



March 25, 2021

Kuramo Capital Management's commitment to improving the lives of people across sub-Saharan Africa: Our investment in Plantations et Huileries du Congo ("PHC")

Kuramo Capital Management ("Kuramo Capital") is an independent investment management firm founded by Africans to help attract commercial capital to develop the African continent. We specialize in helping African entrepreneurs grow their businesses and contribute to the economic well-being of their local communities. Over the past decade, we have catalyzed nearly \$3 billion in investment capital to more than 200 Africa-based companies that have improved the livelihoods of more than 100,000 people.

One of our most important recent investments, through our managed funds, involves a long-established palm oil business in the Democratic Republic of the Congo ("DRC"). For more than 100 years, the Plantations et Huileries du Congo S.A. ("PHC" or the "Company") has operated three large plantations in Lokutu, Yaligimba and Boteka. The Company is the largest private employer in the country.

We first invested in PHC in 2017 as a minority partner alongside the CDC Group of the United Kingdom, a leading Development Finance Institution ("DFI"). We were attracted to PHC's potential to grow employment and socio-economic prosperity in one of the poorest and most challenging regions of the world. Alongside our investment partners and the Government of the DRC, we are wholly committed to ensuring that PHC is a thriving, socially responsible and sustainable company whose success also benefits its host communities.

Our consortium, led by Kuramo Capital, fully took over the business in November 2020 and since then has changed the Company's leadership from a Toronto and London-based foreign management group to a fully indigenous, Congolese team that better reflects the communities where it operates. This includes appointing Monique Gieskes, an indigenous female Director General, and appointing highly experienced indigenous Congolese to senior ESG and General Manager positions across its operations. For the first time in PHC's history, the design of the policies and procedures that will ensure the Company's success will be in the hands of locals. The Company's Board meetings are now held in Kinshasa rather than London, and Board members are mostly experienced Congolese individuals.

We are committed to PHC and to improving the living and working environment of its employees and their communities. To date, Kuramo Capital and its partners, including



several DFIs, have invested more than \$200 million in the Company and are working to carry out an extensive Environmental and Social Action Plan (ESAP) to improve the lives of not only the Company's team members in the field but also their surrounding communities. We are also in the process of creating a dedicated Foundation that will focus on the welfare and livelihoods of our brothers and sisters on the plantations.

The History of PHC

PHC was founded in 1911 by Lever Brothers (now Unilever) to supply palm oil to its Port Sunlight soap factory in the United Kingdom. It grew to become one of the largest private sector employers in Africa, supplying edible oils and other essential agricultural products to local and international markets.

Unilever sold PHC to Canadian-listed Feronia in 2009. At that time, PHC had suffered years of underinvestment and disruption caused by major conflict in the DRC between 1996 and 2003. During this period, the local senior management, many of whom still work for PHC, and a core staff of approximately 3,000 people kept the business running to the best of their ability, often at great personal risk. Despite their best efforts, the Company almost collapsed.

Without Feronia's intervention to buy PHC, and the subsequent investment from DFIs and private investors such as Kuramo Capital, thousands of jobs would likely have been lost as well as the infrastructure that the Company provides for its workers and local communities.

Kuramo Capital and its Congolese partner agreed in July 2020 to acquire the equity interests of Feronia in PHC through an investment vehicle, Straight KKM 2 Limited, with a goal to revitalize a company that is a major source of employment and sustenance for thousands of families. Under the purchase agreement, KKM undertook to invest \$10 million of additional capital in PHC, assume various debt obligations and implement an ESG action plan (the ESAP) with the support of the Company's DFI lenders.

Committed to the Land

PHC has operated its plantations since 1911 and is not expanding beyond those sites. This means the Company replants trees once they have reached the end of their economically useful life, which is typically about 25 years. Today, PHC produces more than 40,000 tons of crude palm oil and 2,750 tons of palm kernel oil a year. All of PHC's production is sold in the Democratic Republic of Congo for domestic consumption.

PHC does not own the land on which it operates. The Company instead leases it from the national government through more than 200 fixed-term, renewable land titles. Most of the Company's titles have been in place for more than 100 years and renewed a number of times.



PHC strictly follows the legal process for renewing these titles, which is extensive and includes verification by government land surveyors and obtaining the necessary government permissions, which vary by province.

Where issues relating to land are raised by local communities, PHC endeavors to engage with those communities to assist in achieving a fair solution within the bounds of the country's land laws. Over the past two years, PHC has done extensive work to create digital maps of its titles. This forms an important part of its ESAP and commitment to implementing IFC/World Bank standards for environmental and social sustainability and achieving certification by the Roundtable for Sustainable Palm Oil (RSPO).

At each facility, PHC has a community engagement team and stakeholder engagement software that records and reports engagement with local communities and community members, including the views, issues and grievances expressed at meetings. Serious incidents, including those involving fatalities, are thoroughly investigated by third-party experts and escalated to the Company's ESG Management Committee, external community development advisors and the ESG Board Committee. The findings of these investigations are on the PHC company website as well as the website of the CDC.

Improving Lives in the PHC Communities

At Kuramo Capital, we are committed to building sustainable organizations that have a positive impact on the lives of employees, their families and the surrounding communities. We believe that the challenges PHC faces today are distinct from the issues caused by the plantations' early activities in the region. We do not dismiss those historical issues but are focused on the situation today and are working hard to develop a productive and inclusive path forward.

PHC operates in remote regions without access to modern infrastructure or government services. As part of its commitment to the community, the Company provides housing, education and health services to its employees, their families and the local communities. All roads in the communities have been built by PHC and are maintained continuously by PHC. Through the presence of PHC, there is access to mobile telephony, water and electricity.

Since Kuramo Capital's involvement, PHC has made substantial progress revitalizing the business and meeting ESG commitments. The Company has invested more than \$10 million over the past several years in improved healthcare facilities and community infrastructure projects, including 72 water boreholes, 6 new schools, 2 new health centers and additional programs to help the local communities. More than 13,000 hospitalizations, 100,000 medical consultation and 2,000 births are recorded annually through PHC-funded facilities, which are available to the general population.

Kuramo and its partners also commissioned a baseline Environmental and Social Assessment (ESA) to analyze the positive and negative environmental and socio-economic risks associated with the rehabilitation of the plantations. This was based on two internationally accredited frameworks, RSPO and the IFC Performance Standards. The ESA was a considerable undertaking and resulted in three volumes (biodiversity, socio-economic and environmental) and 21 individual reports. Significant elements of the ESG program include:

- Developing, implementing, continually reviewing and updating an Environmental and Social Action Plan (ESAP);
- Establishing an ESG Board Committee to provide oversight on the implementation of the ESAP and other ESG matters;
- Commissioning and publishing (on the Company website) an extensive Environmental and Social baseline study to assess the communities and environments in and around PHC's operations so that the Company can track progress over the long term and plan accordingly to ensure that lives are improved and the environment protected;
- Producing an impact analysis framework to track key impact indicators; and
- Developing stakeholder engagement and community development plans.

Ongoing involvement and monitoring is extensive and involves hosting several external visitors a year who help PHC identify and manage environmental and social challenges and improve its impact.

About Palm Oil

Palm oil is one of the most efficient oilseed crops in the world. One hectare of oil palm produces several times more oil than oilseed crops such as soya and rapeseed and also requires less fertilizer, pesticides and energy per ton of oil produced.

Palm oil is also a permanent crop. Once mature, an oil palm tree can produce fruit (which is converted into palm oil) for more than 20 years. This has a far less negative impact on the environment, soil and greenhouse gas emissions than other oil seed crops that have to be replanted each year. Oil palm trees also contribute to carbon sequestration.

Palm oil is a versatile vegetable oil and is part of the staple and traditional diet of the Congolese and the people of other developing countries. With all of PHC's production sold locally in the DRC, the Company plays an important role in reducing food imports, foreign exchange outflow and exposure to world commodity price cycles. Increased local production also means more employment, taxes paid and social infrastructure in remote places, and less necessity for people to move away from their homes to find employment.



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