

October 17, 2016

Mr. Osvaldo L. Gratacós
Compliance Advisor Ombudsman
International Finance Corporation
2121 Pennsylvania Avenue, N.W.
Washington, DC 20433

Subject: IFC Management Response to the CAO Compliance Investigation Report on IFC's Investment in Amalgamated Plantations Private Limited (APPL), India (Project # 25074)

Dear Mr. Gratacós,

Thank you for the opportunity to review and respond to the CAO's audit report regarding IFC's performance in relation to our investment in Amalgamated Plantations Private Limited (APPL) or "the Project." The issues raised in the CAO's report echo the work of several independent institutions and external stakeholders, drawing attention to the crisis in the tea industry in India. Collectively, they highlight some of the 150-year-old legacy issues plaguing the sector, which require urgent action.

IFC made the decision to partner with Tata Global Beverages Limited (TGBL or Tata), a leader in the tea sector, at an extremely difficult time for the tea industry. The industry was facing widespread closure of tea estates and massive job loss. IFC's investment in APPL, encompassing 25 tea estates in Assam and West Bengal, was made with the hope of supporting some 30,000 jobs on which workers and their families – over 155,000 people – were dependent. The investment was also intended to help the client increase the sustainability of its tea operations and mobilize additional capital, and to pilot a new employee ownership model that carried with it the potential for substantial long-term improvements in participating workers' standards of living. This project is characteristic of what shareholders are increasingly asking IFC to do: undertake engagements in challenging frontier environments that offer potentially strong development impact but also carry high implementation risk.

IFC acknowledges the need for broader analysis, initially, of the scale and complexity of the environmental and social challenges involved, and the costs and timeframe associated with making the level of improvements needed to ensure Performance Standard compliance. IFC also acknowledges that we should have identified the constraints that APPL's small size, relative to the tea industry, imposes on its ability to enable change both within the company and sector-wide. This is particularly relevant now that the tea industry is again under tremendous financial pressure due to increasing fixed costs. APPL is nevertheless engaging with the Government of Assam (GoA) to seek a review of the state policies governing the tea sector.

Despite the many challenges, Tata and IFC remain forces for good in the sector and IFC notes that APPL continues to demonstrate leadership and a commitment to improve the lives of, and conditions for, its workers. APPL is implementing a comprehensive and time-bound action plan titled Project Unnati to address shortcomings and legacy issues in key areas such as human health, worker health and safety, housing, and sanitation infrastructure. (An updated version, subject to TGBL and APPL board approval, is attached as “Draft APPL Action Plan” in Annex 1). Several of these efforts go beyond Indian statutory requirements. The pace – impeded by a range of geographical, seasonal, financial, and human resource constraints – is slower than what the workers and their families, APPL, or IFC would like. But recognizing that much more remains to be done, APPL has committed, as a top priority, to verify by March 2017 that every household has a functioning toilet and access to potable water (hand pump or piped) in accordance with statutory requirements. In addition, APPL is in discussions with GoA to include the plantations’ hospitals under the National Rural Health Mission, which will result in further improvements to the facilities and services offered at its estate hospitals. This is in addition to multiple other measures undertaken as part of Project Unnati which are outlined in Annex 1.

Management agrees with many of the CAO’s findings. For example, we agree that IFC needs to more carefully identify and manage situations where commitment happens several years after Board approval and/or where the applicable E&S framework changes between Board approval and commitment. This deserves closer review and action on our part. We also acknowledge that we did not sufficiently appreciate the broader risks posed by the Assam context at the time of appraisal. As a result of the CAO’s findings in this case, and a number of other cases, IFC is in the process of launching new environmental and social procedural requirements to systematically screen projects for contextual, country risks as part of due diligence, and to factor such external risks into decision-making and overall risk management.

However, on other matters raised in the report, we disagree with CAO. IFC has no reason to doubt the integrity of the third-party audit carried out by Solidaridad, a well-respected NGO, which did not cite any non-compliances with Indian law in respect to workers’ organizations, wages, avoidance of child labor, and disclosure/consultation. These findings are also in accordance with provisions of PS1 and PS2, as applicable. Nevertheless, IFC will seek an updated legal opinion as to whether the current wages paid meet national minimum wage requirements for the tea sector. In relation to grievance redress and worker health and safety, including pesticide use, significant progress has been made to date by the company. But there is also scope for further improvement. In this regard, APPL has committed to completely phase out highly hazardous pesticides (WHO Class 1a and 1b) and implement additional measures to strengthen its grievance mechanisms by end of FY17. A more detailed discussion on these important technical issues raised in the CAO report has been included in Annex 2.

The choices ahead are not easy ones. IFC, TGBL, and APPL are not satisfied with the status quo nor ongoing non-compliances, and have agreed collectively to work urgently in the next two years, in consultation with workers, to accelerate priority actions under APPL’s Action Plan, particularly those relating to: building new houses to close the shortfall; repair of houses requiring major/capital repair; provision of piped water to each household; upgrade of hospitals; and provision of mobile toilets for women in the plantation areas. As part of IFC’s continuing supervision program (that to date has involved meeting with complainants, participation in

employee engagement council meetings, conversations with office bearers of estate-level workers unions, and direct engagement with estate workers), IFC will undertake a supervision mission before the end of 2016. Additionally, IFC will further supplement its direct supervision efforts by commissioning, preferably with TGBL, an independent third party to engage directly and extensively with workers (including complainant workers) to seek their feedback on the effectiveness of the measures being implemented by APPL and to annually audit the status of Action Plan implementation.

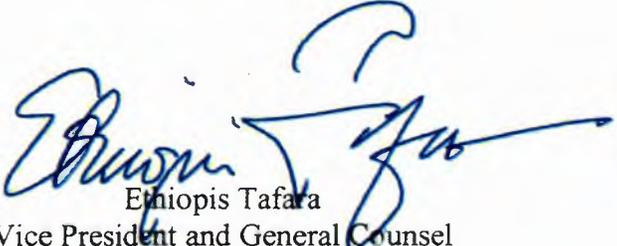
In carrying out all the outlined efforts, all parties will need to be realistic about costs, timetables and the sheer scale of the remediation effort across 25 estates, including external factors that can impact progress such as financial, monsoon and contractor capacity related constraints. These uncertainties notwithstanding, IFC, TGBL, and APPL will review progress made towards full compliance following the two-year period of accelerated effort, and reassess the range of options at that time.

We appreciate the engagement with the CAO on this investment and look forward to continued dialogue in this regard.

Sincerely,



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Vice President
Global Client Services



Ethiopis Tafara
Vice President and General Counsel
Corporate Risk & Sustainability

Annex 1: (Draft) APPL ACTION PLAN

NOTE: This is a draft action plan that is currently being discussed with APPL and TGBL management, and is subject to approval by APPL and TGBL Boards of Directors, and discussions with APPL's workers through appropriate mechanisms (e.g., employee engagement councils or other suitable mechanisms).

| # | Suggested Action Item | Current Status of Implementation (As of September 30, 2016) | Suggested date for completion/verification |
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| High-Priority Action Related to Human Health and Safety | | | |
| 1. | Provide to each household a working toilet/latrine. | <ul style="list-style-type: none"> - 2,810 new toilets constructed - 4,645 toilets repaired | March 2017 |
| 2. | Put in place a septic tank cleaning mechanism. | <ul style="list-style-type: none"> - Two mechanical septic tank cleaning equipment purchased - Septic tank cleaning undertaken in 8,691 households - Septic tank cleaning is an ongoing process and these are cleaned as and when required. | First round of cleaning of all existing septic tanks by March 2017 |
| 3. | Identify and resolve technical flaws in design of toilets to ensure all households have working toilets. | <ul style="list-style-type: none"> - 146 bio toilets installed on experimental basis - Technical solutions being discussed in collaboration with Caparo and Sulabh Groups | March 2017 |
| 4. | Make available potable water to each household as per PLA provisions. | <ul style="list-style-type: none"> - 6,252 number of hand pumps and piped water standpipes provided considering one potable water source per 4 households. Total number of houses are 18,681 and currently this ratio stands at 1 source for 3 houses. | March 2017 |
| 5. | Complete phase-out of hazardous pesticides of WHO Class 1a and 1b hazard classification, including putting in place control procedures to prevent inadvertent use. | <ul style="list-style-type: none"> - WHO class 1a and 1b pesticide use reduced to 200 liters in 2015 | March 2017 |
| 6. | High Quality Personal Protective Equipment (PPE) procured in sufficient numbers and made available to all workers on spraying duty. | <ul style="list-style-type: none"> - 2,842 complete sets including coveralls, masks, rubber vests/aprons, gloves, face and eye protection provided at the estates | March 2017 |

| # | Suggested Action Item | Current Status of Implementation (As of September 30, 2016) | Suggested date for completion/verification |
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| 7. | Sufficient number of spare PPE kept at each estate to replace PPE that gets damaged. | - 300 complete sets coveralls, masks, rubber vests/aprons, rubber gloves, face protection available at the estates | March 2017 |
| 8. | Each estate to provide appropriate budget every year for replacement of damaged PPE. | - Rs. 10 million (US\$ 150,000) provided in budget for FY17 | March 2017 |
| 9. | Mandatory rotation of workers away from spraying duties every three months. | - Change in IT payroll system has been implemented to enforce mandatory rotation of workers deployed on spraying operation every 3 months | Completed March 2016 |
| 10. | Training and awareness building covering all sprayers on safe handling, mixing and spraying techniques and on use of PPE. | - 7,063 sprayers/spraying men trained (100% of spraying squad) | March 2017 and refresher every year |
| 11. | Provision of wash station in each estate for washing of PPEs and for workers to take a bath. | - Wash stations provided in 23 estates. | March 2017 |
| 12. | Cover all estate hospitals under National Rural Health Mission | - Discussions with Govt. of Assam underway and draft MOU under finalization. | March 2017 |
| 13. | The APPL policy on the amendment of PLA 2010 pertaining to medical benefits for dependents should be adequately informed to the workers through Employee Councils. | - The system of providing Medical Benefits to the dependents of permanent employees has been implemented | March 2016 |
| 14. | Doctor's availability schedule/rosters to be prepared and communicated to all workers. | - A system to monitor attendance and visits of estate doctors has been put in place in the estate hospitals and other healthcare facilities | March 2017 |
| 15. | Together with ABITA and DBITA, a yearly seminar could be organized for estate doctors of different estates. The best-case practices could be shared in these meetings. The skills of the doctors should be enhanced | - Medical Seminars in coordination with ABITA & DBITA for the Estate Doctors on relevant topics are being held - Medical Officers are being nominated for refresher trainings | Ongoing |

| # | Suggested Action Item | Current Status of Implementation (As of September 30, 2016) | Suggested date for completion/verification |
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| | through special training on diseases which are common amongst the estate workers. | | |
| Priority Actions related to health, nutrition and safety | | | |
| 16. | Provision of swatch water filters to all households. | <ul style="list-style-type: none"> - Provided to 3,371 households in 7 Estates. - This will be provided in a phased manner. | March 2018 |
| 17. | Provide to each household a bathroom. | <ul style="list-style-type: none"> - Out of a total deficit of 11,823 units, 3,775 new bathrooms constructed in last 2 years. - Construction of another 4,000 being planned. | March 2019 |
| 18. | Cleaning of non-cemented drains in all worker colonies. | <ul style="list-style-type: none"> - The estates have almost 2 million running feet of drains which have been cleaned. | March 2017 |
| 19. | Construction of cemented drains in all worker colonies. | <ul style="list-style-type: none"> - This will be done in a phased manner. | March 2019 |
| 20. | Training and awareness of all employees on maintaining cleanliness and hygienic conditions in worker colonies. | <ul style="list-style-type: none"> - This is an ongoing process through various fora like employee engagement council, <i>mahila mandals</i>, health clinics and school health program. Most employees have been covered. | March 2017 and refresher every year |
| 21. | Enabling development of kitchen gardens by each worker and other measures to partially address nutritional deficiencies. | <ul style="list-style-type: none"> - 40 Child Health Volunteers have been sent on a special refresher course on child nutrition. - New nutrition diet charts for crèches and hospitals have been implemented. The Calorific values have been revised from 400 KCAL to 700 KCAL. - Awareness programs at all Estates on relevant topics are being held. | March 2018 |
| 22. | Provision/revamping of kitchen and provision of smokeless stoves to all households. | <ul style="list-style-type: none"> - 2,570 smokeless stoves provided. - 259 new kitchens constructed. - Being implemented in a phased manner. | March 2019 |

| Infrastructure Upgrade | | | |
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| 23. | Construct new houses in all estates barring Borjan to close the shortfall in available housing in all estates except Borjan (part of the 5% shortfall in houses will be closed as a result). | <ul style="list-style-type: none"> - 205 new houses built from the total 819 houses that are required to be built. Balance to be built in next 5 years. - Review progress in two years and recalibrate. | March 2022 |
| 24. | Develop a detailed year-by-year house construction plan for Borjan estate to close the shortfall of about 309 houses in 5 years, including details of financial and other resources required. | <ul style="list-style-type: none"> - Plan to be developed. | March 2017 |
| 25. | Construct new houses in Borjan in accordance with the plan developed above for two years and recalibrate the plan based on the progress. | <ul style="list-style-type: none"> - 26 new houses of total of about 309 houses being built in FY2017. 283 will remain as of March 2017. | March 2019 |
| 26. | Repair at least 50% of existing houses across all estates that have been identified as requiring major/capital repairs to the standards of Model houses developed at Hattigor and Majuli. | <ul style="list-style-type: none"> - 1,843 houses of the total 8,712 houses repaired. The repair program will be evaluated by APPL's Board annually. | March 2019 |
| 27. | Complete repair of all existing houses across all estates to the standards of Model houses developed at Hatthigor and Majuli. | <ul style="list-style-type: none"> - 1,843 houses of the total 8,712 houses repaired. The repair program will be evaluated by APPL's Board annually. | March 2022 |
| 28. | Make available one standpipe of piped water to each household. | <ul style="list-style-type: none"> - All infrastructure to provide piped water to worker housing will be put in place for 21 estates. - Pilot project has been undertaken in 3 estates. | March 2019 |
| 29. | Implement individual metering along with cluster metering across all plantations. | <ul style="list-style-type: none"> - Individual metering has been completed in 18 estates (remains balance in 3 estates). Execution in the rest of the estates is being pursued with the authorities. - Memorandum of Understanding (MoU) has been signed between Worker Committee, | March 2018 |

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| | | Assam Power Distribution Company Limited (APDCL), and estate management for supply of electricity. | |
| 30. | Arrangement of supply of electricity from government electricity boards at residential rates should be facilitated across the plantations. | - Billing is being done as per the special domestic rates levied by the State Government for 15,536 Workers' Quarters/Houses. | March 2017 |
| <i>Worker Living and Working Conditions Management System Upgrade</i> | | | |
| 31. | APPL could form Estate Employees Council in each estate and meet at least once a month to discuss critical issues around welfare and health and sanitation, among others, and further strengthen processes for tracking redress of issues raised, discussion on long pending housing and/or worker housing infrastructure upgrade concerns, discussion on effectiveness of measures being implemented by the company under various action plans, and sharing information about the EEC deliberations and decisions with the entire worker community. | Action executed across all plantations: - EECs are revamped with a participation of all work segments, 50% Women members, Union representatives, all management. - Discussions held on estate performance, community and worker issues, worker participation in exploring solutions, etc. All new initiatives discussed before implementation. - Additional measures to strengthen process to be implemented. | March 2017 |
| 32. | There should be a dedicated person in APPL focused on certification-related issues. | - Project Unnati implementation is the responsibility of a dedicated team at APPL. It is closely monitored and reviewed by the APPL Board of Directors at every Board Meeting as well as at Operating Management's internal weekly reviews. | March 2015 |
| 33. | A simple, easy-to-understand guide is prepared for compliance for all APPL gardens by way of integrating different standards including the Trustea. | - APPL has developed an IT-based standard that integrates the requirements of 11 International Standards – the first time such a tool was designed and customized to the Tea Industry. | Pilot in 3 estates March 2017 and full rollout by October 2017 |

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| 34. | Enhance budgetary resources made available to various worker welfare measures referenced in this Action Plan. | <ul style="list-style-type: none"> - There has been an increase of about 150% in the Welfare Budget from 2011-12 to 2016-17. - A two-year accelerated program including provision of adequate budget for upgrade of infrastructure will be developed and implemented to March 2019 covering actions indicated above at #s 16, 22, 23, 24, 25, 26, 27 and 28. - The plan will be recalibrated in March 2019 based on the progress achieved until then. | Pending |
| 35. | The user committees set up in several gardens need to be engaged and trained on good practices of energy savings. | <ul style="list-style-type: none"> - Good practices of energy savings have been discussed with the user committees as well as at the EEC meetings. - It is an ongoing process. The workers are encouraged to switch to CFL lamps. Solar lamps have not been provided so far and this is an in-house project | March 2017 and ongoing |
| 36. | Migration of young girls – Information tools like booklet and/or a video in local language be developed to provide knowledge about the work they are going to do in cities, their rights, terms and conditions, and most importantly, the difficulties of living in a mega city. An association with an NGO to counsel the youth in tea gardens would be desirable. | <ul style="list-style-type: none"> - TGB is one of the funding partners of the project announced recently by UNICEF and the ETP to improve opportunities for tens of thousands of children in tea communities in Assam and reduce their vulnerability to trafficking and abuse. The three-year program will initially work with 350 communities in over 100 estates in three districts in Assam. - Adolescent clubs (Muskaan Club) have been formed at 14 estates of APPL and will be formed in the remaining estates by December 2014. One of these clubs was initially trained by UNICEF. The trained volunteers are now training club members in other estates on spreading awareness in the areas of urban | March 2015 and ongoing |

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| | | <p>migration and trafficking, child marriage, girl-child education etc.</p> <ul style="list-style-type: none"> - Ongoing process in all estates. (Select north bank estates have been covered under APPL foundation program for safe migration.) | |
| 37. | Worker Education on ESOP, financial literacy, shares program procedures and processes. | <ul style="list-style-type: none"> - A Financial Literacy program has been conducted across all tea estates. Together with Tata Asset Management Limited and CRISIL, workers are educated about the benefits of savings and investments as well as about the shareholding program. - The share scheme and the dividend payout were explained to the worker shareholders in all the estates through an interactive session by APPL HR team. - Format of pay slips has been modified to clearly indicate share loan repayments and dividends earned. - For dividend a separate intimation slip containing relevant details is sent to all shareholders. - Valuation of the shares to be conducted following determination of annual financial performance, and shareholders to be informed of Net Asset Value (NAV) on an annual basis to increase investment understanding. This is shared on need basis on enquiry by any shareholder. - A system to enable consolidated withdrawal and distribution of dividends at the estate level is being planned and designed with a national bank and an NGO. This will enhance ease of dividend withdrawal by shareholding | March 2017 and annual refresher |

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| | | <p>workers. This pilot has been started on an estate.</p> <ul style="list-style-type: none"> - Provision of doorstep banking services through banking correspondence to expand banking access to shareholding workers is being explored. - To enhance the decision-making powers of the shareholding workers, a share exit option is being considered and placed before APPL Board for consideration. | |
| 38. | Workers impacted by the fisheries program to be provided or made permanent workers with all fringe benefits or be regularized for employment at the government-approved minimum wages for non-tea agricultural activities. | <ul style="list-style-type: none"> - The concerned workers have been compensated with either alternate land or by provision of permanent employment to an alternate family member. | March 2015 |
| 39. | Strengthen the housing and infrastructure complaint redress process. | <ul style="list-style-type: none"> - A uniform redress system has been implemented in all estates, wherein every complaint is logged with a unique number and actions with time lines are recorded. - Additional procedures will be put in place to provide periodic updates to complainant in case of delay in redress. - Worker perceptions to operation of grievance mechanisms will also be solicited as part of third party survey/audit process (see below). | March 2017 |
| Other Actions | | | |
| 1. | APPL will publicize the above Draft Action Plan and solicit feedback from workers on the proposed priorities. | <ul style="list-style-type: none"> - Consultation with workers will be undertaken through appropriate mechanisms (e.g., employee engagement councils and other appropriate mechanisms). | November 2016 |
| 2. | TGBL and IFC will engage a third party to undertake an annual audit and worker | | November/December 2016 |

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| | <p>perception survey of: (a) Project Unnati, (b) other improvement measures implemented or proposed and (c) financial literacy program and awareness training on employee share plan that have been undertaken by APPL, to independently verify implementation status and assess effectiveness.</p> | | |
| 3. | <p>The third party will undertake an annual audit and anonymous employee perception survey using an appropriately large and representative sample size of workers across 25 estates. Results from the survey will be shared with the workforce and serve to inform APPL management on the perceptions of employees with respect to improvements being undertaken and what additional initiatives may be needed. The third party will follow standardized and globally recognized social and perception survey procedures in the development of the sampling methodology, sample size, and survey instruments. This will include consultations with key stakeholder groups to help inform survey content.</p> | | <p>First audit and survey before end of December 2016 and subsequent audits and surveys before end of December of respective years.</p> |
| 4. | <p>Based on the findings of (2) and (3) above, the third party will identify opportunities for improvement and develop an action plan for any further undertakings in consultation with APPL management, the Employee Engagement Councils, TGBL, and IFC. This action plan will be informed by the CAO Investigation and IFC's own</p> | | <p>First Action Plan finalized by February 2017 and subsequent action plan finalized before end of February of respective years.</p> |

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| | supervision findings, and will become an addendum to IFC's ESAP agreed with APPL. The agreed actions will be posted on the company's website and socialized with employees. | | |
| 5. | The Action Plan/ESAP Addendum will be discussed at APPL's Board Meeting and appropriate budget proposal approved before start of next fiscal year. | | Last Board Meeting of every fiscal. |

Annex 2: Key Issues Raised by CAO report

Freedom of Association & Wages

IFC's PSs require IFC clients to meet the national law on workers' organization and where collective bargaining agreements exist, to ensure full compliance with such collective bargaining agreements. APPL meets the workers' organization requirements under PS2 in light of the fact that Assam Chah Mazdoor Sangha is a lawfully formed union and APPL complies with the current collective bargaining agreement in place. An external legal opinion obtained by IFC confirmed that wages paid meet legal minimum wage. However, given that the CAO has suggested that this opinion was not current at the time it was delivered, IFC will seek a fresh legal opinion.

In the context of other concerns related to wages and task rates, the Company has also put in place IT based systems for controlling and tracking overtime. APPL is issuing bilingual pay slips (English and Assamese), and ensuring that in low yield season workers are paid the task rate even if they collect a lesser quantity than is required. Further details on this can be found on APPL's website.

Engagement with Workforce & Grievance Mechanisms

APPL's commitment towards enhancing employee participation in estate welfare is evidenced through the institution of participatory processes to address worker concerns and expectations, enabling participatory programs on prevention of human trafficking, maternal and child health improvement initiatives, parent-teacher/school initiatives and the facilitation of worker shareholder participation in annual general meetings. The Company has re-established Employee Engagement Councils (EEC) in each estate. Each EEC includes 20-30 workers, approximately 50% of whom are women, as well as union representatives. EECs are supposed to meet at least every month and are expected to be an institutionalized forum for the sharing of information, consultations on various initiatives, and discussion of projects and action plans being implemented by APPL. Importantly, the EECs are also the fora for discussion and redress of grievances that are escalated to the EEC if they remain unresolved in the existing standalone grievance redress mechanism. APPL and IFC both recognize that while there has been progressive improvement, there is scope for further strengthening of the functioning of the EECs as well as the underlying grievance mechanisms, including greater consistency across all 25 estates.

Worker Health & Safety – Pesticide Use

IFC agrees with the CAO that ensuring worker health and safety is paramount and IFC's Performance Standards identify compliance requirements. APPL's use of hazardous WHO Class 1a and 1b pesticides has been drastically reduced from more than 17,000 liters to about 200 liters between 2012 and 2015, and the company will eliminate their use by March 2017. Use of WHO class II pesticides is to be undertaken only by appropriately trained personnel who are required to use protective equipment during any spraying programs. APPL has strengthened human resource IT systems to ensure sprayers are rotated out to other jobs after 3 months. Improvements have been made in distribution and use of protective equipment by workers engaged in spraying pesticides, along with provision for an adequate number of wash stations. Assessment of effectiveness of

these measures will remain a key component of IFC's supervision program and the worker perception survey.

Infrastructure Improvements & Human Health

IFC agrees with the CAO report that major infrastructure deficiencies remain to be addressed, including housing repairs and dysfunctional sanitation systems which pose clear health hazards to employees and their dependents. IFC and APPL fully recognize these needs and dialogue remains ongoing with the company. With 155,000 people to be covered, the resource demands are great and remediation will take time. It is important to note that considerable resources have already been spent, and more allocated, to needed fixes and improvements including to housing, toilets and latrines, bathrooms, and potable water access. Other achievements include renovating health centers at ten estates, introduction of e-hospital facilities and crèche at three estates. However, in recognition of the particular urgency associated with human health related remedial measures, APPL has agreed with IFC to place greater priority on speeding the installation and upgrade process of these sanitation facilities, as well as ensuring access to clean water. The updated timeline is detailed in Annex 1. Given limited resources, this prioritization may slow other infrastructure needs like housing construction and repair.

Child Labor

The CAO report identifies child labor as a concern. Child labor, however, is explicitly forbidden based on APPL policy (and indeed would be a PS-compliance issue) and is covered by the company's Environmental and Social Management System. Specifically, the company's operating policy is that no "helpers" are allowed to perform alongside the employee. No employee is to be under the age of 18. It is the local field supervisor's and field manager's job to ensure this policy is observed. Apart from its own corporate commitment not to employ children, APPL's ability to sell its tea production would be at severe risk given its buyers' own policies against use of child labor. Solidaridad's audit confirmed that the use of child labor was not evident. This will remain subject to APPL, IFC, and third-party vigilance.

Performance Standards Applicability

It is IFC's view that the employees on APPL's estates have a unique cultural identity and are addressed in the context of this project under PS1 as a vulnerable group. IFC did not apply the Indigenous Peoples policy (PS7) given that this population is not native to the area. They do not have a historical dependence on land, ancestral territories, or natural resources in the project area which predates the tea industry and/or has been impacted by the project.

On the issue of economic impacts on workers who were undertaking supplementary agricultural activities on the company's unused land and were affected by its fisheries operations, it is important to note that these were all employees of APPL and/or their family members living within the estate premises. Because the project did not involve any new land acquisition, these impacts were covered under PS1. As mitigation, the company has provided those impacted with additional employment or alternate land. IFC's view is that this meets the provisions of PS1.