



April 20, 2017

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Thank you for your email dated April 13, 2017.

We refer to the article "Reckless Development: IFC's History of Dodgy Deals in Southeast Asia" where there was the following statements on page 8: "Also in Cambodia, two Vietnamese private equity funds backed by the IFC, Dragon Capital's Vietnam Enterprise Investment Limited fund and the Vietnam Investment Group's Vietnam Investments Fund II ("VI Fund II"), have funded the rubber companies HAGL and Gemadept which have also grabbed land from indigenous people and decimated ancient forests in the country's northeastern provinces." and on page 12 "Vietnam Investments Group dodgy deals – 2012 convertible loan worth \$40 million to Vietnamese rubber company Gemadept, which has economic land concessions in Cambodia that were the site of forced convictions."

We would like to comment on the reference to Vietnam Investments Fund II, Vietnam Investments Group and Gemadept and clarify the facts as follows.

Gemadept is a publicly listed company on the Ho Chi Minh Stock Exchange that has been in operation since 1990 whose primary business in Transportation and Logistics (ports, warehouses, shipping, air cargo, logistics and cold chain). IFC committed less than 10% of the total capital in VI Fund II which is managed by Vietnam Investments Group.

In June 2012, VI Fund II invested in Gemadept with the proceeds used for the construction of Nam Hai Dinh Vu port with 500,000 million TEU capacity in Hai Phong – one of the largest industrial zones and transportation hubs in Vietnam. This is one of the most successful ports in SE-Asia.

Gemadept holds 100% of the equity of the following plantations in Cambodia (Pacific Pearl, Pacific Pride and Pacific Lotus which each hold nearly 10,000 ha). When Gemadept invested in this rubber plantation project, there were 24.6 ha of rice-farmland and associated shelters (e.g. seasonal housing) of 12 households identified on the plantation land. Gemadept has compensated and supported the respective farmers relocated out of the project. There are no "evergreen forests" on the plantation. Subsequently nearly 13,000 ha has been cleared and 9,000 ha has been planted.

VI Fund II has always advised Gemadept to focus on its core transportation and logistics business. Nonetheless, as a value-added private equity investor, VI Fund II has assisted Gemadept to try to operate the plantation according to IFC Performance Standards on environmental and social sustainability. As part of this effort, Gemadept has engaged consultants AECOM (previously known as URS), Cambodian Rural Development Team (CRDT) to undertake Environmental Impact Studies, Biodiversity and Social Surveys, Biodiversity and Community Development Plan and consulted with the following NGO's: World Wildlife Fund, Global Witness, Flora & Fauna International and BirdLife International. The following actions have been undertaken:

- Compensation of famers in 2011





- Offered local and indigenous families work as plantation workers (the plantation employs over 1,200 workers in planting season)
- Built housing, sanitation, water treatment, education facilities on the plantation
- Conservation of certain endangered species (e.g. vultures) that pass through the plantation or use some of the plantation area at certain times of year

In 2011, an access road, the AH11 Asian Highway, was completed on the Northern part of the Pacific Lotus, Pacific Pearl and Pacific Pride plantation. When the new infrastructure was built, certain individuals were opportunistic and took advantage of easier access to the area to encourage the local population to squat on public and private property. The Monduliri provincial government engaged the police to remove the leaders of the group inciting the squatters as they were impacting public infrastructure (and private) property. Pacific Pride (owned by Gemadept) and VI Fund II have consulted with the Office of the United Nations High Commissioner for Human Rights in Cambodia (OHCHR) and acknowledged that everybody, including those deemed by local authorities to be illegal settlers, has the right to access to justice, a fair trial, both in civil and in criminal cases. We (Gemadept and VI Fund II) are not responsible for the actions of the authorities, but will continue to do our utmost to support access to justice and effective procedural guarantees by notifying OHCHR in case of incidents and maintaining a grievance mechanism with local communities to resolve any dispute through mediation and negotiation.

Thank you reaching out and fact-checking with us. Should you have further queries, please don't hesitate to contact us again.

Regards



Mr. Do Van Minh
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Managing Director, Vietnam Investments Group

