

March 4, 2019

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

Subject: IFC Response to CAO Monitoring Report of IFC's Investment in Amalgamated Plantations Private Limited (APPL), India (Project # 25074)

Dear Mr. Gratacós,

IFC thanks CAO for its first Monitoring Report related to IFC's investment in APPL. As acknowledged in the report, many of the legacy problems inherent to the tea sector in India, as well as continued financial distress in the industry, have presented challenges to addressing all the issues in the complaint. IFC agrees that tackling many of the endemic issues highlighted in the report will take broad stakeholder engagement and a sector-wide approach in Assam. Meanwhile, IFC will continue to encourage APPL to prioritize those Action Plan items that are within its power to achieve in the short to medium term.

IFC undertook a site supervision mission in November 2018 to follow up on Action Plan items and a subsequent supervision visit is planned for mid-2019. While progress has been slow and challenging, APPL has been working steadily towards improving the living and working conditions of workers on its estates. For example, APPL has implemented several measures to address health concerns linked to pesticide exposure for sprayers; upgraded medical facilities; worked to address risks that cause injuries to field workers; improved the recording, follow-up, and closing out of grievances/complaints; provided formal employment to workers' family members engaged in cultivation activities on company land; and completed the development of an integrated environment and social management system which was piloted in three estates.

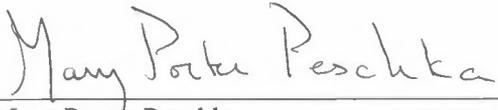
IFC is working with APPL as it seeks to implement its Action Plan commitments. In this context, all parties will need to be realistic about costs, timetables, and the sheer scale of the remediation effort across 25 estates, particularly given sector-wide financial constraints and external factors that have hindered progress such as monsoon rains, low contractor capacity, and lack of internet connectivity.

One of the important next steps will be to build the dialogue and trust between the representatives of the complainants and APPL. As CAO notes in its report, the third-party audit and worker perception survey – which is intended to identify further actions toward improving working conditions – has not yet commenced due to disagreements between the parties. IFC is working to facilitate engagement between the complainants, Accountability Counsel (complainants' representative), and APPL to help build trust and find common ground on various aspects going forward. IFC has agreed to organize and fund a neutral, independent facilitator who will facilitate a stakeholder consultation for this purpose, as we now believe all parties intend to work together to find a path forward.

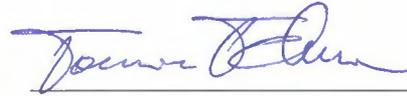
As the CAO report noted, many of the issues raised are not unique to APPL – they are centuries-old legacy issues plaguing the sector. It is also clear that the number and complexity of socioeconomic issues in the

sector go beyond the ability of a single private sector company and its investors to address and will require a much broader, public-private, multi-stakeholder effort. To this end, IFC proposes facilitating a broader approach to engage all relevant stakeholders on a sector-wide study to identify a more sustainable path towards economic and social development for the tea sector in Assam. We believe such an approach will be one of many needed interventions to assess the depth of the problem and determine how all stakeholders can work collectively to improve the overall wellbeing of tea plantation workers in the long term.¹

Sincerely,



Mary Porter Peschka
Director, Environment, Social and Governance



Tomasz Telma
Director, Manufacturing, Agribusiness,
and Services

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