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Mr. Phil Bloomer
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Dear Sir,

We received your invitation to respond to the reports which you will pose on November 20, 2013 about our company KSL and the European Union's "Everything but Arms" policy in Cambodia. Please find our response to these reports below.

After reviewing the *BitterSweet Harvest* report by Inclusive Development International (2013), we found that the report is largely biased and gave an unfair and often fictitious account of our business conduct in Cambodia. We would like to stress that we always respect human rights in our business conducts and do not support the use of violence and intimidation in any activities. We do not hold any livestock for ransom but catch and release animals that trespass the field back to their owners without any monetary demands. It is our company policy not to use child labor and we forbid our subcontractors to do so. An independent audit agency, Pro Terra Foundation, along with the Cambodian Ministry of Labor, had audited our subsidiaries in Cambodia and did not find any use of child labor or any unfair employment. We have witness and evidence to suggest that many of the photographs used in *BitterSweet Harvest* report were made by hiring locals as actors.

Contrary to the *BitterSweet Harvest* report, we met with villagers who were living on the concession areas on several occasions and paid compensation to the majority of them. We are currently in dialogue with the few families who seek compensation and/or the return of their 'land' even though the Koh Kong Provincial Court had ruled that the evidence they submitted do not qualify as legal proof of ownership over such land. Nonetheless, we are willing to keep an open dialogue with these families and hope to find solutions that will be agreeable to all parties involved. It should be noted that the concession land belongs to the Cambodian government and KPT and KSI are mere leasees and do not have the legal power to return the land to the villagers. Furthermore, the amount of land in which local villagers claim to have ownership represent less than 10% of the total concession area granted to Koh Kong Plantation Co.Ltd (KPT) and Koh Kong Sugar Industry Co. Ltd (KSI).

KPT and KSI obtained the concession land legally through contractual agreement with the Government of Cambodia who is, by law, the legal owner of the concession land. The concession land was initially granted to two Cambodian companies, Koh Kong International Resort Club and Duty Free Shop, on March 20, 2006. The clearing of the concession land happened while the land was still under the legal possession of those companies. KPT and KSI received the rights to the concession land on August 2, 2006, many months after the alleged violent land clearing incident.

KPT and KSI commissioned a third party to survey the land. The survey indicates that the concession area is largely uninhabited as it is a mixture of wasteland and forest. We use the concession land respectfully; conserving many forest areas and improving the condition of the waste land area for cultivation by using bio fertilizers despite the higher cost involved. We cooperate with Wild Aid which is an international organization that focuses its effort on protecting nature and safeguarding against illegal wild life trade to help conserve the area for future generations. We also take great care in making sure that our production processes will not only produce high quality sugar that is safe for consumption but also one is that safe for the environment. When accidents occurred that caused harm to people and environment, we try to remedy it immediately.

Finally, we would like to point out that we have responded to many inquiries by the press but has yet to see our response published. We believe the public has to right to learn both sides of the story and form their own opinions. We also would like to stress that conducting a business is not an easy task, and it is especially more challenging in a foreign country where infrastructure and skill labors are underdeveloped and culture and work ethics are different. Nonetheless, we are committed to satisfy all our stakeholders through efficient and environmentally friendly production processes, sound financial management, good governance, and useful corporate social responsibility programs.

Koh Kong Sugar Industry Company Limited
Koh Kong Plantation Company Limited