



TẬP ĐOÀN CÔNG NGHIỆP CAO SU VIỆT NAM

VIETNAM RUBBER GROUP

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Our Ref: 10.3./CSVN-CN

Ho Chi Minh City, 31st August 2018

To: Weber & Schaer GmbH & Co.KG.

Subject: Comments on the letter of the Weber & Schaer GmbH & Co.KG

Dear Sir / Madam,

The Vietnam Rubber Group (VRG) received a request from Weber & Schaer GmbH & Co.KG dated August 23rd, 2018 for feedback on some VRG's projects in Laos and Cambodia.

First of all, the Vietnam Rubber Group affirms that the members of the VRG do not destroy forests, do not exploit forest products. They only cultivated rubber on areas that have been licensed by the Cambodian Government. Therefore, the reports of some Non-Governmental Organizations are not objective. Based on reports from Non-Governmental Organizations, the Vietnam Rubber Group responds to the following contents:

1. Investment on the areas already licensed by the Cambodian Government

- The rubber planting projects of Member Companies in the Kingdom of Cambodia is in the planned areas approved by the Cambodian Government for the conversion of industrial crops development.

- The process of concessionary land allocation in the Kingdom of Cambodia is very strict and through a series of surveys, assessments and evaluations by relevant Ministries and the State Concession-Granting Council and relevant local authorities. Through these assessments and reviews, areas of national park, reserved forest, thick forest, semi - thick forest, riparian areas, community forest, sacred forest, cultivated land of local people are removed from the concession area. In addition, during the implementation of the concession-granting process, there is the participation of the central inter-branch missions of the Cambodian Government, who go to the concession lands to work with the provincial and district authorities, communes and people in the project area as well as enable them to raise their voice on their rights and cultivated land if relevant. After the State Concession-Granting Council approves the concession-granting dossier, the Land-Managing Ministry, on behalf of the Government, will sign the economic concession contract as authorized and assign the demarcation landmark to the investors.



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- On the basis of the economic concession contract, the investors still have to carry out many other stages and procedures for the granting of permits according to other regulations before officially clearing the land for planting rubber trees. Investors must comply with the master plan and the annual plan approved by the competent authority of the host country when preparing rubber land; in addition, it is constantly monitored by the authorities of the state.

In addition, in the new planting process, for the allocated area, the both Companies have made satisfactory compensation for the crops of local residents as agreed and do not encroach on land of people outside the project area.

Currently, the companies of the Vietnam Rubber Group have put into harvesting a part of rubber plantations and employed local people with an average of about 11,107 local people, the income of the project area workers is higher than the minimum requirement of 170 USD per month in Cambodia. In the coming time, when the rubber harvesting areas increase, the companies will recruit more local labors.

2. Investment in social security

In addition to the development of rubber in Cambodia, Member Companies of the VRG always perform well social security to support people in the project areas and adapt to local requirements, the results are as follows:

No	Activities	Cambodia	Laos	Total
1	Total number of local workers	7,419 people	3,688 people	11,107 people
2	Number of hospitals and medical stations	18	4	22
3	Number of houses for workers	2,579	37	2,616
4	Number of schools	12	1	13
5	Electrical lines serving companies	54.55 km	21.06 km	75.61 km
6	Road system serving the local people of the project areas	904.75 km	329.5 km	1,234.25 km
7	Number of religious buildings	6	1	7
8	Number of gratitude houses	1	51	52



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3. Environmental protection activities

At present, the Member Companies of the VRG in Cambodia have carried out Environmental Impact Assessment (EIA) reports to meet the requirements of the Cambodia laws, some projects are waiting for the Ministry of Environment in Cambodia to approve.

The objective of the Environmental Impact Assessment is to assess the impacts of the projects on the natural, human and social conditions within the scope of the project activity. From that point, adjustments are made to the balance of natural factors such as climate, water, soil, vegetation and animals, creating a sustainable ecological environment. At the same time, economic developments must ensure that social security is developed sustainably.

The key issues of Environmental Impact Assessment are natural, human and social factors:

- Water sources: The development of the project must ensure that no vegetation is changed in the rivers and large streams to ensure that the flow of water is not depleted. The economic activities of human beings must ensure that they do not pollute water sources.

- Soil: Timely planting rubber trees that cover bare areas, planting vegetation covered by legumes to prevent erosion and improve soil fertility, appropriate fertilizer application increases soil fertility.

- Vegetation and animals: balance the ecological environment, preserve the species of plants and animals to be protected in the project areas, take measures to enrich the rare species of animals and plants or possibly extinction.

- Human: The project development must ensure that people in the project areas and neighboring areas benefit from the projects, creating jobs, raising incomes, and improving human life in all aspects: culture, social security and health care.

- Social welfare: Economic development must be associated with the development of infrastructure such as roads, schools, health clinics, workers' houses, temples, pagodas.

4. Cooperation with Non-Governmental Organizations (NGOs) and WWF Vietnam

The Vietnam Rubber Group has been actively cooperating with some NGOs such as in collaboration with PanNature Vietnam, Oxfam Vietnam and UN-REDD+ Vietnam to survey some Member companies of the VRG in Laos and Cambodia to develop and apply the "Voluntary Guideline for Vietnamese Outward Investment in Agribusiness". The Vietnam Rubber Group is also



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cooperating with another Non-Governmental Organization to consult the VRG on the re-issue of the FSC certificate.

Currently, Vietnam Rubber Group and Vietnam Rubber Association are cooperating with the Vietnam Timber & Forest Product Association (VIFORES) and Forest Trends to study the supply chain of Vietnam rubber industry to propose relevant policies for sustainable rubber development.

The Vietnam Rubber Group has cooperated with the Vietnam Rubber Association and WWF Vietnam to survey some Member companies of the VRG and to consult relevant organizations as well as rubber enterprises to develop the Handbook for “Sustainable Management of Rubber Plantations in accordance with International Forest Certification Standards”, the Handbook will be applied to all Member companies of the Vietnam Rubber Group for the purpose of implementing socio-economic development. Your company can refer directly to the content on the website https://vnrubbergroup.com/media/phattrienbenvung/2018_So%20tay%20quan%20ly%20rung_24-07-2018_FINAL.pdf or <http://vra.com.vn/tin-tuc/domestic-news/vra-publishing-the-handbook-guideline-for-sustainable-management-of-rubber-plantations-in-accordance-with-international-forest-certification-standards.10762.html>

5. Policy on sustainable development of the Vietnam Rubber Group

The Vietnam Rubber Group has announced the commitment to sustainable development of the rubber industry on the official website with the following criteria: sustainable development accompanied by responsible social and environmental activities, comprehensive cooperation, investment in social security facilities to support people and transparency of information activities (refer to information at www.vnrubbergroup.com or www.rubbergroup.vn).

The Vietnam Rubber Group and the Vietnam Rubber Association are encouraging members to register for the Sustainable Natural Rubber Initiative initiated by the IRSG (which Goodyear Orient Company has already participated in).

6. No new planting of rubber for future concessions in Cambodia and Laos

The Vietnam Rubber Group re-affirms no plan to invest more in rubber plantations in Cambodia and Laos since 2015 nor any plans to develop concessions in Laos and Cambodia in the future.

The Vietnam Rubber Group committes to the goal of sustainable development, the VRG always accompanies and hopes Weber & Schaer GmbH



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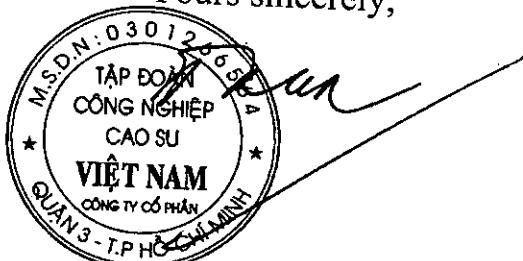
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& Co.KG continue to support the VRG, as well as sending information for the customers of Weber & Schaer GmbH & Co.KG.

The above is the information of the Vietnam Rubber Group feedback on some VRG's projects in Laos and Cambodia.

Thank you very much for your kind support.

Yours sincerely,



Tran Ngoc Thuan

Chairman, Vietnam Rubber Group