

Response by DEG, December 18th, 2023

DEG's investment in PHC: Early in 2022 DEG ended its engagement as lender to PHC. Together with other DFIs DEG provided PHC with a long-term loan to finance investments in plantation rehabilitation, equipment and environmental and social management in 2015. The farmed areas PHC was operating on during the investment period had been used for palm oil production for decades already. Our commitment was aimed in particular at helping to secure numerous jobs in one of the world's poorest countries, under challenging conditions. In addition it improved the supply of the local population with a key staple food and the social infrastructure at the plantation sites. Please be aware that we can only comment on the activities of PHC while we were investors.

Mediation Process by the ICM underway: The mediation process is focused – but not limited to – on investigating potential land disputes between the community and the plantation. As a former lender DEG supports the Independent Complaints Mechanism (ICM) as an appropriate means of independently resolving the community concerns raised during the time we were invested. The land issue dispute is addressed by two Land commissions installed by the mediation process. DEG does have the impression that ICM's ongoing, thorough mediation work is well advanced.