

SOCAPALM

3 June 2013

Report of the French National Contact Point for the OECD Guidelines for Multinational Enterprises

The French National Contact Point (NCP) for the implementation of OECD Guidelines for Multinational Enterprises received a specific instance referral on 3 December 2010 from a group of four non-governmental organisations (NGOs) and associations from Cameroon, France and Germany regarding the activities of the Cameroon-based company Socapalm. This specific instance was also submitted to the Belgian and Luxembourg NCPs. The four claimants in this specific instance are the CED Cameroon (Cameroon Centre for the Environment and Development), the FOCARFE (Cameroon Foundation of Rational Actions and Training for the Environment), the French association Sherpa and the German NGO Misereor.

The specific instance targets four companies: Bolloré SA registered in France, Financière du Champ de Mars registered in Belgium, and two Luxembourg-registered companies, Socfinal (*Société Financière Luxembourgeoise SA*) and Intercultures (*Compagnie Internationale de Cultures SA*). In January 2011, the two Luxembourg-registered companies changed name: Socfinal became Socfin (*Société Financière de Caoutchouc SA*) and Intercultures became Socfinaf SA.

The specific instance focuses on the chapters on General Policies, Disclosure, Employment and Industrial Relations, and the Environment. As the referral to the NCP occurred before the Guidelines were revised on 25 May 2011, the 27 June 2000 version of the Guidelines applies in this instance.

Conclusion

The NCP has taken into account the fact that the Bolloré Group is a minority shareholder in Socapalm. However, despite the Bolloré Group's position, the NCP has come to the conclusion that the Group along with the three other companies targeted by the referral are Socapalm's "business partners" as per the OECD's Guidelines (June 2000 version) and that they have a "business relationship" as per the new concept introduced in the revised Guidelines of May 2011.

When reviewing this specific instance, the NCP noted that Socapalm's activities violated certain chapters in the Guidelines, including those on General Policies, Employment and Industrial Relations and the Environment. As a result of the referral, the NCP also noted that the targeted companies did not comply with some of the OECD's disclosure recommendations. The NCP therefore offered its good offices to the parties to try and resolve these issues. In this report, the NCP recommends that the targeted companies take steps to remedy this situation.

At the time of writing, the NCP noted a clear improvement in the situation, opening the way to a possible enhancement in the living conditions of both Socapalm's employees and the plantations' local communities. The NCP notes that the Bolloré Group has said it is willing to assume its responsibilities and use the influence it has with its partners in its business dealings

with Socapalm and Socfin to end the violations of the OECD Guidelines for Multinational Enterprises resulting from Socapalm's activities in Cameroon.

The NCP in particular welcomes the clear desire shown by the Bolloré Group to ensure that Socapalm revives and renews the structures that currently exist for talks, a key step in restoring trust between the parties. The NCP hopes that the commitments made by the Bolloré Group will enable Socapalm to make an effective contribution to the sustainable development of the local communities. The NCP takes into account the measures implemented by Socapalm after the referral to deal with, amongst other things, the social and environmental concerns raised, namely its QHSE (Quality, Health, Safety and Environment) programme and ISO 14001 certification policy. The NCP also takes note of the various steps implemented since 2012 by the Bolloré Group vis-à-vis Socapalm to ensure that the policies implemented by the company are effective.

As the NCP was finalising this report, the Bolloré Group announced that it would withdraw the libel suits filed as part of this case. The NCP welcomes this move and sees it as proof of the effectiveness of its good offices.

In conclusion, the NCP welcomes the fact that the Bolloré Group has promised to hold talks with the claimants to address the concerns that were raised in the referrals filed with several of the OECD NCPs. The NCP sincerely hopes that the mediation process underway will enable the parties to agree on measures that will help to deal with the issues raised.

The NCP welcomes the agreement reached between the parties to draw up a roadmap together to be implemented by Socapalm; the main questions to be dealt with have already been agreed upon. They include communication with the local communities, the environment (reducing noise, water and air pollution), public service tasks arising from the Socapalm sale agreement (access to water, electricity, healthcare and education for the plantations' workers and local communities), local development (support for local village residents and recruitment of local workers), the situation of Socapalm workers and sub-contractors (including safety and housing conditions), transparency, compensation for local communities for the loss of access to and use of resources as well as land-related questions (concessions, boundaries, handovers, etc.). The NCP notes that the detailed contents of these subject areas are currently being discussed and that discussions should be finalised by August 2013. Lastly, the NCP notes that the parties have decided that this roadmap will be monitored by an independent committee made up of third parties.

The NCP recommends that the Bolloré Group along with the other companies targeted in the specific instance take into consideration the OECD's Guidelines for Multinational Enterprises revised on 25 May 2011, particularly Chapter II on General Policies.

In application of Article 32 of its internal procedural guidance, the NCP intends to schedule a follow-up procedure before end-2013 to ensure that its recommendations have been complied with.

The specific instance focuses on the chapters relating to General Policies (Chapter II- introduction, Articles 1, 2, 3, 4, 6, 7 and 10), Disclosure (Chapter III, Articles 2, 3, 4 and 5), Employment and Industrial Relations (Chapter IV- introduction, Articles 1a, 2, 4b, 5 and 8) and the Environment (Chapter V- introduction, Articles 1, 2, 3, 6d, 7 and 8) of the OECD's Guidelines for Multinational Enterprises of 27 June 2000 as the referral predates the revised version of the Guidelines dated 25 May 2011.

The referral focuses on **Chapter II, General Policies**, which stipulates that “Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard, enterprises should:

II.1. Contribute to economic, social and environmental progress with a view to achieving sustainable development.

II.2. Respect the human rights of those affected by their activities consistent with the host government’s international obligations and commitments.

II.3. Encourage local capacity building through close co-operation with the local community, including business interests, as well as developing the enterprise’s activities in domestic and foreign markets, consistent with the need for sound commercial practice.

II.4. Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.

II.6. Support and uphold good corporate governance principles and develop and apply good corporate governance practices.

II.7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.

II.10. Encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines.”

The referral also focuses on **Chapter III, Disclosure**, which stipulates that:

“III.2. Enterprises should apply high quality standards for disclosure, accounting, and audit. Enterprises are also encouraged to apply high quality standards for non-financial information including environmental and social reporting where they exist. The standards or policies under which both financial and non-financial information are compiled and published should be reported.

III.3. Enterprises should disclose basic information showing their name, location, and structure, the name, address and telephone number of the parent enterprise and its main affiliates, its percentage ownership, direct and indirect in these affiliates, including shareholdings between them.

III.4. Enterprises should also disclose material information on:

a) The financial and operating results of the company.

b) Company objectives.

c) Major share ownership and voting rights.

d) Members of the board and key executives, and their remuneration.

e) Material foreseeable risk factors.

f) *Material issues regarding employees and other stakeholders.*

g) *Governance structures and policies.*

III.5. Enterprises are encouraged to communicate additional information that

could include:

a) *Value statements or statements of business conduct intended for public disclosure including information on the social, ethical and environmental policies of the enterprise and other codes of conduct to which the company subscribes. In addition, the date of adoption, the countries and entities to which such statements apply and its performance in relation to these statements may be communicated.*

b) *Information on systems for managing risks and complying with laws, and on statements or codes of business conduct.*

c) *Information on relationships with employees and other stakeholders.”*

In addition, the referral focuses on **Chapter IV, Employment and Industrial Relations**, which stipulates that “*Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices:*

IV.1. a) Respect the right of their employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations, either individually or through employers’ associations, with such representatives with a view to reaching agreements on employment conditions.

IV.2. a) Provide facilities to employee representatives as may be necessary to assist in the development of effective collective agreements.

b) *Provide information to employee representatives which is needed for meaningful negotiations on conditions of employment.*

c) *Promote consultation and co-operation between employers and employees and their representatives on matters of mutual concern.*

IV.4.b) Take adequate steps to ensure occupational health and safety in their operations.

IV.5. In their operations, to the greatest extent practicable, employ local personnel and provide training with a view to improving skill levels, in co-operation with employee representatives and, where appropriate, relevant governmental authorities.

IV.8. Enable authorised representatives of their employees to negotiate on collective bargaining or labour-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorised to take decisions on these matters.”

Lastly, the referral focuses on **Chapter V, Environment** which stipulates that: “*Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public*

health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development.

In particular, enterprises should:

V.1. Establish and maintain a system of environmental management appropriate to the enterprise, including:

a) collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities.

b) establishment of measurable objectives and, where appropriate, targets for improved environmental performance, including periodically reviewing the continuing relevance of these objectives; and

c) regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.

V.2. Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights:

a) provide the public and employees with adequate and timely information on the potential environmental, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance; and

b) engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation.

V.3. Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle. Where these proposed activities may have significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment.

V.6.d) (Continually seek to improve corporate environmental performance, by encouraging, where appropriate, such activities as:) research on ways of improving the environmental performance of the enterprise over the longer term.

V.7. Provide adequate education and training to employees in environmental health and safety matters, including the handling of hazardous materials and the prevention of environmental accidents, as well as more general environmental management areas, such as environmental impact assessment procedures, public relations, and environmental technologies.

V.8. Contribute to the development of environmentally meaningful and economically efficient public policy, for example, by means of partnerships or initiatives that will enhance environmental awareness and protection.”

1. Coordination of the French, Belgian and Luxembourg NCPs in relation to this specific instance

The three NCPs that dealt with this specific instance decided to entrust the French NCP with its examination given that the Bolloré Group's registered office is located in France and the purely financial nature of the companies located in Belgium and Luxembourg.

The Belgian and Luxembourg NCPs provided the French NCP with information relating to the ties between the four companies targeted in the referral. They also provided information regarding the four companies' ties with Socapalm based on the financial stakes held and levels of representation on the board of directors. This information confirmed that the investment companies based in Belgium (Financière du Champ de Mars) and Luxembourg (Socfin, formerly Socfinal and Socfinaf, formerly Intercultures) are business partners of the Bolloré Group. According to these NCPs, none of these companies employ staff in Belgium or Luxembourg.

In accordance with the OECD procedural guidance, the Belgian and Luxembourg NCPs were regularly kept informed of the progress made in relation to the examination of this specific instance.

The Bolloré Group indicates that Socapalm's main shareholder is Socfinaf (formerly Intercultures), a Luxembourg-based company, and that the members of Socapalm's management team are resident in Belgium and Luxembourg and that none of them are resident in France.

2. Analysis of the admissibility of the referral by the French NCP

The analysis of the admissibility of this referral was made difficult as a result of two factors:

- The existence of parallel court proceedings following the filing of libel suits by the Bolloré Group, one against one of the claimants. In accordance with the procedural guidance for national contact points, the NCP felt that it was necessary to pursue this specific instance after examining the facts.
- The difficulty in establishing the nature of the ties between the Bolloré Group, a minority shareholder in Socapalm, the other companies targeted by the referral and the Cameroon-based Socapalm whose business has been directly challenged by the claimants; due to the lack of information published by these companies, the difficulty lay in establishing whether or not they were "business partners"¹.

The NCP referred to a public information notice from the *Société Générale de Banques au Cameroun* (SGBC) issued to coincide with Socapalm's flotation on the Douala Stock Exchange in 2008². This notice stated that the majority of Socapalm's stock was owned by the Cameroon holding company Palmcam and that the Cameroon government was the second-biggest shareholder in the company. The Bolloré Group was listed as a minority shareholder in Socapalm with a stake of 9.35%; it also held a seat on the Socapalm board of directors, a fact it confirmed to the NCP in 2012.

¹ Now "business relationship" according to the revised Guidelines of May 2011

² «SOCAPALM- Société Générale SGBC» available online at: http://www.douala-stock-exchange.com/Docs/Documents/1285771127-Note_d'information_de_SOCAPALM.pdf

The notice stated that in 2008, Socfinaf (formerly Intercultures), a holding company targeted by the referral, owned 63.72% of Palmcam's share capital, with the remaining 36.28% owned by the Monthé Group's *Société Financière et Commerciale*, one of whose directors also has a seat on the Bolloré Group's board of directors. Socfin (formerly Socfinal) owns a majority stake in Socfinaf, another holding company targeted by the referral, in which the Bolloré Group owns a 37.8% stake. The NCP notes that: *"with 38.7% of the share capital, the Bolloré Group owns a significant stake in the Socfin Group, one of the world's biggest independent plantation companies. Socfin manages approximately 150,000 hectares of plantations, mainly oil palm and rubber tree plantations, in Africa and Asia"*³.

The French NCP took into consideration the information it received from the Belgian and Luxembourg NCPs to establish the ties between the companies targeted by the referral.

Despite the Bolloré Group's position, the NCP believes that the Bolloré Group and the other three companies targeted by the referral are all business partners of Socapalm as per the Commentary on the Implementation Procedures in the OECD Guidelines for Multinational Enterprises of June 2000 (§10)⁴ and in keeping with the concept of "business relationship" introduced in the revised Guidelines of May 2011. **The NCP therefore decided that the specific instance was admissible and was worthy of further examination on 5 July 2011.**

3. Existence of parallel legal proceedings

A campaign to gain media attention for the case was started at the same time as the referral. Following media coverage of the case, the Bolloré Group filed a libel suit against Sherpa on 30 January 2011. The Bolloré Group also filed libel suits against two French journalists (working for Rue 89 and RFI) on 31 August 2011. These suits are ongoing.

The existence of these parallel legal proceedings slowed down our examination of this specific instance since the Group for a long time refused to accept the OECD's good offices, citing the libel suits underway; for the same reasons, it refused to discuss the allegations made in the referral with the NCP. After the Group had accepted its good offices, the NCP noted that the libel suits against Rue 89 and RFI were dropped in March 2013, proof of the Bolloré Group's willingness to agree to the NCP as a forum for dialogue.

In keeping with the Implementation Procedures of the OECD Guidelines⁵, the NCP believed that by offering its good offices and establishing an initial progress report (see no. 6 below), *"could make a positive contribution to the resolution of the issues raised and would not create serious prejudice for either of the parties involved in these other proceedings or cause a contempt of court situation"*. This NCP decision, made in accordance with the OECD Guidelines, does not predetermine the decision of the courts petitioned in the other ongoing legal proceedings.

³ <http://www.bollore.com/fr-fr/activites/portefeuille-de-participations>

⁴ "Encouraging, where practicable, compatible principles of corporate responsibility among business partners serves to combine a re-affirmation of the standards and principles embodied in the *Guidelines* with an acknowledgement of their importance to suppliers, contractors, subcontractors, licensees and other entities with which MNEs enjoy a working relationship. (...) Established or direct business relationships are the major object of this recommendation rather than all individual or ad hoc contracts or transactions that are based solely on open market operations or client relationships."

⁵ See Commentary on the Implementation Procedures of the OECD Guidelines for Multinational Enterprises (§26)

4. Contents of the specific instance submitted in December 2010

The alleged violations of the Guidelines are in relation to the activities carried out by Socapalm, a Cameroon-based company involved in the production of palm oil in Cameroon. The referral filed in December 2010 cites events that occurred between 2003 and 2010. In July 2012, the claimants filed an updated referral dated June 2011 with the NCP. The referral was updated once more in November 2012 to take into account the situation on the plantations and to clarify the claimants' demands. This information was passed on to the Bolloré Group.

The claimants believe that the capital ties between Bolloré Group and Socapalm and the influence of the former over the latter mean that the Group should be held accountable for the alleged violations of the OECD's Guidelines caused by Socapalm's activities. According to the claimants, Socapalm caused damage to the local communities, including deterioration in their living conditions (this is particularly true for the indigenous Bagyeli Pygmies), insufficient contribution made to the sustainable development of these communities (especially through the lack of support given to local harvests), insufficient employment of local personnel, serious environmental damage (noise, air and water pollution caused by dumping waste), violent behaviour of employees of the Africa Security company towards members of these communities, and failure to pursue the public service tasks arising from Socapalm's activities. According to the claimants, strikes were suppressed and in view of the working conditions that its employees and contractors were subjected to, Socapalm failed to comply with the most basic labour laws regarding occupational health and safety, housing conditions, pay and social protection, and the right to collective bargaining. In addition, Socapalm failed to comply with the decision taken when it was privatised to hand over 3% of the company's share capital to its employees. The claimants also believe that the activities of Africa Security, a sub-contractor hired by Socapalm, violated the OECD Guidelines in that its employees behaved violently towards the local communities. Lastly, the claimants point out the lack of disclosure by Socfin (formerly Socfinal) and Socfinaf (formerly Intercultures) and to a lesser extent by the Bolloré Group and *Financière du Champ de Mars*. Similarly, they highlight the release of incorrect or misleading information by the Bolloré Group and *Financière du Champ de Mars*.

The Bolloré Group challenged these allegations before the NCP and before the courts.

5. Analysis of the specific instance by the NCP

The late acceptance of the NCP's good offices by the Bolloré Group due to the existence of parallel legal proceedings did not prevent the NCP from consulting the parties and helping to gradually restore talks between them after several months of stalemate.

During these consultations, the NCP considered the information made available by the claimants in the original and updated referrals (see point 4). The NCP also took into account the explanations supplied by the Bolloré Group about Socapalm. These explanations highlighted a gap in the events reported at end-2010 and the situation that prevailed in 2012 in Socapalm's Cameroon plantations. The NCP was informed of the creation of a QHSE programme and ISO 14001 certification policy launched by Socapalm in 2009. The NCP was also informed of the steps taken in 2012 by the Bolloré Group in its role as a Socapalm director for both Socapalm and its main partner, Socfin Group (formerly Socfinal) targeted in the referral, to deal with the issues raised with the NCP.

In December 2012, the Bolloré Group asked for the NCP's assistance to enter into talks with the claimants about the steps that needed to be taken after the specific instance. The claimants,

represented by the French association Sherpa, agreed to let the NCP mediate. Talks therefore began in February 2013 and are ongoing. The parties have set themselves the target of reaching an agreement by August 2013.

6. NCP Decision

The NCP regrets that the Bolloré Group initially refused its offer of good offices. Moreover, the examination of the specific instance was made more difficult by the Bolloré Group's decision to refuse to enter into talks to protect the confidentiality of the libel suits filed against one of the claimants.

The NCP nevertheless welcomes the change of attitude that came in July 2012 when the Bolloré Group finally agreed to accept its offer of good offices and began to implement measures vis-à-vis Socapalm and Socfin. This is proof of the accuracy of the NCP's analysis and the effectiveness of its action.

The NCP acknowledges the patience of the claimants who had to wait for a year after the referral was deemed as admissible; this is the time it took the NCP to consult both parties and examine the issues raised in the specific instance. In this context, the NCP notes with satisfaction that the claimants have agreed to participate in mediation talks with the Bolloré Group regarding the steps that should be taken following on from this specific instance.

The NCP deems it necessary to provide a progress report of the good offices exercised until now in its examination of this specific instance submitted more than two years ago to ensure that mediation proceeds smoothly.

6.1. General remarks by the NCP regarding its analysis of the specific instance

Generally speaking, the assessment of this specific instance and the consultations carried out enabled the NCP to establish that Socapalm's activities were non-compliant with the OECD's Guidelines of 27 June 2000 on several counts. Furthermore, the NCP believes that the Bolloré Group, like the other companies targeted by the referral, did not exercise all of its possible influence for a certain length of time on its trading partners working with Socapalm, thus contravening Article 10 of the General Policies⁶.

The NCP currently believes that the Bolloré Group is meeting its responsibilities as outlined in the Guidelines based on its position as a director and shareholder of Socapalm and the latter's trading partners to help eradicate the violations of the Guidelines caused by Socapalm's activities, particularly by overseeing the implementation of its QHSE programme and certification policy.

6.2. Regarding the various issues raised by the referral, the NCP noted in particular the following points

In response to the numerous allegations made by the claimants, the NCP was belatedly notified that measures had been taken after Socapalm's privatisation in 2000 to first upgrade its industrial plant and equipment and then its governance structure and working conditions. The NCP was also notified that Socapalm had promised to comply with the principles of

⁶ See Commentary on the Implementation Procedures of the OECD Guidelines for Multinational Enterprises of 27 June 2000 (§10)

reducing risks, preventing pollution and managing its activities responsibly. Bolloré Group also informed the NCP that a QHSE programme had been introduced in 2009 and that Socapalm had launched a certification policy, with the initial targets set for 2013.

- **Chapter II – General Policies**

The NCP notes that Socapalm's activities in Cameroon did not comply with some of the Guidelines' General Policies. However, the NCP notes that as of 2012, measures were taken to change this. The aim of the ongoing mediation is to build on the progress made and improve the situation for local residents and workers.

- Art. II.1 relating to sustainable development: the NCP notes that Socapalm's activities take into consideration Cameroon's national policy of developing the economy but do not make a big enough contribution towards the sustainable development of the local communities, some of whom have lost their homes and livelihoods but have received little compensation in return and have little access to employment at local level. However, the NCP notes that, following the referral and as part of its good offices, the Bolloré Group has acknowledged its responsibilities and is paying greater attention to ensure the QHSE programme is implemented by Socapalm and that it helps to bring about a real improvement in the lives of the company's workers and the local communities. This issue is at the core of the mediation talks between the parties. The NCP will be paying particularly close attention to this point.

- Art. II.2 relating to human rights: the NCP notes that the development of Socapalm's activities has not sufficiently respected the rights of the local communities as outlined in UN conventions, particularly in relation to indigenous pygmy groups. The Bolloré Group stated that contact had been made with the indigenous pygmy groups to ensure that their hunting grounds were respected.

The Bolloré Group informed the NCP of the ruling taken by the Cameroon courts at end-2012. Members of the Africa Security firm (the firm subcontracted by Socapalm to deal with security) were found guilty of violence towards the local communities. This is an important decision given the local situation which the NCP welcomes.

- Art II.3 relating to local capacity building: the NCP notes that Socapalm has not done enough to encourage local capacity building and has not "cooperated closely" with the local communities.

- Art. II.4 relating to the formation of human capital and employment: the NCP notes that Socapalm has strongly encouraged human capital formation (there are several primary, middle and high schools on the plantations, as well as a vocational training school and a centre of excellence for information and communication technologies). The company has also created some job opportunities. Nevertheless, the NCP feels that the local communities' needs have not been given enough attention.

- Art. II.6 relating to good corporate governance: the NCP does not have all of the details necessary to answer this question. However, it does have enough information to conclude that Socapalm did not apply best corporate governance practices when managing the extension of its plantations within the concession granted by the government in such a way as to avoid having an adverse impact on the local communities.

- Art. II.7 relating to confidence and mutual trust: the NCP notes that Socapalm did not set up effective systems to foster a relationship of confidence and mutual trust between the

companies operating on the plantations and the local communities. The parties acknowledge the existence of platforms for dialogue but deem them to be insufficient. This question is one of the topics being addressed as part of the mediation process to ensure that regular meetings are organised at each plantation.

-Art. II.10 relating to subcontracting: the NCP notes that the corporate conduct of Africa Security, a Cameroon company subcontracted by Socapalm to deal with security matters, was a significant violation of the OECD's Guidelines. The NCP has noted the efforts of the Bolloré Group to ensure that Socapalm monitors this subcontractor more closely; similarly, it has noted the Group's acknowledgement that Africa Security was found guilty by the courts of criminal offences end-2012. The Bolloré Group acknowledged that members of the company had been punished by the Cameroon courts for acts of violence towards a female member of the local community.

The Bolloré Group also explained that Socapalm's goal is to take on by 2015 a significant number of its subcontractors' employees. It stated that Socapalm will ensure that the subcontractors it uses raise their standards in terms of security and working conditions to bring them up to a par with Socapalm's.

• **Chapter III – Disclosure**

- Art. III.2: the NCP notes that the four companies targeted by the referral do not sufficiently adhere to the OECD's recommendations for disclosure, particularly non-financial information including environmental reporting.

- Art. III.4 and III.5: the NCP notes that the finance companies Socfin (formerly Socfinal) and Socfinaf (formerly Intercultures) do not meet the OECD's recommendations for disclosing basic information (company name, location, structure, name of the parent company and its main affiliates, percentage ownership, direct and indirect in these affiliates, including shareholdings between them, see Art.III.3). The NCP feels that they do not communicate the additional material information recommended by the OECD on financial and operating results, the company's objectives, the major share ownership and voting rights, and foreseeable risk factors (see Art. III.4). Similarly, it feels they do not communicate enough information on their statements of business conduct or on their systems for managing risks (see Art III.5).

The NCP believes that the information available on the Bolloré Group SA and *Financière du Champ de Mars* websites do not fully comply with the OECD's recommendation of applying high quality standards for disclosure of material information.

• **Chapter IV – Employment and industrial relations**

The NCP notes that in 2010, Socapalm's activities in Cameroon did not comply with some of the Guidelines relating to employment and industrial relations, particularly those relating to collective bargaining and occupational health and safety. Due to the lack of recent information regarding these questions, the NCP assumes that the situation has not improved.

- Art. IV.1a relating to the right to union representation: the NCP believes that Socapalm's workers have the right to union representation. However, the NCP was informed that, up until the date of the referral, Socapalm had not begun constructive negotiations with workers' representatives. Furthermore, the NCP has not received any information that would indicate that these negotiations began after the referral was filed.

- Art. IV.2a, 2b, 2c and art. IV.8 relating to collective bargaining and Art. IV.4b relating to occupational health and safety: the Bolloré Group states that it has not replied to these questions as it is saving its answers for the legal proceedings.

The NCP believes that Socapalm does not comply with the OECD's recommendations on collective bargaining. The NCP notes that Socapalm does not sufficiently comply with the OECD's Guidelines for occupational health and safety. However, the NCP also notes that since 2009, Socapalm has taken steps to improve its QHSE and certification situation, which should help to partially remedy this latter problem. Following the referral, the NCP notes that the Bolloré Group took steps to ensure that these issues were dealt with by Socapalm. The NCP also notes the Bolloré Group's reaction and commitment, as a Socapalm director, to ensure the situation improves.

- Art. IV.5 relating to local employment: the NCP notes that Socapalm employs local personnel but also that it employs a disproportionate number of workers from outside the local communities.

- **Chapter V – Environment**

The NCP notes that Socapalm upgraded its industrial plant and machinery and developed its plantations without first addressing the related environmental issues. This has had a significant negative impact on the environment. The NCP notes the measures taken by Socapalm since 2009. It also notes that the Bolloré Group is committed to ensuring that the certification of Socapalm's plantations will gradually bring them up to international standards. These environmental issues are on the mediation agenda.

- Art. V.1 relating to establishing an appropriate environmental management system: as a result of the waste substances produced and released into the atmosphere and the water, Socapalm did not comply with this particular OECD recommendation. However, the NCP notes that since 2011, Socapalm has been taking steps to improve its environmental management via its QHSE programme. The NCP welcomes the progress made in this area and urges the company to continue along these lines.

- Art. V.2 relating to providing the public and employees with timely information: the NCP notes that the current "dialogue platforms" set up by Socapalm do not meet requirements.

- Art. V.3 relating to the assessing and addressing in decision-making the foreseeable environmental impact: the NCP notes that before the referral, Socapalm did not sufficiently factor into its decision-making the environmental impact of its activities. The NCP hopes that Socapalm's QHSE programme and certification policy for its plantations, supported by the Bolloré Group, will help to eliminate these shortcomings. The NCP will closely monitor this point.

- Art. V.6d relating to research on ways of improving the environmental performance of the enterprise over the longer term: the NCP notes that Socapalm did not comply with the OECD recommendation on this point. In contrast, the NCP notes that the steps taken to introduce a QHSE programme since 2009 and, more importantly, since 2011 meet the OECD's recommendations on adopting technologies and operating procedures that help to improve the overall environmental performance. The NCP welcomes the Bolloré Group's commitment to proceed with ISO 14001 certification for Socapalm's plantations in Cameroon.

- Art. V.7 relating to adequate employee training: the NCP notes that Socapalm did not comply with this Guideline but that the steps taken as part of the QHSE programme should help to remedy this situation. It will be necessary to train Socapalm's employees, particularly in how to handle hazardous materials and in the prevention of environmental accidents and more generally in environmental management.

- Art. V.8 relating to implementing environmentally meaningful and economically efficient public policy: the NCP believes that the introduction of the QHSE programme and certification policy for the plantations will enable Socapalm to implement an environmental public policy.

7. Conclusion

The NCP has taken into account the fact that the Bolloré Group is a minority shareholder in Socapalm. However, despite the Bolloré Group's position, the NCP has come to the conclusion that the Group along with the three other companies targeted by the referral are Socapalm's "business partners" as per the OECD's Guidelines (June 2000 version) and that they have a "business relationship" as per the new concept introduced in the revised Guidelines of May 2011.

When reviewing this specific instance, the NCP noted that Socapalm's activities violated certain chapters in the Guidelines, including those on General Policies, Employment and Industrial Relations and the Environment. As a result of the referral, the NCP also noted that the targeted companies did not comply with some of the OECD's disclosure recommendations. The NCP therefore offered its good offices to the parties to try and resolve these issues. In this report, the NCP recommends that the targeted companies take steps to remedy this situation.

At the time of writing, the NCP noted a clear improvement in the situation, opening the way to a possible enhancement in the living conditions of both Socapalm's employees and the plantations' local communities. The NCP notes that the Bolloré Group has said it is willing to assume its responsibilities and use the influence it has with its partners in its business dealings with Socapalm and Socfin to end the violations of the OECD Guidelines for Multinational Enterprises resulting from Socapalm's activities in Cameroon.

The NCP in particular welcomes the clear desire shown by the Bolloré Group to ensure that Socapalm revives and renews the structures that currently exist for talks, a key step in restoring trust between the parties. The NCP hopes that the commitments made by the Bolloré Group will enable Socapalm to make an effective contribution to the sustainable development of the local communities. The NCP takes into account the measures implemented by Socapalm after the referral to deal with, amongst other things, the social and environmental concerns raised, namely its QHSE (Quality, Health, Safety and Environment) programme and ISO 14001 certification policy. The NCP also takes note of the various steps implemented since 2012 by the Bolloré Group vis-à-vis Socapalm to ensure that the policies implemented by the company are effective.

As the NCP was finalising this report, the Bolloré Group announced that it would withdraw the libel suits filed as part of this case. The NCP welcomes this move and sees it as proof of the effectiveness of its good offices.

In conclusion, the NCP welcomes the fact that the Bolloré Group has promised to hold talks with the claimants to address the concerns that were raised in the referrals filed with several of the OECD NCPs. The NCP sincerely hopes that the mediation process underway will enable the parties to agree on measures that will help to deal with the issues raised.

The NCP welcomes the agreement reached between the parties to draw up a roadmap together to be implemented by Socapalm; the main questions to be dealt with have already been agreed upon. They include communication with the local communities, the environment (reducing noise, water and air pollution), public service tasks arising from the Socapalm sale agreement (access to water, electricity, healthcare and education for the plantations' workers and local communities), local development (support for local village residents and recruitment of local workers), the situation of Socapalm workers and sub-contractors (including safety and housing conditions), transparency, compensation for local communities for the loss of access to and use of resources as well as land-related questions (concessions, boundaries, handovers, etc.). The NCP notes that the detailed contents of these subject areas are currently being discussed and that discussions should be finalised by August 2013. Lastly, the NCP notes that the parties have decided that this roadmap will be monitored by an independent committee made up of third parties.

The NCP recommends that the Bolloré Group along with the other companies targeted in the specific instance take into consideration the OECD's Guidelines for Multinational Enterprises revised on 25 May 2011, particularly Chapter II on General Policies.

In application of Article 32 of its internal procedural guidance, the NCP intends to schedule a follow-up procedure before end-2013 to ensure that its recommendations have been complied with.

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