



Dutch Good Growth Fund

Part of DGGF

Investing Dutch Entrepreneurs executed by Invest International Public Programmes B.V.

Title

Expansion of production facilities in Siem Reap, Cambodia – DGGF122KH1

Company

Pactics Group Holding BV

Country

Cambodia

Sector

32161 - Textiles, leather and substitutes

Amount of the investment

EUR 3,000,000

Period

14 December 2022 – 14 December 2029

Involved parties

www.pactics.com

Short description

With a loan from DGGF Pactics Group Holding BV will be able to expand its production facilities in Cambodia allowing for further strategic growth. The investment will contribute to the creation of additional employment for up to 400 people locally, of which 80% will be female employees.

Pactics is a manufacturer of travel- and lifestyle products, based in Cambodia, with offices in HK, USA and NL. The group was established in 2004 and was initially mainly producing microfiber products (pouches and cleaning cloths) for eyewear companies. Through the recent years, Pactics has successfully diversified its production assortment to include also travel, luggage (T&L) and sportswear products. To accommodate the growing customer base and the respective demand, as a result of the above diversification, Pactics aims for the expansion of the production facility in Siem Reap.



This project will contribute to the Sustainable Development Goals: 8 (Decent work and economic growth) - 5 (Gender equality) - 12 (Responsible production and consumption) and 13 (Climate Action).



Development impact / Economic impact

Employment

(SDG 8) 460 employees work in Siem Reap, Cambodia, at the moment. Through the expansion plans, the number of employees will increase to approximately 1000 in Siem Reap at the end of the loan period. Approximately 80% will be women and about 150 employees will be between the ages of 18 and 25. The large majority of these new jobs will be in the factory, in addition to some office jobs. The construction of the new buildings will create employment for approximately 50 – 75 people at the local building company ESPRO.

Pactics is in possession of the SA8000 certification since 2014, which is one of the world's leading social certification programs focusing on fair and decent employment.

SA8000 requires that wages paid to employees are sufficient to meet the basic needs of personnel and to provide some discretionary income. Pactics has performed their own living wage analysis as part of the certification process and pays their employees accordingly. When adding the monetary value of secondary benefits to the basic salary, such as transport and housing allowance, health insurance, day-care services, subsidized lunches, most employees do reach the living wage benchmark for a standard family

Transfer of knowledge

(SDG 8) Pactics has its own training facility to train in sewing, pattern making, cutting, quality control, etc. All employees, including management, receive training based on their needs. Training also includes technological skills development, computer skills, English/Khmer literacy, financial literacy, use of new machines/equipment, legal & tax, environmental standards, health & safety, etc.

Gender equality:

(SDG 5) Around 80% of employees are female. This investment will create approximately 450 new jobs for women.

Climate action:

(SDG 13) Electricity used in the factory is generated by hydropower (from the grid), complemented by a generator which works on biofuel and solar panels.

Responsible Production and consumption:

(SDG12) Approximately 50% of the fabrics currently used by Pactics are from recycled sources (e.g. plastic bottles). Pactics expects that this will reach 90% in the next 5 years.



In addition to materials, Pactics also actively invests in sustainable production methods. They have introduced a waterless dyeing process, significantly reducing their water consumption.

ICSR

The investment is scaled in category B in terms of CSR-risk. An Environmental and Social Action Plan (ESAP) will be drafted, which is based upon the OECD and IFC performance standards, which aims to reduce the risk of non-compliance with these standards.