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June 29<sup>th</sup>, 2018.

**Goodyear International Corporation**

**Dear Sir/ Madam,**

*Subject: Feedback on the contents of Mighty Earth's report*

We were requested by your esteemed company on June 05<sup>th</sup>, 2018 to provide feedback on Mighty Earth's allegations concerning Dau Tieng- Kratie Rubber Limited liability company and Dau Tieng- Cambodia Rubber Limited liability company as follows:

- *Land Conflicts In April 2011, Dau Tieng Rubber Company was involved in a conflict with local people regarding their land concession in Kratie province's Snoul District. The concession overlapped with land on which 984 families lived.*
- *The dispute arose when the company began marking the concession boundary, which allegedly encroached upon the villagers' farmland. According to one report, around 300 villagers protested in an effort to stop Dau Tieng's bulldozers from clearing land they claimed overlapped with their property.*
- *In addition to encroaching on to their farmland, local people claimed that the company had never talked to the villagers about the development of a rubber plantation, nor provided suitable compensation.*
- *Forest Habitat Destruction In addition to these land-grabbing and human rights concerns, the Dau Tieng land concessions have also generated dramatic deforestation and wildlife habitat destruction. Rubber plantations in Cambodia have become notorious for laundering illegally logged wood from surrounding forests, with a particularly severe situation in Kratie Province.*
- *In 2015, the Impartial Complaints Panel report for the FSC concluded that 98% of the Dau Thieng (Cambodia) concession and 91% of Dau Thieng Kratie were deforested between 2009 and 2016. Forest Stewardship Council Impartial Complaints Panel (2015) Global Witness complaint against Vietnam Rubber Group (VRG), Recommendation to the FSC Board of Directors, 9 June 2015, Impartial Complaints Panel consisting of Yingyi Zhang, James Bampton and Berty van Hensbergen.*

Firstly, we affirm that the two companies Dau Tieng- Cambodia Rubber Limited liability company and Dau Tieng- Kratie Rubber Limited liability company have not implemented any

deforestation, have not exploited and transported logs but only had rubber trees planted on the areas which were not covered by forests and which were licensed by the Cambodian government. Therefore, the allegations by Mighty Earthy are not accurate. On the basis of Mighty Earth's report, we would like to provide the following:

### **1. Investment conducted on the areas licensed by the Cambodian government**

The procedure for granting land concessions in the Kingdom of Cambodia is very strict and includes many steps such as survey, review, assessment conducted by the relevant Cambodian ministries and the State Council for granting land concessions, which comprises the ministries and the local authorities. Besides, in the course of following the procedure for land concessions, the Central Interbranch missions of the Cambodian government also participate in the process with activities such as visiting the areas designated as land concessions, discussing with the province, district and commune governments and local people within the project areas, facilitating the expression of opinions by local people about their rights and cultivated land if relevant.

In order to have the basis for the economic concession contracts for the two projects in Cambodia, in 2010 the survey mission of the local authorities including the Cadastral offices, the Agricultural offices of Chhlong and Snoul district surveyed the project areas. Through the survey, they identified that 603 families had 1,570.8 ha of farmland located within the project areas (966.8 ha of 277 families in 6 hamlets of Svay Chreas commune, Snoul district and 604 ha of 326 families in 4 hamlets of Domreyphong commune, Chhlong district). They listed the families, land areas, type of land (milpas or rice fields). Therefore, the project areas overlapped with the land of 603 families, not 984 families as mentioned in the report. In the course of clearing the land, the companies always observed the Kratie province government's policy, did not grab the local people's farmland. Any family agreed to transfer land to the companies, the companies made adequate compensation as agreed upon between local residents and the companies. There was not any conflict related to compensation between the companies and local residents as mentioned in the report. Up till now, those families who did not transfer the farmland within the project areas to the companies have still cultivated their land normally.

In April, 2011 after signing the economic concession contracts with the Ministry of Agriculture, Forestry and Fishery of Cambodia, when the companies implemented demarcation, the local people protested and prevented the bulldozers. They were misled that the companies would have trenches dug and fences set up to prevent them from entering their farmland. The companies cooperated with the local authorities in explaining that roads would be built instead of trenches and fences so that local people and the companies could enter the project areas to work. Afterwards, local people agreed to let the companies build the roads, which are being used for travelling on and transporting farm products.

The companies and the local authorities made it clear that the companies would not grab local residents' farmland for rubber trees and that rubber trees were planted only on uncultivated land. The fact that within the project areas so many local people are currently cultivating their farmland, milpas and have built their houses proves that there is no grabbing of local residents' farmland as mentioned in Mighty Earth's report.

The areas under the two projects of Dau Tieng- Cambodia Rubber Limited liability company and Dau Tieng- Kratie Rubber Limited liability company are 14,564 ha as specified in the economic concession contract. In the course of developing the projects, the two companies proactively coordinated with the relevant competent bodies and the Central Interbranch missions of the Cambodian government in identifying the overlapping farmland of local people. Consequently, the actual areas for rubber trees of the two projects decreased to 4,609.73 ha, of which 2,059.93 ha belong to Dau Tieng- Kratie Rubber Limited liability company and 2,549.80 ha belong to Dau Tieng- Cambodia Rubber Limited liability company. This fact shows that the companies developed rubber plantations only on the land which was transferred by local residents after they received compensations at the amount as agreed upon by the two sides. The overlapping areas and the land which was not transferred by local people were removed from the project areas by the companies and local people have continued cultivating them. The decrease in the project scale for the above-mentioned subjective reasons shows that the project areas of Dau Tieng- Cambodia Rubber Limited liability company and Dau Tieng- Kratie Rubber Limited liability company are the ones which were not covered with any forests and which were exploited and used by the Cambodian competent bodies and local people.

The negotiation with local residents about the development of rubber plantations: when starting the projects to plant rubber trees, the companies applied to the relevant local authorities for the approval of the rubber tree planting projects, of which local residents were notified. In particular, the Cadastral office's and the Agricultural office's officials of Chhlong and Snuold districts came to the hamlets asking local residents to list their land within the project areas. Afterwards, the applications were presented to Kratie province and the central government. On December 30th, 2010 the Cambodian Prime Minister signed the two decrees No. 173 and 174 permitting the two companies to plant rubber trees. Therefore, local residents did know of the rubber tree planting projects.

The compensations to local residents: in the course of planting rubber trees, some local residents voluntarily transferred their land and received compensations for their crops, clearing labour and property at the rate as agreed upon between local residents and the companies. The receipts for the compensations were marked with local residents's finger prints and authenticated and stamped by the communal authorities. The total compensations amounted to USD 130,814. Those who did not transfer land have still cultivated their own land.

In July 2017, the Cadastral department of Kratie province demarcated the boundaries of the companies' and local residents' land for the purpose of granting the yellow books to the companies. After the demarcation, the Cadastral department publicized it by posting the notices at the hamlets. After 15 days from the notice date, no local residents made a formal complaint or sued for not being compensated or for their land being grabbed. As a result, the Cadastral department of Kratie province issued the yellow books to the companies, through which it can be asserted that rubber trees were not planted on local residents' land and adequate compensations were already made.

When receiving the allocated project areas in Svay Chreas commune, Snoul district and Domreyphong commune, Chhlong district, the companies recognized that these were forests which had already been exploited and cleared. The remaining flora was only bushes, vines, bamboos and small trees. When the companies started clearing the land, local residents gathered trees for firewood, charcoal. These were not suitable for wood. The companies strictly observed Vietnam Rubber Group's directions as to prohibition of exploiting, transporting, using illegal logged wood. We aver that we have not engaged in and laundered logged wood from surrounding forests.

## **2. Investment in social security**

Besides developing rubber trees in Cambodia, Dau Tieng- Cambodia Rubber Limited liability company and Dau Tieng- Kratie Rubber Limited liability company always implement social security activities, aid local people in the project areas and as required. Concerning habitat destruction as mentioned above, when the projects were started, these were poor forests with thin flora. After 7 years, lush rubber trees have covered bare forests and flora has flourished, which contains erosion, retains underground and surface water, contributes to environmental improvement. They have also created jobs and increased incomes and enhanced social security.

At present, Dau Tieng- Kratie Rubber Limited liability company has put part of the rubber tree plantations into tapping and employed about 40 local people whose pay is higher than the minimum level of USD 170/month in Cambodia. In the near future, when more plantations are put into tapping, more local people shall be employed.

Social security activities and aid to local residents and localities are as follows:

- Dau Tieng- Kratie Rubber Limited liability company

- Every year, Dau Tieng Rubber Corporation- the parent company- regularly sends its medical team to the project areas to provide free health check-up and medicines for the workers. Medical staff is assigned on the project site for health emergencies in the plantations and gives first aid before transferring serious cases to the district or province hospitals.

- From 2011 to 2017, the company aided the localities in building pagodas, schools, Red Cross facilities, etc. with an amount of 153,371.56 USD or equivalent to 3,496,870,000 VND.

- The company invested 26,443,860,000 VND, equivalent to USD 1,158,294.35 in roads of more than 78.62 km in total length to serve local people.

- Dau Tieng- Cambodia Rubber Limited liability company:

- The company cooperated with Dau Tieng District Health Centre and Dau Tieng Rubber Corporation's hospital in despatching medical teams to provide free medical check-up and medicines to local people in the project areas.

- In 2015, the company invested 1.04 billion VND, equivalent to USD 45,554.1 in building a 6-km-long road connecting the national highway number 7 to the hamlet in Svay Chreas, Snoul district and 451 million VND, equivalent to USD 19,754.71 in a 2.926- km road and aqueducts in hamlet 27-Sen Chay, Domrei Phong, Chhlong district.

- The total sum to aid the localities from 2012 to 2017 was 162,174.63 USD, equivalent to 3.698 billion VND.

- For the purpose of ensuring the stable life of the workers in the project areas and the beliefs of local people, the company has planned 2.4 ha of land at the A01 lot for the workers' housing and 18 ha of land at hamlet 27-Sen Chay for pogodas.

### **3. Environmental protection**

Dau Tieng- Cambodia Rubber Limited liability company and Dau Tieng- Kratie Rubber Limited liability company are conducting the environmental impact assessment reports to meet the legal requirements of Cambodia on the environment.

- Dau Tieng- Kratie Rubber Limited liability company.

- On March 16<sup>th</sup>, 2018 the company signed the contract for the environmental impact assessment report with RTM Green Consultancy Co., Ltd., which is expected to be completed within 06 months as from the signing date.

- The company has prepared and provided the relevant records and documents as required by the Cambodia Representative office of Vietnam Rubber Group and the consultant.

- On May 17<sup>th</sup>, 2018 the consultant conducted the following on the site: surveying the plantations, measuring the air humidity, the wind speed, temperature, etc., surveying the population situation inside and outside the project areas.

- Dau Tieng- Cambodia Rubber Limited liability company

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