

VIETNAM RUBBER GROUP DISASSOCIATION UPDATE

August 15, 2019

In 2015, FSC disassociated from VRG after a complaint against the company and subsequent investigation revealed VRG had violated FSC's Policy for Association. VRG has since approached FSC to end its disassociation, expressing its commitment to completely comply with the FSC <u>Policy for Association</u> as well as intent to correct and mitigate past harm. FSC is now assessing VRG to determine its readiness for entering a Roadmap process.

The evaluation will be based on multiple factors, including but not limited to the following indicators:

- · VRG demonstrates a top management commitment towards complying with the FSC Policy for Association for the purpose of becoming re-associated with FSC.
- · VRG has adopted relevant values (policies, protocols, codes of conduct, etc.) whereby previous business practices are to be abandoned and (more) responsible actions are to be adopted and implemented.
- VRG has commenced with credible steps towards implementation of new policies in a transparent manner involving relevant stakeholders.

Should the assessment reveal that VRG has met the criteria to enter a Roadmap process, VRG and FSC will then proceed towards an extensive stakeholder engagement process. When announcing the VRG disassociation, FSC specified minimum conditions for VRG to meet before being eligible towards FSC considering lifting the disassociation. In addition to these conditions, further requirements will be formalized through this public and transparent stakeholder engagement process where remedy for past violations of the Policy for Association will be evaluated and identified.

This process will inform the final specifications of the roadmap for potential ending of the disassociation. FSC will only consider the re-entry of VRG into the FSC scheme after successful and verified completion of a predetermined threshold of adherence with the roadmap.

During the process, VRG remains disassociated from FSC.

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