



**Friends of
the Earth
Europe**



**Les Amis
de la Terre**

Société Générale

Attention to

Frédéric Oudéa, Chief Executive Officer

Tour Société Générale, la Défense

75 886 Paris Cedex 18

France

23rd January 2013

Request for information on financial engagement with Sime Darby

Dear Mr. Oudéa,

We are writing on behalf of Friends of the Earth Europe, The Sustainable Development Institute (SDI-Friends of the Earth Liberia), and Friends of the Earth France (Amis de la Terre) to request information on your financial engagement with Sime Darby.

Friends of the Earth commissioned a research into European financiers of Sime Darby. This research shows that Société Générale holds shares in Sime Darby which are currently valued at € 7.74 m.

Friends of the Earth has critically monitored Sime Darby's activities in Liberia. On July 23, 2009 Sime Darby signed a 63-year lease agreement with contract with the government of Liberia, which is referred to as the Gross Concession Area. This Gross Concession Area is to be located within four counties: Gbarpolu, Grand Cape Mount, Bomi and Bong. According to the contract, the government agreed to allocate land 'free of encumbrances' to Sime Darby, with the understanding that the company would cultivate all the land referred to within twenty years of signing the agreement. The agreement specifically gives Sime Darby rights to use land within the area covered by the lease for agricultural purposes. The company agreed that it would pay US\$5 per hectare per year for land it cultivates for oil palm, putting it into a social development fund. Also Sime Darby would provide employment for more than 30,000 Liberians. In 2010, Sime Darby started operations in western Liberia, cultivating land to set up an oil palm nursery; and in 2011



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the company began planting its first oil palm plantation, in Garwula District, Grand Cape Mount County.

In August 2012, SDI has published a report which we are sending along with this letter. The main findings of the report are the following:

- Farms and farmlands are being swallowed up by the Sime Darby plantations, with very few alternative livelihood options available.
- Most of the men and women in the affected villages are now out of work, leading to malnutrition and hunger.
- At the time of writing no compensation had been paid for land taken over by the company. The only compensation affected community members had received was for crops that had been destroyed and the amount paid was grossly inadequate.
- Forest areas used for various cultural practices had also been destroyed and planted with oil palm, and no compensation had been paid to the communities for the desecration of these areas.
- Promises of employment have not been fulfilled satisfactorily with the majority of workers employed as casual labourers on temporary contracts.
- Despite buffer zones around riparian zones being one of the central aspects of Sime Darby's stated environmental conservation plan, the company has rained and filled valuable swamps and planted them with palm trees. The Environmental Protection Agency (EPA) imposed two fines against Sime Darby for a total of US\$50,000 dollars due to "non-compliance with the terms and conditions" of their environmental permit, as well as purported non-payment of compensation to farmers.

In addition to these points above SDI-Friends of the Earth Liberia is very concerned about large scale deforestation and conversion of secondary and primary forest as Sime Darby expands into Gbarpolu country. SDI-Friends of the Earth Liberia demands that no further deforestation and other environmental degradation takes place by Sime Darby in any of the concession areas.

In a declaration, which you find attached to this letter, communities affected by Sime Darby's palm oil plantations state that:

- No consultation took place before their land was taken over by Sime Darby.
- Communities did not give their consent to the land being given to Sime Darby.
- The plantations have had exclusively adverse effects for the communities so far.



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The communities demand from Sime Darby:

- Only after the communities have given their Free, Prior and Informed consent can the company operate on their land. In case that communities do not agree, the company cannot take their land.
- Communities should not be displaced by the activities of Sime Darby
- If communities agree for the company to operate on their land they should enter into agreements which clearly state community benefits and set out timelines for these benefits to be implemented. These initiatives should benefit the entire community not just Sime Darby employees.
- Employment rights must be respected

Please see the attached community declaration for a full list of the community demands.

According to their website, Sime Darby is one of the founding members of the RSPO. However, communities from the Garwula district in Grand Cape Mount County filed a complaint with the Roundtable on Sustainable Palm Oil (RSPO) in 2011, claiming that their rights had been infringed as Sime Darby operated on their customary land without their Free, Prior and Informed Consent (FPIC). This complaint was upheld by the RSPO and as a result of negotiations between the affected communities, Sime Darby and the Government of Liberia an agreement to resolve these issues has been reached. However these measures have still not been fully implemented and the affected communities are still suffering from the adverse impacts of the company's operations such as the loss of livelihoods due to the clearing of farmland and forests.

Sime Darby is also a signatory of the UN Global Compact, as is Société Générale. Friends of the Earth believes that Sime Darby is violating the following UN Global Compact's principles:

Principle 1: Business should support and respect the protection of internationally claimed human rights;

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: (Businesses should) undertake initiatives to promote greater environmental responsibility.



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Furthermore, we believe that Sime Darby has violated the following articles of the OECD Guidelines for Multinational Companies:

Chapter 2 (General Policies), Article 14 on engagement with relevant stakeholders;

Chapter 3 (Disclosure) Article 4 high quality standards for environmental and social reporting;

Chapter 4 (Human Rights) Article 2 and 3 on avoiding, mitigating and addressing adverse human rights impacts and Article 5 on human rights due diligence.

We would therefore like to ask you the following questions:

1. Are you aware of the problems relating to the investments of Sime Darby in Liberia, as highlighted by the Friends of the Earth Liberia report and the community declaration?
2. You are one of the signatories of the UN Principles of Responsible Investment. Principle 2 recommends among others the following actions:
 - File shareholder resolutions consistent with long-term ESG considerations
 - Engage with companies on ESG issues
 - Participate in collaborative engagement initiatives
 - How do you put these principles into practice when deciding on buying and owning shares in and engaging with Sime Darby?
 - Have you engaged with Sime Darby on the issues above?
 - In case you have approached Sime Darby on the issues mentioned above, what were the results?
3. What was your ESG assessment before deciding to become a Sime Darby shareholder and what is your ESG assessment now?
4. Being aware of the findings of the Friends of the Earth Liberia report and the community declaration, what further steps are you going to undertake regarding Sime Darby's activities in Liberia?

We are looking forward to receiving answers from you, preferably before 2 February. We will launch a public campaign after that date, so any information you will provide before that time can still be included in our communication.

Should you have any questions, do not hesitate to contact us.

Yours faithfully,

Viviana Varin,
(Private Finance Campaigner, Friends of the Earth France / Les Amis de la Terre)



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