

INDEPENDENT COMPLAINTS MECHANISM (ICM)

Notice of Admissibility

8 October 2025

ICM complaint 25-008

A complaint alleging harm related to labour and working conditions as well as unethical conduct was received by the ICM Secretary on 9 September 2025. The complaint related to various renewable energy projects in Asia/ the Middle East, including two projects which are co-financed by Clients of DEG (DEG-Financed Operations), which are owned and operated by the same parent company.

On 10 September 2025, the ICM Secretary confirmed receipt of the complaint and informed the Independent Expert Panel (hereafter ‘the Panel’) and the DEG Complaints Office.

The Complaint concerns the same complainant and subject matter as ICM Complaint 25-003 regarding a Proparco-Financed Operation.¹ Due to fear of retaliation the complainant requested the ICM to maintain identities confidential. Thus, neither the name of complainant nor the name and location of the project are disclosed by the Panel.

Admissibility criteria

The Panel assesses admissibility of complaints based on criteria laid out in paragraph 3.1.4 of the ICM Policy.² The ICM Policy notably requires that (i) DEG must have or will have an active financial relationship with the Client; (ii) the complaint must contain allegations of (potentially) substantial and (in)direct and adverse impacts or risks; and (iii) there must be an indication of a relationship between the DEG-Financed Operation and the subject of the complaint. Any allegation of harm that could fall within the ICM Policy must therefore be related to the social, environmental, and human rights standards which the ICM Policy aims to safeguard.

The Panel underlines that a decision to declare a complaint admissible does not imply a view on the alleged harm or on whether the alleged harm has been caused by non-compliances with any policies of DEG. The admissibility assessment only assesses whether the complaint falls within the scope of the ICM based on criteria laid out in the ICM Policy. As such, the admissibility decision is based on the allegations in the complaint itself. It is only in the next phases of the ICM process that the Panel turns to verify and assess the allegations through a detailed review including discussions with all stakeholders and review of relevant documents. In addition, if after the Preliminary Review the Panel finds that no relationship can be established between the DEG-

¹ See ICM Notice of Admissibility Complaint 25-003, 25 April 2025, accessible online via:

proparco.fr/sites/proparco/files/2025-09/notice-of-admissibility-complaint-25-003-proparco-anonymized.pdf.

² The Panel is external to DEG. It operates independently from DEG and is governed by a publicly available policy. See the ICM Policy: deginvest.de/DEG-Documents-in-English/About-us/Responsibility/170101_Independent-Complaints-Mechanism_DEG.pdf.

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Financed Operation and the social, environmental, and human rights standards which are applicable to the Project, the Panel may still decide to close the case.

The Panel's assessment

Active financial relationship with the Client

DEG provided two loans to support two renewable energy projects undertaken by its Clients. These loans were still active at the time the complaint was received.

Moreover, the complaint specifically concerns alleged harm caused by the parent company of both of DEG's Clients, who fully owns and operates the renewable energy projects and is also 100% shareholder of the Clients. The Panel thus finds that there is an active financial relationship between DEG and its Clients.

Allegations of Substantial and Adverse Impacts or Risks

The complaint contains allegations of substantial harms which relate to labour and working conditions. Generally, the Panel accepts complaints relating to labour issues when there is sufficient indication that the issues are of a systemic nature and are thus sufficiently linked to the application of IFC Performance Standard 2: Labour and Working Conditions.³ The alleged harms in this case seem to exceed the scope of an individual dispute and concern broader issues. The ICM was designed to create accountability and, by extension, to enhance compliance with social, environmental, and human rights standards in DEG-Financed Operations. The Panel notes that the alleged harms fall within the scope of the ICM.

Relationship Between the DEG-Financed Operation and the Subject of the Complaint

The Panel finds that there is sufficient indication of a relationship between the DEG-Financed Operations and the subject of the complaint. The co-financing agreements refer to IFC Performance Standards including labour and working conditions.

It requires adequate environmental and social due diligence and monitoring by the borrower in compliance with Environmental and Social Standards as well as prompt updates to the Environmental and Social Action Plan and the Environmental and Social Management System as and when required as agreed with the senior lenders.

Decision

In light of the above, the Panel considers that the complaint fulfils the criteria for admissibility insofar as it concerns potential non-compliances with IFC Performance Standard 2 concerning labour and working conditions.

The Panel concludes that the complaint should be merged with ICM Complaint 25-003 and proceed to the Preliminary Review phase in order to develop a clear understanding of the issues raised and to determine the next appropriate steps under the terms of the ICM Policy.

³ IFC Performance Standards, January 2012, para. 8, 9, 15 and 20.
https://www.ifc.org/wps/wcm/connect/24e6bfc3-5de3-444d-be9b-226188c95454/PS_English_2012_Full-Documents.pdf?MOD=AJPERES&CVID=jkV-X6h.

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