Socfin Cambodia, together with a local organization and the

Provincial Department of Agriculture, Forestry and Fisheries (PDAFF), jointly organized a training on State Land Management. During the workshop, organized to build capacity of representatives from the local communities, four representatives from the

**Trainings organized for company employees and for representatives of the local communities**

company and one manager from its security contractor, learned about the Protected Land Law and its application for the protection of environmental areas inside the plantations.



*Workshop on State Land Management – December 2019*

Socfin Cambodia also deems it important to raise awareness with the population living in its villages on the daily-life actions they can conduct to protect natural resources and their environment. Regular meetings and visits are conducted in the villages to discuss topics such as the protection of natural areas, environmental laws, plastics disposal or waste management.





# 7

## Contribution to local development



### 7.1 Local partners

7.1.1 Subcontractors

7.1.2 Smallholders



### 7.2 Development projects

7.2.1 Opening and maintenance of roads

7.2.2 Donations and support



### 7.3 Relations with the Bunong indigenous communities

7.3.1 In-house community liaison department: the Bunong Administration

7.3.2 External platform of dialogue: the Tripartite committee

7.3.3 Mediation

7.3.4 Access to farmland

7.3.5 Support to the Bunong culture





## 7.1 Local partner

### 7.1.1 Subcontractors

Although Socfin Cambodia is committed to engaging direct employees as much as possible, when a special expertise is needed for its operations, the company works closely with local contractors. It thus contributes to create more employment and stimulate local entrepreneurship for its host population.

11 contractors worked with the company through the year, mainly for the security and agronomic activities. They represented an average of 138 indirect employees every month.

### 7.1.2 Smallholders

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. 52 smallholders are part of this program, exploiting 136 hectares within the concession. All smallholders' plots have reached maturity and are producing rubber on their fields. They currently sell their production to local buyers.

# 8

free group organized for smallholders

In 2019, the team dedicated to the technical assistance of the smallholders organized eight group trainings on topics including: maintenance, fire prevention in rubber fields, tapping quality, increased yield, maintenance

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 necessary products and equipment from the company, at stock prices. They can then have access to high-quality products provided below retail market price.

The opening of Socfin Cambodia's own processing facility to local smallholders, which is planned for 2020-2021, will create a new market for local farmers, allowing the company to extend its program to new smallholders and integrate them in its supply-chain.



2019 technical trainings for smallholders



## 7.2 Development projects

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

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. Mondulkiri Province still being a rural area, the development projects focus mainly on supporting public infrastructures that will bring long-term benefits to the entire community (schools, hospitals, roads, wells, etc.).



Socfin Cambodia's representatives receiving an appreciation certificate from local representatives for the work done on roads in local villages – May 2019



### 7.2.1 Opening and 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. The road through the concessions, although it is a private one, is often preferred by local population to the public one which is less convenient to access.

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.

In 2019, Socfin Cambodia’s team spent over 200 hours working to maintain over 21 kilometres of roads and fix two bridges for the communities.

### 7.2.2 Donations and support



Water well donated to the local community – October 2019

Socfin Cambodia regularly supports the communities’ requests for additional access to safe sources of water. In October 2019, as part of its engagement with the local communities through the Tripartite committee, Socfin Cambodia donated three wells with handpumps to the local villages of Valyong, Pu Teut and Lammes for a total cost of 5 500 USD.

Socfin Cambodia also supports the public institutions providing free benefits to the whole population in Bousra Commune such as the public hospital which serves over 6 750 people. In December 2019, the company invested over 11 000 USD to finance improvement works conducted by one of its subcontractors at the health centre.

Improvements included replacing the bridge to enter the health centre, fixing the drainage system between the road and the facilities, and making a concrete path in the health centre yard. This was necessary to facilitate access for vehicles, including the local ambulance, during the rainy season and reduce dust during the dry season; to improve cleanliness of the health centre as well as to improve the daily working conditions of the institution’s staff.



Improvement work at Bousra Public Health Centre - December 2019

An inauguration ceremony was organized by the head of the Public Health Centre on 31 December to present the work done to the local authorities, Provincial Health Department representatives, representatives of the local communities, and staff from the health centre.



Ceremony at Bousra Public Health Centre – December 2019

“Our hospital at Bousra serves the entire community population, or 6 854 inhabitants. The cooperation with Socfin Cambodia made several renovations possible and allows us to provide optimal medical care. In the name of the population and hospital staff, I want to sincerely thank Socfin Cambodia for the existing cooperation between the company and the health center, and I request to continue our collaboration in this way”.

*Extract from a speech from Mr Chang Khun, Director of Bousra hospital, Cambodia*

Socfin Cambodia also invested 2 250 USD for the construction of a new entrance gate for Bousra Commune’s main public meeting place where open meetings are organized for local communities, authorities and other stakeholders.



*Construction of the public place’s gate – December 2019*



## 7.3 Relations with the Bunong indigenous communities



*Jar used for Bunong traditional ceremonies*

Bousra Commune, where Socfin Cambodia’s activities are implanted, is composed of seven traditionally Bunong villages. Latest figures from the Commune indicate that the population is 6 750 people, of which 69% are reportedly Bunong.

### 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 three 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.

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

Socfin Cambodia participates in the Tripartite committee composed of elected representatives of the population from five villages, local authorities and representatives from the company. Socfin 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.

The frequency of Tripartite committee meetings has been reduced in order not to put extra-responsibilities on some of the representatives who are also part of the mediation process. As there was no demand for other meetings coming from the communities, the Tripartite committee met one time in 2019 to discuss fire prevention and the company development plan for the past and coming year.



*Tripartite committee meeting – December 2019*

### 7.3.3 Mediation

Some claims from the local population related to land ownership, resurfacing mainly in 2015, are being addressed with third parties to ensure a transparent and effective process. In 2016 and 2017, Socfin Cambodia collaborated with GIZ, an organization specialized in land rights in rural areas to map conflict areas. 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. The process is expected to end in 2020.

This process is confidential and public information will be shared, with the authorization of the communities, when full agreements are signed by all parties and observers involved.

This independent mediation 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 the UN OHCHR and other international organizations joining as observers.

### 7.3.4 Access to farmland

Although local villages are located outside the concession area, the land within the ELCs managed by Socfin Cambodia is composed of a patchwork of various land use: environmentally protected, population (communal and individual land), and business land.



*Rice field in Bousra Commune*

Today, the local population still cultivates fields within the ELCs, in community areas covering over 400 hectares or on fields located across the plantation. Today, individually owned land titles cover 570 hectares of the concessions and a total of over 400 fields, not all covered by these titles, have been recorded. Access to company roads is always guaranteed for the local population using them to access their plots.

### 7.3.5 Support to the Bunong culture

“At the beginning, I worked on the identification of the sacred forests and cemeteries on company land so that they would be protected. Nowadays, I control and protect these areas as well as the natural forests. In the Bunong tradition, a sacred forest is like a temple. We go there to organise ceremonies. It is important to organise these ceremonies to ask the sacred forest spirits to protect the population or to bring us good luck. For example, we ask for luck in business, or to help school children to learn quickly, or when a parent is sick, the family asks the sacred forest spirits to help heal”.

*Kraeun, employee of the Bunong administration, Socfin Cambodia, Cambodia*

The Bunong communities are mainly present in the North East of Cambodia. They have their own only-spoken language and are mainly animists although a growing number follows Roman Catholicism. They traditionally believe in the spirits of all things (minerals, animals, objects, etc.) and of ancestors who can have an impact on human lives.

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. The company and local representatives signed an agreement in 2012 through which existing sacred areas had been identified and all conflicts solved. Since then, Socfin Cambodia has kept protecting the areas demarcated through this collaboration. 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.

Socfin Cambodia's representatives regularly join cultural celebrations organized by the Bunong communities such as the celebration for the International Day of the World's Indigenous Peoples or the Christmas celebrations organized in local churches.



*Christmas celebration at one of the local churches*



## Objectives and perspectives

Responsible management is and will remain a key concept guiding the company's development in Cambodia. By integrating an in-house Sustainability department, Socfin Cambodia ensures that all activities are governed by environmental and social responsibility.

On the field, Socfin Cambodia's plantations are gradually reaching maturity and entering into production. For the coming years, the company's main objective will be to strengthen its workforce. The agronomic department alone is still looking to hire between 200 and 300 new employees in 2020-2021.

In a global context of decline in commodity prices, Socfin Cambodia will continue to carefully manage its assets to ensure continuity in its activities, but also to keep providing quality services and infrastructures to its current and future employees and their families.

The company's commitment to support local development is as strong as ever, and Socfin Cambodia will keep engaging with external stakeholders to identify and carry out projects aiming at strengthening its host community.

With the rubber factory now fully operational and its quality processes being well implemented in daily work, Socfin Cambodia will look to progressively integrate smallholders in its supply chain to further strengthen the local economy by ensuring a new long-term market for local producers. The company will apply its quality standards to these new partners, thus acting as a driving force for the development of an internationally recognized Cambodian rubber production.

In a country looking for quick development to achieve economic growth, responsible business management can be overlooked. In this context, Socfin Cambodia strives to lead to improved environmental and social conditions through the introduction of greener technologies, more responsible business practices, and an increased awareness and practice of Corporate Social Responsibility (CSR) initiatives.

### **Policy on child labour**

Socfin-KCD and Coviphama comply with relevant national laws and international agreements on child labour, including the ILO Declaration on Fundamental Principles and Rights at Work, the UN Convention of the Rights of the Child, the ILO Minimum Age Convention No. 138 and the ILO Worst Forms of Child Labour Convention No 182.

Child labour is defined as “work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development including by interfering with their education”.

Considering the nature of its operations, Socfin-KCD and Coviphama do not employ directly any individual under the age of 18.

This Policy extends to suppliers and contractors who must ensure that all workers are above the minimum age required by the applicable labour laws and regulations of the Kingdom of Cambodia.

Disciplinary action will be taken against company employees and/or third parties who wilfully are in breach of this policy.

*Adopted on 18 November 2019*



## Annex 2 - Key figures

	Unit	Socfin KCD	Coviphama
Financial Data (expenses)			
Social actions			
General infrastructure	EUROS	282 414	216 979
Health	EUROS	30 318	14 875
Education	EUROS	11 342	6 112
Environment	EUROS	92 261	21 998
Workforce (on 31.12.2019)			
Permanent employees	Nb	697	157
* Females	Nb	258	57
Contractors	Nb	66	62
<b>Total workforce</b>	<b>Nb</b>	<b>763</b>	<b>219</b>
Health and safety			
Total hours worked	Nb	1 405 568	310 745
Work related fatalities	Nb	0	0
Work related injuries (all)	Nb	13	0
Injury rate	Nb / 200 000 h	1.84	0
Lost day	Nb	17	0
Lost day rate	Nb / 200 000 h	2.41	0
Consumption indicators			
Workshop and garage			
Average fuel consumption – light vehicles	l/100 km	10.93	11.42
Average fuel consumption – trucks	l/100 km	24.56	15.98
Average fuel consumption – tractors	l/h	2.98	3.29
Average fuel consumption – gensets	l/KW	0.62	0.64
Factory			
Water consumption / processed ton of dry rubber	m <sup>3</sup> /T dry	25.58	NR
Electricity use / processed ton of dry rubber	kWh/T dry	136.87	NR

Agricultural data			
Toxic product used			
Aldicarbe	Kg	0	0
Paraquat	L	0	0
Carbofuran	Kg	0	0
Medical data			
Infrastructure			
Health Centre	Nb	0	0
Clinic	Nb	1	0
Health Outpost	Nb	0	1
Ambulance	Nb	1	shared
Staff			
Dr	Nb	1	0
Nurse	Nb	1	1
Activity			
Consultations	Nb	4 798	1 085
Education data – Inside plantations			
Primary schools	Nb	1	1
Teachers	Nb	5	2
Students	Nb	105	30
Company villages			
Number of villages opened	Nb	5	2
Number of villages not yet opened	Nb	0	1
<b>Total Population</b>	<b>Nb</b>	<b>890</b>	<b>217</b>



## Annex 3 - Glossary

<b>CRRRI</b>	Cambodian Rubber Research Institute
<b>CSR</b>	Corporate Social Responsibility
<b>ELC</b>	Economic Land Concession
<b>E(S)IA</b>	Environmental (and Social) Impact Assessment
<b>HCS</b>	High Carbon Stock
<b>HR</b>	Human Resources
<b>HSE</b>	Health, Safety and Environment
<b>ILO</b>	International Labour Organization
<b>ISO</b>	International Organization for Standardization
<b>MAFF</b>	Ministry of Agriculture, Forestry and Fisheries
<b>NSSF</b>	National Social Security Fund
<b>PDAFF</b>	Provincial Department of Agriculture, Forestry and Fisheries
<b>PDoE</b>	Provincial Department of Environment
<b>PPE</b>	Personal Protective Equipment
<b>PSI/Cambodia</b>	Population Services International Cambodia
<b>QMS</b>	Quality Management System
<b>RUA</b>	Royal University of Agriculture
<b>SOP</b>	Standard Operating Procedure
<b>UN</b>	United Nations
<b>UN OHCHR</b>	The Office of the United Nations High Commissioner for Human Rights
<b>WWF</b>	World Wide Fund For Nature

## Annex 4 - GRI index

GRI norms		Chapters
102-1	Name of the organization	Foreword 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 Annex 2 – Key figures
102-9	Supply chain	3.6 Supply chain
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 behavior	3 Responsible governance 2019 Socfin Group Sustainability Report
102-17	Mechanisms for advice and concerns about ethics	3.9 Complaints and grievances
102-18	Governance structure	3.1 Governance structure and management approach
102-19	Delegating authority	3.1 Governance structure and management approach
102-21	Consulting stakeholders on economic, environmental and social topics	3. Responsible governance
102-29	Identifying and managing economic, environmental and social impacts	3.8 Third party evaluations
102-31	Review of economic, environmental and social topics	3. Responsible governance
102-40	List of stakeholders group	4. Social commitment to employees 7. Contribution to local development
102-43	Approach to stakeholder engagement	7. Contribution to local development



102-45	Entities included in the consolidated financial statements	2019 Socfinasia Financial Report
102-50	Reporting period	2019
102-51	Date of most recent report	2019: Socfin Cambodia 2018 Sustainability Report
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	info@socfin.com
102-55	GRI Content Index	Annex 4 - GRI Index
Economic performance		
201-1	Direct economic value generated and distributed	2 Economic performance and R&D 2019 Socfinasia Financial Report
Indirect economic impacts		
203-1	Infrastructure investments and services supported	4.3 Infrastructures for employees and their families 7 Contribution to local development Annex 2 – Key figures
Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	3.4.3 Fight against corruption
Energy		
302-1	Energy consumption within the organization	Annex 2 – Key figures
Water and effluents		
303-2	Management of water discharge- related impacts	6.2.1 Water
Biodiversity		
304-2	Significant impact of activities, products and services on biodiversity	6.2.4 Protection and enhancement of biodiversity
Effluents and waste		
306-1	Water discharge by quality and destination	6.2.1 Water
306-5	Water bodies affected by water discharges and/or runoff	6.2.1 Water
Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	3.4.1 National environmental and social laws

Occupational Health and Safety		
403-2	Hazard identification, risk assessment, and incident investigation	5.1 Health and safety management
Training and education		
404-2	Programs for upgrading employee skills and transition assistance programs	4.2 Training and capacity building
404-3	Percentage of employees receiving regular performance and career development reviews	4.2.1 Internal training
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	4.1 Key human resources indicators Annex 2 – Key figures
Local communities		
413-2	Activities with actual or potential negative impacts on communities	7. Contribution to local development





# SOCFIN

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