



The Independent Accountability Mechanism for IFC & MIGA

DECEMBER 2024

Compliance Appraisal Report

CAO Compliance Appraisal of Complaint Regarding IFC's Investment in Karot Power Company Ltd. (KPCL), Pakistan

Pakistan: Karot Hydro-04/Jhelum River
IFC Projects: #36008 and #34062

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see www.cao-ombudsman.org.

About the Compliance Function

CAO's compliance function reviews IFC and MIGA compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate.

CAO's compliance function follows a three-step approach:

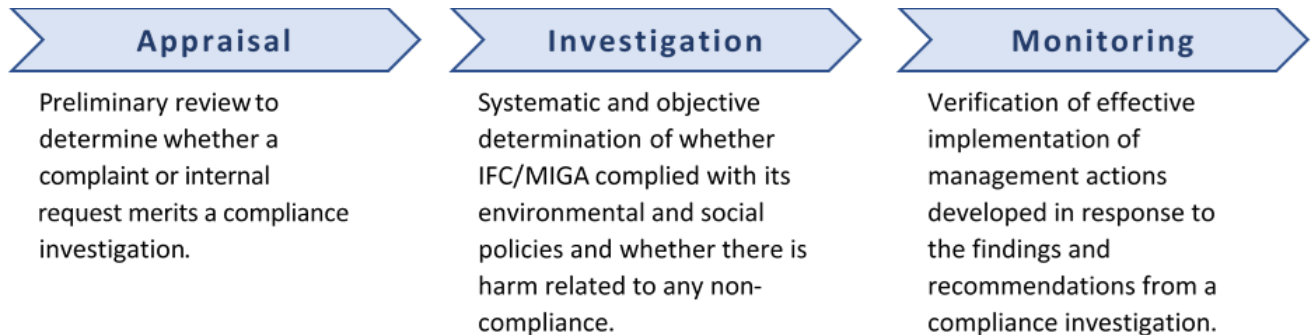


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Acronyms

AJ&K	Azad Jammu and Kashmir
AMR	Annual Monitoring Report
CAO	Office of the Compliance Advisor Ombudsman (IFC and MIGA)
CRMC	Community Relations Management Committee
CRMP	Community Relations Management Plan
CSAIL	China Three Gorges South Asia Investment Limited
CTGC	China Three Gorges Corporation
CTGI	China Three Gorges Investments
E&S	Environmental and Social
EPC	Engineering, procurement, and construction contractors
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESMP	Environmental and Social Management Plan
ESIA	Environmental and Social Impact Assessment
ESRS	Environmental and Social Review Summary
GN	Guidance Notes
HPP	Hydropower Plant
HR	Human Resources
H&S	Health and Safety
ESHS	Environment, Social, Health and Safety
IESC	Independent Environmental and Social Consultant
IFC	International Finance Corporation
KPCL	Karot Power Company Limited
NTDC	National Transmission and Dispatch Company Limited
OHS	Occupational Health and Safety
O&M	Operation and Maintenance activities
PS	Performance Standards (IFC)
SCAP	Supplemental Corrective Action Plan
SOP	Standard Operating Procedures
SP	Sustainability Policy
SSV	Site Supervision Visit
TGDC	Yangtze Three Gorges Technology and Economy Development Co., Ltd

Executive Summary

Karot Power Company Ltd. (KPCL or “the Company”), a special-purpose vehicle incorporated in Pakistan and majority-owned by China Three Gorges South Asia Investment Limited (CSAIL), undertook the construction, operation, and maintenance of the 720MW Karot Hydropower Project on the Jhelum River (“the Karot Project” or “the project”). The project features a 95.5-meter-high dam, a surface powerhouse, four headrace tunnels, a spillway, and a 5km long 500kV transmission interconnection to the national grid. Expected to generate 3,174 GWh annually, the energy is sold to the National Transmission and Dispatch Company Limited (NTDC) under a 30-year Power Purchase Agreement.

In November 2014, the International Finance Corporation (IFC) committed to a 15% equity investment of US\$125 million in CSAIL, and in May 2016, approved a US\$100 million loan for the project. Construction began in January 2016, with Three Gorges Technology and Economy Development Co., Ltd (TGDC) as the EPC contractor, and the project achieved commercial operations on June 29, 2022.

In May 2022, the CAO received a complaint from the president of the Karot Dam Action Committee in Pakistan on behalf of eight individuals from the Azad Jammu and Kashmir (AJ&K) community. The complaints against the Karot Project highlight several issues related to unfair hiring and employment practices. Allegations include hiring based on favoritism and nepotism, and discrimination against local populations from AJ&K, with claims that many qualified local engineers are overlooked despite meeting job requirements. Additionally, there are accusations of a lack of transparency in the dismissal process and violations of international laws. One complainant reported being unfairly dismissed from his role as a site supervisor after requesting a salary increase, arguing that his dismissal was unjust and linked to his efforts to secure a livable wage. Another complainant, who served as both a Safety Engineer and a Community Liaison Officer, claimed he was coerced into resigning due to his attempts to address the company's unfair hiring practices, indicating that his resignation was not voluntary but forced upon him. A third complainant, who worked for four years as a flagman and Health and Safety Officer, also claimed that he was asked to resign, allegedly because he requested personal leave.

IFC stated that upon being notified by CAO of the complaint referral in June 2022, it engaged with the complainants and the Company, addressing the issues raised. With the complainants' consent, IFC informed that requested information from the Company and conducted an independent review of the hiring process with the help of a third-party labor consultant and did not find systemic PS2 non-compliances. Additionally, IFC noted has supervised the Company's PS2 performance, ensuring compliance through due diligence, monitoring, and corrective actions, and advised the Company to improve job advertisement communication and prioritize affected community members. According to IFC, complaints of unfair dismissal and forced resignation lacked sufficient information for PS2 compliance assessment, but termination procedures and grievance mechanisms were verified to align with local laws and PS2.

The Company stated that it has revised its hiring Standard Operating Procedures (SOPs), approved by senior management and shared with government offices and the community. As reported by KPCL, the new SOPs ensure that job advertisements are announced locally through public notices, shared with Community Relations Management Committee (CRMC) members, local government offices, and posted on social media. The Company asserted the recruitment policy prioritizes hiring from the local community, ensuring qualified candidates from these areas are given first preference, and all recruitments are conducted on a merit basis with standardized criteria for each job role.

Also, the Company noted that complaints of unfair dismissal and forced resignation were related to the TGDC contractor, not KPCL, and no evidence supported these claims. KPCL and TGDC emphasized their commitment to compliance and stakeholder engagement while addressing employee concerns.

CAO Compliance Appraisal Preliminary Findings

Regarding unfair hiring practices:

- There is evidence of preliminary indications of harm due to a lack of transparency in the hiring process, as complainants asserted that they have not receive a rationale for not being hired despite, in their view, having the necessary technical background. Additionally, there is preliminary indications of harm due to the lack of project employment opportunities being advertised in all communities. Prior to the CAO complaint, neither IFC nor the Independent Environmental and Social Consultant (IESC / IFC consultant) reports document a broad supervision of job postings being advertised locally (AJ&K districts).
- There are no preliminary indications of potential IFC non-compliance in relation to the Sustainability Policy (SP) (paragraphs 28 and 45) and Performance Standard 2 (Labor and Working Condition) (paragraphs 15, 16, and 25). CAO concludes that IFC took the necessary due diligence steps to assess the issue of unfair hiring practices. There was not information during IFC's initial supervision to suggest problems with local hiring practices. However, upon being informed of the issue, the IFC promptly undertook corrective measures to address the concern. IFC's E&S consultant reports increases in hiring from local communities from 2017-2021. This is being monitored by IFC's E&S consultant during the operations and management (O&M) phase.
- No plausible link between the alleged harm and potential IFC non-compliance can be established, as there are no preliminary indications of potential non-compliance with IFC's E&S policy.

Regarding unfair dismissal and forced resignation:

- Based on a preliminary review of available information, there is evidence of preliminary indications of harm related to unfair dismissal and forced resignation. The complainants asserted to have been unfairly dismissed and available information does not indicate that they were presented a rationale for dismissals according to the termination criteria stated in the KPCL and EPC's Human Resources (HR) Policy.
- There are preliminary indications of IFC non-compliance with its SP obligations (para. 45) in the IFC supervision program. IFC's recent supervision documentation presents limited consideration and evaluation of the issues of unfair dismissal and forced resignation in order to provide assurance of its client's compliance with PS2. The IFC labor consultant, hired by IFC in 2021, indicated several complaints from workers who were fired or forced to resign without clear criteria and justification. Unfair dismissal and forced resignation issues were also raised during the Karot-02 and 03 investigations, with CAO learning of six additional cases.
- CAO concludes the preliminary indications of Harm are plausibly linked to IFC's potential non-compliance. The complainants assert that their termination was unfair, and that they

have not received a rationale. The termination of a person's employment can present economic, social and psychological impacts. Weaknesses in IFC's supervision of complaints of unfair dismissal and forced dismissal did not provide for appropriate assessment of possible unfair dismissals at the Company.

CAO Decision and Next Steps

CAO's appraisal analysis focused on the following issues: (i) unfair hiring practices, and (ii) unfair dismissal practices and forced resignation. CAO's analysis concludes that the issue of unfair hiring practices will be closed at appraisal. On the issue of unfair dismissal practices and forced resignation, CAO concludes that the complaint meets the criteria for a compliance investigation.

In considering the requirements of paragraphs 92 and 93 of the CAO Policy, CAO concludes that the Karot-04 complaint should be merged with the Karot-02/03 compliance process, currently in the Compliance Investigation phase. The terms of reference for the investigation are described in the [Annex C of the Karot-02/03 Appraisal Report](#). The draft compliance investigation report will be completed by Q3FY2025.

The complaint and IFC response are included in the appendices to this appraisal report. This report is shared with the Board, the World Bank Group President, IFC Management, the client, and the complainants, and published on CAO's website.

1. Introduction

This section provides an overview of the IFC investment, the complaint to CAO, IFC's Management Response, and the Karot Power Company Ltd.'s (KPCL) response to the complaint. It also includes a timeline for the project and the CAO case.

1.1. The Project and IFC Investment

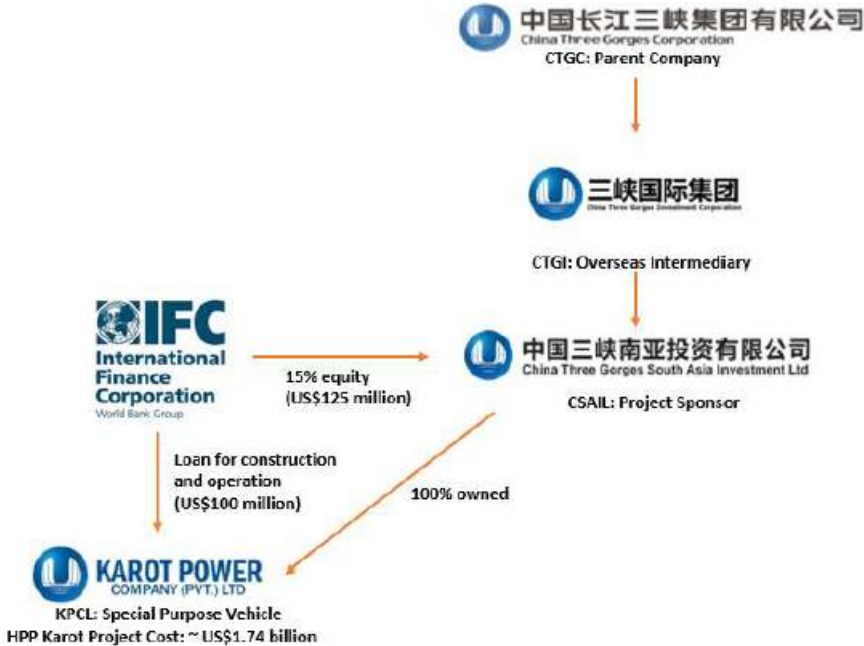
KPCL ("the Company"), a special-purpose vehicle incorporated in Pakistan and majority-owned by China Three Gorges South Asia Investment Limited (CSAIL), undertook the construction of a 720MW run-of-the-river hydropower plant (the "Karot Project", "the project") on Pakistan's Jhelum River and is responsible for its operation and maintenance (O&M). The project included a 95.5-meter-high dam, a surface powerhouse, four headrace tunnels, a spillway, and an approximately 5km long 500kV transmission interconnection to the national grid.

The project sponsor, CSAIL, was established by China Three Gorges Corporation (CTGC), through its wholly owned overseas intermediary, China Three Gorges Investments (CTGI), previously known as CWE Investment Corporation (CWEI). CSAIL serves as the dedicated platform company for CTGC's renewable energy investments in Pakistan.

The Karot Project is expected to generate 3,174 GWh (net) annually, to be sold to the National Transmission and Dispatch Company Limited (NTDC) of Pakistan under a 30-year Power Purchase Agreement.

IFC committed an equity investment of up to US\$125 million in CSAIL (project #34062) in November 2014. In May 2016, IFC approved a US\$100 million loan to finance the Karot Project (project #36008)¹.

Figure 1: IFC's Exposure to the Karot Hydropower Project



¹ IFC investment in the Karot Project, Summary of Investment Information - <https://bit.ly/2V0OcDH>

Project construction commenced in January 2016. The engineering, procurement and construction (EPC) contractor is Yangtze Three Gorges Technology and Economy Development Co. Ltd (TGDC).

The project achieved Commercial Operations in June 2022. China Three Gorges Power Operations International Co. Ltd. (CTGO) was appointed as the Operation and Maintenance (O&M) contractor for the Karot Project and took charge of the Project O&M works as of 2022. By the end of 2023, construction activities were mostly completed, with a few remaining tasks outstanding, such as building the O&M camp.ⁱ

Figure 2. Timeline of key events in relation to the Karot Project Cycle

Year	Month	Event
2014	January	Project #34062 IFC Disclosure of Environmental & Social Review Summary (ESRS) and Summary of Investment Information (SII) for equity investment in China Three Gorges South Asia Investment Limited (CSAIL).
	May	Project #34062 CSAIL project approved by IFC's Board.
	November	Project #34062 IFC commits equity of US\$125M in CSAIL.
2015	August	Project #36008 IFC disclosure of Environmental & Social Review Summary (ESRS) and Summary of investment Information (SII).
2016	January	Construction of Karot Project starts.
	May	Project #36008 Karot Project approved by IFC's Board.
	November	Project #36008 IFC commits loan of US\$100M to KPCL.
2019	August	Three-day high-level workshop in Beijing by Mott MacDonald for KPCL, CTGDC, and CTGI regarding high-risk environmental and social (E&S) issues and IFC Performance Standards. CAO receives Karot-02 complaint. ²
2020	March	Construction temporarily suspended due to COVID-19.
	July	CAO receives Karot-03 complaint.
	November	CAO Assessment Report for Karot-02 complaint completed. ³
2021	March	CAO Assessment Report for Karot-03 complaint completed.
2022	January	CAO Compliance Appraisal Report for Karot-02 and 03 complaints completed. ⁴
	April	CAO compliance mission to the Karot Project.

² In March 2019, CAO received the first complaint on the Karot Project (Karot-01). CAO determined this complaint ineligible on the basis that the complaint was anonymous. CAO's Operational Guidelines (2013) stipulate that CAO cannot accept an anonymous complaint (para. 1.4).

³ Information about CAO's Karot 2 case is available at <https://officecao.org/Karot02>

⁴ Information about CAO's Karot 3 case is available at <https://officecao.org/Karot03>

	May	CAO receives the Karot-04 complaint from the president of the “Karot Dam Action Committee” in Pakistan on behalf of eight people.
	June	CAO determines that the Karot-04 complaint met its three eligibility criteria. At the request of the complainants, the complaint was referred to IFC. Karot Project enters into operation. Some infrastructure activities still ongoing. China Three Gorges Power Operations International Co. Ltd. (CTGO) appointed as the O&M contractor for Karot Project and takes charge of the Project operation and maintenance works.
2023	March	Karot-04 complainants state their desire for CAO to resume processing the complaint.
	August	CAO publishes its Karot-04 Assessment Report and the Dispute Resolution process begins.
2024	September	The Karot-04 case is transferred to CAO's Compliance function for appraisal, after the Dispute Resolution process ends.

2. Complaint Summary⁵

In May 2022, CAO received a complaint from the president of the “Karot Dam Action Committee” in Pakistan on behalf of eight people living in the Azad Jammu and Kashmir (AJ&K) local community, in the district of Kotli.

The Complainants voiced concerns regarding:

1. Unfair hiring and employment practices, such as hiring based on favoritism and nepotism, and discrimination against AJ&K local populations. The issues raised in the complaint refer to alleged unfair hiring practices by the Karot Project, including lack of transparency in its hiring process, not hiring based on professional skills, and alleged discrimination based on community of origin. The complainants alleged that many local, highly qualified, and experienced professional engineers from the AJ&K area are not being considered for jobs at the Karot Project despite having the required qualifications. The complainants further claimed that the Karot Project’s hiring process violates international laws, and that top management has engaged in incidents of nepotism, promoting their favorites based on ethnicities and communities of origin.
2. Unfair dismissal. One complainant, who was initially thought to have been employed at KPCL (later clarified as TGDC) reported that he was unfairly dismissed, presumably due to his request for a salary increase. He argued that the wage he received was insufficient to meet his living expenses, implying that it did not constitute an adequate living wage. This dismissal took place in January 2020 and according to the complainant, was unjust and directly linked to his efforts to secure a fair and livable income.
3. Forced resignations. One complainant, who had worked as both a Safety Engineer and a Community Liaison Officer (CLO), claimed that he was forced to resign in February 2019 from his position as a Safety Engineer with TGDC. He suggested that this coercion was presumably due to his raising concerns about the company's unfair hiring process. The complainant indicated that his resignation was not voluntary but rather a consequence of his efforts to address and highlight the inequities in the company's employment practices. A second complainant alleged that after working for four years as a Health and Safety Officer for TGDC, he was also asked to resign in September 2021. The individual alleges he was asked to resign because he requested personal leave.

In June 2022, CAO determined that the complaint met its three eligibility criteria. In accordance with the CAO Policy,⁶ the complaint was referred to IFC at the complainants’ request.

In March 2023, IFC informed CAO of its decision to end its referral process, and the complainants stated their desire for CAO to resume processing the complaint.

CAO’s assessment process commenced in March 2023 with the objective of clarifying the issues and concerns raised by the Complainants in their complaint and gathering information on the perspectives of various stakeholders. During the assessment phase, CAO contacted seven of the eight complainants. Despite multiple attempts, CAO was unable to communicate with the eighth complainant.

During the assessment phase, the complainants and the Company decided to address the issues raised in the complaint through a dispute resolution process facilitated by CAO. In August 2023,

⁵ The CAO Assessment Report is available here: <https://bit.ly/3CSOzWR>

⁶ CAO Policy, para. 39

CAO published its Assessment Report, which summarized the complainants' and Company's perspective and the assessment outcomes.⁷

In March 2024, the complainants indicated that, considering the Company's proposals for improving future hiring processes and transparency, they were considering transferring the unfair dismissal and forced resignation issues to CAO's Compliance function. However, the Company was not open to dividing the issues between the Dispute Resolution and Compliance functions. In May 2024, CAO informed the complainants of the Company's position, and in response the complainants decided to transfer all three issues to CAO's Compliance function in September 2024.⁸

The full complaint is attached to this report as Appendix 1.

3. Summary of IFC Management Response

IFC stated that during the referral period, they engaged with the complainants and the Company from June 2022 to March 2023 on issues raised in the initial complaint.

IFC noted that they requested information and documentation from the Company in response to the allegations, and the Company conducted an independent review of its hiring process by its labor team, supported by a third-party international labor consultant. According to IFC, in August 2022, the Company communicated its findings to the complainants and IFC, stating that the hiring process had been conducted in line with the Company's HR policies.

During the referral period, IFC conducted its own review of the allegations of unfair hiring practices described by the complainants. IFC found the Company's practices to be aligned with PS2. However, while there were no systemic PS2 non-compliances with respect to the Company's hiring practices, IFC did identify areas for improvementⁱⁱ.

From 2022 onward, IFC stated that it worked with the Company to improve its communication of O&M job advertisements and to prioritize community members for employment in the O&M phase, and has continued monitoring the O&M hiring process as part of subsequent supervision activities. IFC communicated its findings to the complainants in March 2023.

IFC affirmed that it supervised the Company's PS2 performance as per the requirements of the Sustainability Policy and has systematically sought to prevent, identify, review, and require the Company to resolve deficiencies through the means at its disposal, consistent with the standards it applies to projects of this scale and nature. IFC also stated that it ensures compliance with PS2 and national labor laws through a comprehensive program of due diligence, monitoring, and supervision, involving internal E&S specialists and external experts, addressing any deficiencies with corrective actions as needed.

With respect to IFC's supervision of the project, specifically relating to PS2, IFC stated that: (i) IFC required the engagement of its Independent Environmental and Social Consultant (IESC, "IFC's consultant") for routine project monitoring, up to four times per year during the construction phase and twice per year during the operational phase, using a team with PS2 expertise; (ii) IFC

⁷ The CAO Assessment Report is available here: <https://bit.ly/3CSOzWR>

⁸ The CAO Conclusion Report for the Dispute Resolution process is available here: <https://bit.ly/3CSOzWR>

has worked extensively with the Company to agree on a Supplemental Corrective Action Plan (SCAP), periodically updated to address findings from ongoing supervision by IFC and IFC's consultant; and (iii) IFC required the Company to engage a specialist labor advisor with proven experience in international standards to advise and train the Company's HR staff on PS2, even before the receipt of this complaint.

To date, IFC noted that, with respect to the allegations of unfair hiring practices raised in the complaint: (i) the Company's HR policies included appropriate commitments to equal opportunities and non-discrimination as per local regulations and PS2; (ii) the Company monitored diversity and local hiring indicators periodically among their workforce and reported these to IFC directly and through the IESC as part of our ongoing supervision of the project; (iii) since the start of the project, the Company has been regularly updating community representatives on progress through the Community Relations Management Plan committees; (iv) during the peak employment period for the Company (Q4 2019), prior to this complaint, it reported having hired a significant number of local workers from affected communities; and (v) the external labor expert engaged by IFC concluded that the hiring policies and procedures are overall consistent with PS2, including those related to non-discrimination.

IFC acknowledges the communities' expectations for further job access during the O&M phase and has advised the Company to improve communication of job advertisements, prioritizing affected community members among equally qualified candidates. In addition, IFC stated that KPCL has updated its hiring procedures accordingly.

Regarding complaints of unfair dismissal and forced resignation, IFC noted that has not received sufficient information to assess compliance with PS2 but has verified that the Company's termination procedures and grievance mechanisms align with local laws and PS2.

IFC also stated that if CAO decides to proceed with a compliance investigation, based on the synergies between CAO's current investigation of the Karot-02 and Karot-03 cases, IFC would be supportive of merging the Karot-04 case with the ongoing compliance investigation.

The full IFC Management Response is attached to this report as Appendix 2.

4. Summary of Company Response

Unfair Hiring Practices

KPCL stated that has revised its hiring Standard Operating Procedures (SOP), which was approved by senior management and shared with government offices and the community. According to the Company, the new SOPs emphasize that all job advertisements are to be announced in local communities through public notices, shared with Community Relations Management Committee (CRMC) members, local government administration offices, and posted on social media. It also states the recruitment policy prioritizes hiring from the local community, especially for unskilled jobs, ensuring that qualified candidates from these areas are given first preference, and all recruitments are conducted on a merit basis, adhering to standardized criteria for each job role, with specific criteria set for technical positions to ensure safety and technical qualifications are met.

As reported by KPCL, they also developed the Community Relations Management Plan (CRMP), which includes the Community Relations Management Committee (CRMC). This Committee consists of the CEO of KPCL serving as the Chairman, and a total of 20 members from affected villages, government district administration, and KPCL. The CRMC is focused on resolving community grievances, including local employment issues.

Additionally, KPCL stated that grievance boxes have been installed in each affected village, public leaflets have been distributed to raise awareness, and KPCL's team conducts regular community outreach activities to engage with the local population and address their concerns.

Unfair Dismissal and Forced Resignation

KPCL stated that the complainants alleging unfair dismissal and forced resignation were employed by TGDC, KPCL's EPC contractor during construction phase, not by KPCL itself, and noted there is no evidence or records supporting these claims.

The Company stated that all past grievances reported to TGDC have been addressed or compensated, and no cases of illegal termination or forced resignation were recorded or received in 2020, 2021 and 2023. KPCL also noted that TGDC has developed HR/Labor Policies, approved by the IFC, to ensure transparency and accountability, and has provided training to workers at all levels.

The full Company Response is attached to this report as Appendix 3.

5. Compliance Appraisal Scope, Methodology, and Process

The scope of this CAO compliance appraisal is limited to issues raised in the complaint and CAO's Assessment Report. It covers an analysis of the three appraisal criteria required to determine whether to initiate a compliance investigation. These criteria are:

- (a) whether there are preliminary indications of Harm or potential Harm;
- (b) whether there are preliminary indications that IFC may not have complied with its E&S Policies; and
- (c) whether the alleged Harm is plausibly linked to the potential IFC non-compliance.

CAO has made the appraisal decision based on the appraisal criteria and other relevant considerations contained in the CAO Policy.⁹ The appraisal involved a preliminary review of the following information:

- Documentation related to the complaint, CAO's Assessment Report, IFC's Management Response, and the Company response;
- Project documentation shared by IFC and IFC disclosed project information available on its website;
- Information gathered through discussions with the complainants and IFC staff;
- Relevant publicly available documentation.

⁹ For further details, see CAO Policy (2021) para. 76-97

CAO extends its appreciation to all parties mentioned in this Compliance Appraisal Report who have shared their perspective, knowledge, and time with the CAO compliance team.

5.1. CAO Appraisal Analysis

Taking into consideration the complaint, IFC's Management Response, the Company response, and available documentation and information, the appraisal analysis focused on the following issues: (i) unfair hiring practices, and (ii) unfair dismissal practices and forced resignation.

As detailed below, CAO's analysis concludes that:

- the issue of unfair hiring practices will be closed at appraisal as there is no evidence of preliminary indications of IFC non-compliance with its E&S Policies.
- regarding the issue of unfair dismissal practices and forced resignation, the complaint meets the three appraisal criteria.

A. Unfair Hiring Practices

Preliminary Analysis of Harm

The President of the Karot Dam Action Committee, representing eight individuals from the AJ&K local community, highlighted concerns about alleged unfair hiring practices by KPCL. The complaint alleges a lack of transparency in the hiring process, non-merit-based hiring, improper advertisement of jobs in the complainants' communities, and discrimination based on the community of origin.ⁱⁱⁱ Specifically, the complaint alleges that qualified and experienced local engineers from the AJ&K area are being overlooked for positions despite meeting the necessary qualifications. Additionally, the complaint accuses the Karot Project of violating international laws and engaging in nepotism, with top management favoring individuals based on their ethnic and community backgrounds.

The CAO Policy defines Harm as any material adverse E&S effect on people or the environment resulting from a project or subproject.¹⁰ CAO concludes that there is evidence of preliminary indications of Harm on the following basis:

- **Lack of transparency in the hiring process.** While the Company has HR policies and procedures that include statements of non-discrimination and equal opportunity, the complainants asserted they did not receive an explanation for not being hired, despite having the technical background that would have qualified them for the positions to which they applied. Upon a preliminary review of available documentation, possible gaps in the Company's communication and predictability in the hiring process has led to concerns and grievances among the local community.
- **Lack of job advertisements in local communities.** While the Company stated that all job advertisements were announced by posting notices in public places, sharing with Community Relations Management Committee members and local government administration offices, and posting on social media, IFC supervision reports highlighted grievances related to the local hiring process, indicating that the community felt inadequately informed about job opportunities. To date, CAO has seen limited evidence of the job postings being advertised in the local communities.

¹⁰ CAO Policy, Glossary.

On the other hand, based on a review of available documentation, CAO concludes that there is no evidence of preliminary indications of Harm due to discrimination towards the local AJ&K community in the hiring process. Company and IFC reporting indicated an increase in the number of professionals from AJ&K communities employed by KPCL during both the construction and O&M phases, including skilled professionals. This suggests that, despite concerns about transparency and communication, the hiring process did not systematically discriminate against local AJ&K candidates based on their community of origin or ethnicity.

Relevant IFC Sustainability Policy and Procedural Requirements and Preliminary Analysis of IFC Policy Compliance

The IFC Sustainability Policy (SP), paragraph 28, mandates a thorough approach to environmental and social due diligence. This involves reviewing all relevant information and documentation on the business activity's environmental and social risks, conducting site inspections and stakeholder interviews, and analyzing the activity's performance against the Performance Standards (PS). Any identified gaps are addressed through additional measures outlined in an Environmental and Social Action Plan (ESAP), ensuring the business activity meets and continuously improves its environmental and social performance. Furthermore, PS2, paragraph 25, stipulates that the client will develop policies and procedures to manage and monitor the performance of third-party employers in accordance with the requirements of PS2.

With respect to the complaint issues, the Environmental and Social Review Summary (ESRS)¹¹ for the equity investment¹², published in 2014, outlined the composition of the construction workforce. IFC noted that early indications suggested that the necessary technical skills required for the project construction program may be scarce in the communities closest to the project site. However, IFC noted that the construction workforce would predominantly consist of Pakistani nationals, with a goal of sourcing 30% of the workforce from local communities. According to the ESRS, as the project transitioned to the operational phase, the projected workforce included over 70% Pakistani nationals. To support these targets, CSAIL committed to partnering with local non-governmental organizations to identify training needs and develop vocational training programs for the local community. As reported in the ESRS, this collaboration would aim to assist the EPC contractor in meeting the community employment targets, thereby fostering local employment and skill development. The ESAP for the equity investment did not include any specific actions to prioritize hiring from local communities.

Additionally, the Environmental and Social Impact Assessment (ESIA), updated in 2015, underscored the importance of hiring local workers, specifically from the Punjab district of *Rawalpindi*, and AJ&K districts of *Kotli* and *Sudhnuti*. According to the ESIA, this focus was due to the high levels of unemployment and subsistence living conditions in the communities within the project's area of influence, making local employment a sensitive issue.

¹¹ IFC equity investment in the CSAIL, Environmental and Social Review Summary: <https://bit.ly/3Z8ooD9>

¹² IFC committed an equity investment of up to US\$125 million in CSAIL (project #34062) in November 2014. The total project cost is estimated at US\$5.5 billion for CSAIL's existing multi-stage pipeline of solar, wind and hydro projects in Pakistan with a cumulative capacity of over 2,000 MW. IFC's proposed investment in CSAIL would be an equity investment of up to US\$125 million. IFC may also participate in debt financing at the project company level in subsequent transactions.

The ESRS for the loan investment¹³ in 2015 noted that CSAIL was in the process of developing its HR policy and procedures, which were expected to include principles of non-discrimination and equal opportunity. The ESAP addressed specific actions related to the EPC contractor's HR policies and procedures, but did not include any action related to local hiring practices and a training program for local communities.

In 2016, the Company developed an HR Policy that included a statement to prioritize hiring local workers and merit-based hiring. This policy included a specific procedure for interview evaluations, including application score forms for candidates based on their technical training, experience, and interpersonal skills.^{iv} The EPC contractor also developed an HR Policy that included organizational structure, recruitment of staff, terms of employment, and procedures for resignation and termination.^v

IFC's supervision program, as detailed in para. 45 of the IFC SP, is a continuous process that ensures projects remain in compliance with environmental and social requirements throughout their lifecycle. This program involves regular monitoring and evaluation of project performance against the agreed ESAP and PSs.

During supervision from 2017 to 2021, IFC and IFC's consultant indicated that the Company had implemented HR policies ensuring fair treatment, non-discrimination, and equal opportunity for workers. IFC noted an increase in the Pakistani workforce and from local villages inside the project area. IFC supervision documentation records an increase in local workforce (Punjab and AJ&K districts) from approximately 7% (of 2,321 total workers) to approximately 56% (of 3,107 total workers) during the construction phase (2017-2019). This ratio decreases after 2020 to approximately 50% (of 2,317 of total workers) in 2021.^{vi}

The numbers presented above refer to the hiring of direct KPCL workers and EPC contractor workers. As such, available evidence does not indicate that the project was systematically discriminating against local communities in its hiring process.

Despite the increase in local hiring, IFC supervision documentation in 2019 noted consistent grievances from a community in AJ&K, primarily concerning the provision of skilled jobs to those affected by resettlement.^{vii} In response, the Company was asked to include a community notice board with full range of jobs available. Further, the Company presented a Skill Training Plan for Local Community, consisting of four programs including electrician, plumbing, HVAC technician, and computer operator. The EPC contractor also signed a Memorandum of Understanding with the Government Technical Training Center Kahuta for skill training.^{viii}

During the O&M Phase, in 2022, the Company pointed out the importance of local hiring, but data provided to IFC indicated that no local workers were hired for O&M activities.^{ix} In response, the company was asked by IFC to implement a corrective action to increase local hiring in the O&M phase. According to the Company and IFC's Management Response, the Company revised the standard operating procedure (SOP) for hiring practices to include a non-discriminatory hiring process according to IFC PS2 (paras. 15-16). These paragraphs emphasize the principles of nondiscrimination and equal opportunity in the workplace. They require clients to ensure that employment decisions are based on the principles of equal opportunity and fair

¹³ In May 2016, IFC approved a US\$100 million loan to finance the Karot Project (project #36008) / <https://bit.ly/3rkE4Sq>

treatment, rather than personal characteristics unrelated to job requirements. This includes implementing policies and practices that prevent discrimination based on race, gender, religion, political opinion, national origin, or social origin.

In late 2022, IFC supervision documentation recorded grievances related to the perceived inadequate provision of job opportunities for local people and there were high expectations from the community regarding employment opportunities. There also appeared to be a lack of clarity concerning local hiring practices. One of the key issues identified was that skilled job opportunities had not been properly announced within the local communities.^x

In response to these concerns, the Company developed a Community Relations Management Plan (CRMP) aimed at addressing grievances and improving communication. According to the Company's response to the CAO complaint, job advertisements were subsequently announced in local communities, shared with members of the Community Relations Management Committee (CRMC), local government administration offices, and posted on social media platforms to ensure wider reach and transparency.

IFC's 2023 and 2024 documentation records an increase in the number of local workers in O&M. However, the specific regions from which these workers were hired is not detailed in IFC's supervision documentation. Following engagement with the Company, IFC reached the view that the necessary policies were in place and did not identify any issues related to discrimination.^{xi}

Based on a review of available information, CAO concludes that there are no preliminary indications of potential IFC non-compliance in relation to SP requirements (paragraphs 28 and 45) in IFC's oversight of PS2 (paragraphs 15, 16, and 25). This conclusion is reached on the following basis:

- During pre-investment E&S review, ESIA identified local hiring as a substantial need for the affected communities.
- During supervision, IFC assessed hiring statistics for local workers during the construction phase, including non-skilled, semi-skilled, and skilled professionals. During O&M, IFC continued to monitor equality practices in hiring local professionals. In 2022, IFC and the IFC consultant called for a review of the operational procedures and for the Company to increase local hires. Data from 2023-2024 indicate an increase in the hiring of local workers during the O&M phase. While initially there was a lack of supervision of local job postings due to the prioritization of more pressing issues and the absence of indicative data suggesting problems with local hiring practices, upon being informed of the issue, IFC undertook corrective measures to address the concern.

Analysis of Plausible Link between Harm Allegations and Potential IFC Noncompliance

Lastly, a CAO compliance appraisal must consider whether "the alleged Harm is plausibly linked to the potential noncompliance." Since there are no preliminary indications of potential IFC noncompliance in relation to PS2, the question of plausible link between allegations of Harm and potential noncompliance cannot be established.

B. Unfair Dismissal and Forced Resignation

Preliminary Analysis of Harm

Three complainants alleged unfair dismissal and forced resignation.

A former site supervisor at TGDC reported being unfairly dismissed, allegedly due to his request for a salary increase. He contended that his wages were insufficient to cover his living expenses, suggesting that they did not amount to a livable wage. The complainant argued that his dismissal was unjust and directly related to his attempts to secure a fair and adequate income.

Another complainant, who had served as both a Safety Engineer and a Community Liaison Officer (CLO) for TGDC, claimed that he was coerced into resigning from his role as a Safety Engineer. He implied that this pressure was a result of his efforts to address the company's unfair hiring practices. The complainant maintained that his resignation was not voluntary but was forced upon him due to his advocacy for equitable employment practices within the company.

A third complainant alleged that he was previously employed by TGDC for four years, from 2017 to 2021, as a flagman and then as a Health and Safety (H&S) Officer. He claimed that he was asked to resign presumably because he requested personal leave.

CAO's analysis concludes that there is evidence of preliminary indications of Harm. The termination of a person's employment can present adverse economic, social, and psychological impacts. CAO does not have information to suggest that the Company presented an explanation for dismissals according to its HR policy. IFC's labor consultant indicates that there were several complaints from unfair dismissal and forced resignations, which is in line with allegations being made by the complainants.^{xii} Additionally, CAO notes that unfair dismissal and forced resignation are issues raised in CAO's Karot-02 and -03 complaints and are under consideration in CAO's compliance investigation.

Relevant IFC Sustainability Policy and Procedural Requirements and Preliminary Analysis of IFC Policy Compliance

As noted previously, para. 28 of the IFC Sustainability Policy mandates a comprehensive approach to environmental and social due diligence. Any identified gaps are addressed through additional measures outlined in the ESAP. Further, PS2, paragraphs 24-25, stipulates that the client will make efforts to ensure third party employers will operate in accordance with PS2 and the client will develop policies and procedures to manage and monitor the performance of third-party employers in accordance with the requirements of PS2.¹⁴

Per the SP requirements, IFC conducted due diligence for both its equity and loan investments in the Karot Project. In 2014, in order to assess compliance with PS2, the ESRS for equity

¹⁴ In particular, ensuring the contractor has in place policies and procedures which sets out its approach to managing workers consistent with the PS2 and national law requirements, including terminational procedures (PS2, para 8 and guidance note 14.) Additionally, a company should retain employment records in accordance with national law. A company should keep all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel in the employee's personnel file. Workers should have access to their data. PS2 Guidance Note 18 and 19.

investment evaluated CTGC's policies and procedures and highlighted that CSAIL's HR management and practices should be in alignment with them.

In 2015, the ESRS for the loan investment indicated that CSAIL was developing its HR policy and procedures. The ESAP addressed specific actions requiring third-party employers to review and confirm that the EPC contractor's Construction E&S Management Plan (CESMP) aligned with PS2 requirements. It also required the EPC contractor to provide a Contractor Management Plan, including monitoring the contractor's Environmental, Social, Health and Safety (ESHS) performance and a centralized performance tracking system for all ESHS.

In 2016 (after the construction began), IFC documentation noted that the Company developed an HR Policy including notice of dismissal.^{xiii} As reported in the same year, the EPC contractor developed the Construction Environmental and Social Management Plan/Contractor Management Plan (CESM/CMP).^{xiv}

Per SP requirements for supervision,¹⁵ the IFC consultant conducted continuous monitoring throughout the construction phase. In the reports presented, the IFC consultant evaluated the terms of employment, worker grievances, and recommended corrective actions.

In 2018-2019, the IFC consultant noted grievances regarding unfair dismissals and forced resignations. Following engagement with the Company, IFC asked for details of all staff terminations since the project's start and reasons for their dismissal, including evidence of investigations into claims of unfair dismissal. IFC's documentation emphasized the need for increased transparency to refute unfair dismissal claims, detailing notice periods, termination criteria, and communication protocols.^{xv}

In 2021, IFC hired a labor consultant to evaluate the Company's compliance with PS2. Although the report stated that there were grievances related to unfair dismissal and forced resignation,^{xvi} IFC did not provide detailed information or assessments on issues of unfair dismissal and forced resignation in the supervision reports after the labor consultant report.

Additionally, PS2 (para. 25), requires the Company to establish policies and procedures for managing and monitoring the performance of third-party employers in relation to the requirements of PS2. Despite this requirement, KPCL stated that the complainants were not directly employed by KPCL, and it does not have information regarding the complainants' dismissal and resignation.^{16xvii}

Based on a review of available information, there are preliminary indications that during supervision, IFC may not have complied with its Sustainability Policy (para. 7) obligation to seek to ensure the Company's activities were implemented in accordance with the requirements of PS2. IFC's supervision documentation presents limited assessment of unfair dismissal and forced resignation concerns, including those raised in the CAO complaint. These issues were no longer monitored by IFC and the IFC consultant after 2021, even though they were indicated as points requiring attention during previous years and there were still complaints related to them.

¹⁵ IFC Sustainability Policy, para. 45

¹⁶ Information stated in the KPCL Response for CAO. However, it is important to note that KPCL and TGDC (EPC contractor) are both wholly owned by the parent company, China Three Gorges Corporation (CTGC). IFC E&S Review Summary, Project 36008, available at <https://bit.ly/3rkE4Sq> and IFC consultant supervision documents.

Analysis of Plausible Link between Harm Allegations and Potential IFC Noncompliance

CAO concludes there are preliminary indications of Harm and that this is plausibly linked to IFC's potential non-compliance. As noted above, the complainants assert that their termination was unfair, and that they have not received a rationale. The termination of a person's employment can present economic, social and psychological impacts. This preliminary indication of Harm is plausibly linked to IFC's potential non-compliance with the requirements of its Sustainability Policy, as weaknesses in IFC's supervision of complaints of unfair dismissal and forced dismissal did not provide for appropriate assessment of possible unfair dismissals at the Company.

6. Additional Appraisal Considerations

As set out in the CAO Policy (para. 93), this compliance appraisal must consider the ongoing compliance investigation (Karot-02/03). Under the CAO Policy, CAO may: (a) close the complaint; (b) merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues as the earlier compliance process; or (c) initiate a new compliance investigation only where the complaint raises new issues or new evidence is available.

As described above, the appraisal criteria in relation to the issue of unfair dismissal practices and forced resignation have been met. There is no justification for CAO to close this case as a result. However, because of the ongoing CAO investigation relating to the Karot Project, CAO must decide whether to initiate a new compliance investigation or merge with the earlier compliance process. CAO concludes that the Karot-04 case should be merged with the Karot-02/03 compliance process considering that the Karot-04 complaint raises issues that are substantially related to the issues addressed in the Karot-02/03 case currently in investigation.

Details are set out in Appendix 4.

7. CAO Decision and Next Steps

CAO's appraisal analysis focused on the following issues: (i) unfair hiring practices, and (ii) unfair dismissal practices and forced resignation. CAO's analysis concludes that the issue of unfair hiring practices will be closed at appraisal. Despite concerns about transparency and communication, evidence suggests that the hiring process did not systematically discriminate against local AJ&K candidates based on their community of origin or ethnicity. In addition, CAO concludes there is no evidence of preliminary indications of IFC non-compliance with its E&S Policies. On the issue of unfair dismissal practices and forced resignation, CAO concludes that the complaint meets the criteria for a compliance investigation.

In considering the requirements of paragraphs 92 and 93 of the CAO Policy, CAO concludes that the Karot-04 complaint should be merged with the Karot-02/03 compliance process, currently in the Compliance Investigation phase. The terms of reference for the investigation are described in the [Annex C of the Karot-02/03 Appraisal Report](#). The draft compliance investigation report will be completed by Q3FY2025.

The complaint and IFC response are included in the appendices to this appraisal report. This report is shared with the Board, the World Bank Group President, IFC Management, the client, and the complainants, and published on CAO's website.¹⁷

¹⁷ CAO Policy, para. 106.

Appendix 1: Complaint

From: [REDACTED]
Sent: Friday, May 20, 2022 11:57 AM
To: CAO <cao@worldbankgroup.org>
Subject: The hiring irregularities in Karot Hydro Power Project

[External]

To,

Compliance Advisor Ombudsman (CAO),

By way of introduction, I am a lawyer also a president of Karot Dam action committee.

As we know that Various MoUs and Implementation Agreements of the projects guarantee provision of jobs to local people on priority basis as per merit. However it is regretfully explained here that as whole these assurances remains to merely words no practical implementation is observed.

There are some issues of nepotism and favoritism in Karot Power Project and I just want to focus on the irregularities in the hiring process.

Firstly, we discuss the favoritism in the project, it was a scholarship program where few of the local students studied in the universities of china but unfortunately, they don't have recognition from Pakistan Engineering Council (PEC) and Higher Education Commission (HEC) of Pakistan. In order to give favor these two or three non professional or non recognized engineers are hired by the company. The company is hiring them just to shut their mouths because these persons cannot get jobs in Pakistan due to none recognize degrees. On the other hand a lot of local highly qualified and professional engineers are not considered for the jobs. I am quoting an example of a person engr. [REDACTED]

[REDACTED] who has done master in electrical power engineering and experienced person appeared in the interview of post Secondary engineer. He performed excellently in interview but not considered for job. Unfortunately, no transparent way of hiring is adopted by the company. It is totally unfair and complete violation of international laws in addition to public interests violation.

Secondly, nepotism is on its peak in the Karot power project. As we all know that in the head office as well as in the top human resource management of the project to a great extent people from different provinces are working. It is a fact that top management is promoting their favorites on the ethnic and provincial basis. The locals are highly qualified and skilled persons but they are ignored by the top management in jobs process. Unfortunately, the International Finance Corporation (IFC) is protecting the rights of Karot Power Company rather than local and affected people of the project. Kindly, take up this matter to the concerned authorities.

Regards,

[REDACTED]

[REDACTED]

[REDACTED]

President Dam action committee of Karot power project

20 May, 2022

Appendix 2: IFC Management Response

INTERNATIONAL FINANCE CORPORATION

**MANAGEMENT RESPONSE
TO THE CAO DISPUTE RESOLUTION CONCLUSION REPORT
ON**

**KAROT POWER COMPANY LIMITED-04
PAKISTAN—MCT**

(PROJECT No. #36008)

October 11, 2024

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ABBREVIATIONS AND ACRONYMS

CAO	Compliance Advisor Ombudsman
CSAIL	China Three Gorges South Asia Investment Limited
E&S	Environmental and Social
ESMR	Environmental and Social Monitoring Reports
IFC	International Finance Corporation
KHPP	Karot Hydro Power Project
KPCL	Karot Power Company Limited
LIESC	Lenders' Independent E&S Consultant
MW	Megawatt
O&M	Operation and Maintenance
PS	IFC Performance Standards
SCAP	Supplemental Corrective Action Plan
US\$	United States Dollar
WBG	World Bank Group

EXECUTIVE SUMMARY

- i. This Management Response has been prepared by the International Finance Corporation (IFC) to address the issues raised in the Karot Hydro-04 ([Karot-04](#)) complaint received in May 2022 by the Compliance Advisor Ombudsman (CAO) concerning Karot Power Company Limited (KPCL or the Company), an IFC client in Pakistan.¹
- ii. IFC has an active project (#36008) with KPCL, a special-purpose vehicle incorporated in Pakistan and majority-owned by China Three Gorges South Asia Investment Limited (CSAIL). IFC is providing an A-loan of up to US\$100 million for the construction, operation, and maintenance of a 720-megawatt (MW) run-of-the-river hydropower plant on the Jhelum River near Karot village, in Punjab, Pakistan.
- iii. The Karot-04 complaint was lodged by the President of the Karot Dam Action Committee in Pakistan on behalf of 8 members of the Azad Jammu and Kashmir community (the Complainants). In the complaint, concerns were raised related to unfair hiring practices and discrimination on the basis of ethnicity or community of origin (the Initial Complaint).
- iv. At the Complainants' request, in July 2022, the case was referred to IFC. During the referral period, IFC conducted a detailed assessment of the client's recruitment policies and practices, and as of March 2023, did not find evidence of systemic discrimination based on ethnicity or community of origin in KPCL's hiring procedures or practices. At the same time, the Company, at IFC's request, undertook its own internal assessment of its hiring process, supported by an international labor consultant, which arrived at the same conclusion and provided the outcome to the Complainants.
- v. On March 9, 2023, IFC communicated its findings to the representative of the Complainants and subsequently on March 22, 2023, to CAO and communicated its decision to close the engagement with the Complainants. After receiving IFC and the Company's findings, the Complainants requested the resumption of the CAO process on March 27, 2023.
- vi. During CAO's assessment additional issues related to unfair dismissals and forced resignations were raised by the Complainants (Additional Issues), which were not in the initial complaint. IFC only became aware of these Additional Issues in June 2023 when CAO shared its Dispute Resolution Assessment Report.
- vii. The Complainants and the Company both agreed to a Dispute Resolution Process, but ultimately could not come to an agreement. At the request of the Complainants, CAO transferred the case to the CAO Compliance function.
- viii. With respect to the subject matter of the initial complaint, as well as the Additional Issues raised in the CAO Dispute Resolution Assessment Report, IFC has undertaken, and is continuing to undertake extensive monitoring and supervision since the inception of the project, including engaging the support of external labor experts in accordance with the requirements of the Sustainability Policy.

¹ <https://disclosures.ifc.org/project-detail/SII/36008/karot-hydro>

ix. It is IFC's view that its ongoing monitoring and supervision of the project is appropriate and IFC has supervised the Company's Performance Standard (PS) 2 performance as per the requirements of the Sustainability Policy. However, if CAO decides to proceed with a compliance investigation, it is worth considering merging the Karot-04 case with the ongoing compliance investigation for Karot-02 and 03 per paragraph 93(b) of the CAO Policy, on the basis of synergies between the cases as the issues all relate to PS2.

I. INTRODUCTION

1. The Karot Hydro-04 ([Karot-04](#)) complaint was lodged in May 2022 with the Compliance Advisor Ombudsman (CAO) by the President of the Karot Dam Action Committee in Pakistan on behalf of 8 members of the Azad Jammu and Kashmir community (the Complainants). The Complainants raised labor-related concerns related to unfair hiring practices and discrimination on the basis of ethnicity and community of origin (the Initial Complaint) at the Karot Hydropower Project (KHPP).

2. The World Bank Group (WBG) is committed to supporting the generation of affordable, clean power in Pakistan, which has suffered from power deficits that have hampered the country's economic growth and development. The International Finance Corporation (IFC) provided financing to the 720-megawatt (MW) KHPP, one of the largest private sector renewable energy projects in the country and is expected to provide electricity to more than 3 million residential customers.² The project is part of the joint WBG Transformational Energy Initiative and Joint Implementation Plan in Pakistan, which aims to mobilize US\$10 billion in new generation investments to address Pakistan's acute power shortage and improve sector sustainability.

3. In June 2022, CAO found the Karot-04 complaint eligible for assessment but, at the Complainants' request, the case was referred to IFC. Between July 2022 to March 2023, IFC engaged directly with the representative of the Complainants, completing its assessment of the issues raised in the Initial Complaint and communicating the findings to the representative of the Complainants. Subsequently, the case was transferred back to CAO at the request of the Complainants in March 2023. The CAO issued its Dispute Resolution Conclusion Report on September 13, 2024, noting that the parties could not reach a successful resolution and transferring the case to the CAO Compliance function in accordance with the CAO Policy.

II. PROJECT OVERVIEW

4. IFC has an active project (#36008) with KPCL, a special-purpose vehicle incorporated in Pakistan and majority-owned by CSAIL. IFC is providing an A-loan of up to US\$100 million for the construction, operation, and maintenance of a 720-MW run-of-the-river hydropower plant on the Jhelum River near Karot village, in Punjab, Pakistan.

5. In accordance with IFC's Policy on Environmental and Social Sustainability and based on IFC's review of the project's potential E&S impact, KHPP was categorized as a Category A project on the basis that it may cause significant adverse environmental and social impacts that may be diverse and irreversible, mostly related to resettlement and biodiversity, among others.³

6. Starting from 2014, almost two years before IFC's loan was committed in November 2016, IFC had been engaging with the Company on E&S matters, having dedicated significant resources to appraising and building the Company's E&S capacity, including traveling to meet the Company

² <https://disclosures.ifc.org/project-detail/SII/36008/karot-hydro>;
<https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=16673>

³ <https://disclosures.ifc.org/project-detail/ESRS/36008/karot-hydro>

8 times between 2014 and 2016 (in addition to the appraisal) to support the establishment and implementation of processes, management systems and capacity for KHPP. From the start of construction in December 2016, IFC conducted regular supervision of KHPP, with a total of 9 on-site visits and 2 virtual supervisions. As part of IFC's E&S support, IFC required the Company to engage the Lenders' Independent E&S Consultant (LIESC), who conducted a total of 18 supervision visits, of which 12 were on-site (the rest were virtual due to COVID and travel restrictions). In between supervision visits, IFC required the Company to produce monthly Environmental and Social Monitoring Reports (ESMR), which were reviewed by IFC and the LIESC and progress was tracked against Supplemental Corrective Action Plan actions. Furthermore, IFC commissioned two independent international labor auditor reviews of the project in December 2019 and January 2021. KHPP completed construction in June 2022 and is currently in the operations and maintenance (O&M) phase.

III. CAO COMPLAINT

7. The Initial Complaint lodged on May 20, 2022, by the Complainants alleges the Company's hiring process violates international law, with management engaging in nepotism that promotes certain ethnicities and communities of origin, and claims that local, highly qualified and experienced professional engineers from the Azad Jammu and Kashmir region are not being considered for jobs at KHPP despite having the required qualifications.

8. In June 2022, CAO found the complaint eligible for assessment. At the Complainants' request, the case was referred to IFC.

9. Between July 2022 to March 2023, IFC engaged directly with the representative of the Complainants and the Company, and separately conducted a detailed assessment of the Company's recruitment policies and practices against the requirements of IFC Performance Standard (PS) 2 on Labor and Working Conditions. IFC did not find evidence of systemic discrimination based on ethnicity, community of origin or other aspects in KPCL's hiring procedures or practices.

10. On March 9, 2023, IFC communicated to the representative of the Complainants and to CAO the findings of its review on the allegations relating to the Company's hiring practices.

11. The Complainants, however, were dissatisfied with the outcome and requested the resumption of the CAO process in the same month. CAO conducted an assessment, which was completed in August 2023. During CAO's assessment additional issues related to unfair dismissals and forced resignations were raised by the Complainants (Additional Issues), which were not in the initial complaint and IFC only became aware of these Additional Issues in June 2023 when CAO shared its Dispute Resolution Assessment Report.

12. Both parties, Complainants and KPCL, expressed their interest in engaging a CAO-facilitated dispute resolution process to address the Initial Complaint and Additional Issues raised by the Complainants. However, the two parties were not able to reach an agreement, and the CAO concluded the dispute resolution process in May 2024. The CAO Dispute Resolution Report was issued on September 13, 2024, with the case formally being transferred to the CAO Compliance function.

IV. IFC ACTIONS DURING THE REFERRAL

13. As soon as CAO notified IFC that the Complaint was being referred to IFC (per paragraph 39 of the CAO Policy), IFC engaged with the Complainant⁴ and the Company, from June 2022 to March 2023, on issues raised in the Initial Complaint.

14. As a first step, after initiating contact with the Complainant through an acknowledgment of the Complaint in June 2022, IFC coordinated a video call with the representative of the Complainants, which was held in July 2022, in order to better understand the Complainant's concerns, and confirm with the Complainant whether the information shared with IFC was confidential or could be shared with the Company. This discussion was focused on the allegations raised in the Initial Complaint, and Additional Issues were not raised by the representative of the Complainants.

15. After obtaining the Complainant's consent, IFC requested information and documentation from the Company in response to the Complainant's allegations. The Company conducted an independent review of its hiring process by its labor team, supported by a third-party international labor consultant, which arrived at the same conclusion and provided the outcome to the Complainants. In August 2022, the Company communicated its findings to the Complainant and IFC that the hiring process has been conducted in line with the HR policies of the Company.

16. During the referral period, IFC conducted its own review of the allegations of unfair hiring practices as described by the Complainant. IFC reviewed the hiring related sections of the HR policies and manuals of the Company, non-discrimination policies, which were found overall aligned with PS2. IFC reviewed the implementation of these policies and manuals through its on-going supervision activities, using its in-house specialist expertise and that of the LIESC.

17. In September 2022, IFC, during its site supervision mission, met with the Complainants' representative in person and facilitated discussions between the Complainants' representative and the Company regarding issues raised in the Initial Complaint. In this meeting, the Complainants representative and the Company discussed the allegations regarding lack of hiring of skilled workers (i.e., engineers) from the affected community. The Company explained their shortlisting, interview and selection process, and welcomed the representative of the Complainants to apply for any future opportunities that became available.

18. While IFC did not identify systemic PS2 non-compliances with respect to the Company's hiring practices, IFC did identify areas for improvement, and from 2022 onwards, IFC and the LIESC worked with the Company to improve their communication of O&M job advertisements, and in particular to prioritize community members for employment in the O&M phase whenever the qualifications are available locally, which is consistent with PS2 and best practices. IFC, together with the LIESC, have continued monitoring the O&M hiring process as part of subsequent supervision activities. These actions by IFC have resulted in significant progress by the Company in implementing improvements.

⁴ The original complaint letter only mentioned the process related to one of the complainants, the other complainants did not present themselves during the referral of the complaint to IFC.

19. IFC communicated its findings to the Complainants on March 9, 2023.

V. MANAGEMENT RESPONSE

20. IFC Management acknowledges that labor issues raised in the complaint are serious and respects CAO's process in its assessment of the complaint.

21. This section explains IFC's requirements under the PS in relation to the concerns raised in the Initial Complaint and Subsequent Issues and a brief summary of the principal actions taken throughout its appraisal and supervision of the project.

22. IFC has supervised the Company's PS2 performance as per the requirements of the Sustainability Policy. This, of course, does not mean that there have been no PS2 deficiencies by the Company, but rather that IFC has, to the extent of the information available to it, systematically sought to prevent, identify, review, and require the client to resolve deficiencies through the means at its disposal, consistent with the standards it applies to projects of this scale and nature.

23. As per the Sustainability Policy (paragraph 7), IFC is required to seek assurance through its due diligence, monitoring and supervision efforts that the client's business activities are implemented in accordance with the requirements of the PS, including PS2. In this context, the Company is required to comply with PS2 requirements and national legislation that governs the respective labor and working conditions for all employees. In implementation of the Sustainability Policy, IFC designs and implements a program of appraisal, supervision and monitoring of the Company's PS2 commitments through its E&S specialists and the engagement of external experts, including, in this case the LEISC and external consultants, throughout the life of IFC's engagement in the project. Where deficiencies are found or alleged, IFC, through internal and external experts engages with the Company to review such findings or allegations, and if necessary, resolve systemic issues through agreement of a corrective action plan or other mechanism.

24. With respect to IFC's supervision of the project, specifically relating to PS2, IFC has:

- Worked extensively with the Company to agree to a Supplemental Corrective Action Plan (SCAP), which is updated from time to time, to address findings from IFC and LIESC's ongoing supervision. The SCAP includes actions related to PS2 and IFC reviews its implementation through regular virtual meetings and site visits (most recent site visit was in June 2024), and direct engagement with workers and communities;
- As part of ongoing supervision, required engagement of the LIESC for routine monitoring of the project (up to 4 times per year during the construction phase, and 2 times per year during the operational phase), using a team with the required PS2 expertise; and
- As part of ongoing supervision and to strengthen PS2 performance, predating the receipt of this complaint, required the Company to engage, under IFC's guidance, the services of a specialist labor advisor, with proven experience with international standards, to advise and train the Company's HR staff on PS2.

25. To date, IFC has found that, with respect to the allegations of unfair hiring practices raised in the Initial Complaint:

- The Company's HR policies included appropriate commitment to equal opportunities and non-discrimination as per local regulations and PS2.
- The Company monitored the diversity and local hiring indicators periodically among their workforce and reported these to IFC directly and through the LIESC as part of our ongoing supervision of the project.
- Since the start of the project, the Company has been regularly updating community representatives on progress through the Community Relations Management Plan committees.⁵
- During the peak employment period for the Company (2019 Q4), prior to this complaint, it reported having hired a significant number of local workers from affected communities (1067 local workers from Punjab and 1531 from the Azad Jammu and Kashmir side), of which approximately 45 percent were within the `skilled worker` category.
- The external labor expert engaged by IFC concluded that the hiring policies and procedures are overall consistent with PS2, including those related to non-discrimination.

26. IFC acknowledges that the communities have expressed an expectation of further access to jobs in the project including the limited opportunities, which the O&M phase may present. During the recent supervisions, IFC engaged with the community representatives to gauge their level of awareness on project's hiring opportunities and based on this, advised the Company to communicate O&M job advertisements more effectively, prioritizing affected community members among equally qualified candidates. KPCL has updated its hiring Standard Operating Procedures to reflect these recommendations and provided evidence of local disclosure of job advertisements.

27. To date, with respect to the Subsequent Issues raised by the Complainants of unfair dismissal and forced resignation, which were first made after the case was referred back to the CAO, IFC has not been presented with adequate information to be able to assess the Company's compliance with PS2 with respect to these specific cases. Nonetheless, throughout project supervision, IFC verified that the Company has in place termination procedures in line with local laws and PS2. IFC further engaged with workers directly or through the LIESC during each supervision to help identify any shortcomings and followed up with the Company on subsequent actions. IFC also verified that the Company has a grievance mechanism in place in line with PS2, which was available and functioning.

28. IFC issued a position statement on retaliation in October 2018 stating that IFC does not tolerate any action by an IFC client that amounts to retaliation—including threats, intimidation,

⁵ Along with Company and local government representatives, the CRMP has one civil representative from all 20 affected villages. CRMP meetings are held twice a month.

harassment, or violence—against those who voice their opinion regarding the activities of IFC or our clients. IFC takes seriously any credible allegations of reprisals.

VI. CONCLUSION

29. The CAO Policy sets out appraisal criteria set out in paragraphs 91, 92 and 93 of the CAO Policy in determining whether a compliance investigation is necessary⁶.

30. In considering paragraph 91(b) and 92(c), it is IFC’s view that its ongoing monitoring and supervision of the project is appropriate and IFC has supervised the Company’s PS2 performance as per the requirements of the Sustainability Policy.

31. IFC Management also notes that paragraph 93 of the CAO Policy defines that in relation to a project that has already been the subject of a compliance investigation CAO may merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues given that they all relate to various aspects of PS2. As detailed above, if CAO decides to proceed with a compliance investigation, on the basis of synergies between the cases as the issues all relate to PS2, IFC would be supportive if Karot-04 was merged into the ongoing compliance investigation for Karot-02 and 03.

⁶ CAO Policy 2021, paragraph 91 “(a) whether there are preliminary indications of Harm or potential Harm; (b) whether there are preliminary indications that IFC may not have complied with its E&S Policies; and (c) whether the alleged Harm is plausibly linked to the potential non-compliance”

CAO Policy 2021, paragraph 92 “(a) for any Project or Sub-Project where an IFC/MIGA Exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC Exit; (b) the relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint; (c) whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies; (d) whether Management has provided a statement of specific remedial actions, and whether, in CAO’s judgment after considering the Complainant’s views, these proposed remedial actions substantively address the matters raised by the Complainant.”

paragraph 93. In relation to a Project or Sub-Project that has already been the subject of a compliance investigation, CAO may: (a) close the complaint; (b) merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues as the earlier compliance process; or (c) initiate a new compliance investigation only where the complaint raises new issues or new evidence is available.

Disclaimer

This IFC Management Response is provided in response to the Assessment Report of the Office of the Compliance Advisor Ombudsman (CAO) finding a complaint to a project supported by IFC finance or investment eligible for compliance appraisal.

Nothing in this IFC Management Response or in the process provided for in the CAO Policy (“CAO Process”) (1) creates any legal duty, (2) asserts or waives any legal position, (3) determines any legal responsibility, liability, or wrongdoing, (4) constitutes an acknowledgment or acceptance of any factual circumstance or evidence of any mistake or wrongdoing, or (5) constitutes any waiver of any of IFC’s rights, privileges, or immunities under its Articles of Agreement, international conventions, or any other applicable law. IFC expressly reserves all rights, privileges, and immunities. IFC does not create, accept, or assume any legal obligation or duty, or identify or accept any allegation of breach of any legal obligation or duty by virtue of this IFC Management Response.

While reasonable efforts have been made to determine that the information contained in this IFC Management Response is accurate, no representation or warranty is given as to the accuracy or completeness of such information. CAO is not a judicial or legal enforcement mechanism. Its analyses, conclusions, and reports are not intended to be used in judicial or regulatory proceedings nor to attribute legal fault or liability and it does not engage in factfinding nor determine the weight that should be afforded to any evidence or information. No part of this IFC Management Response or the CAO Process may be used or referred to in any judicial, arbitral, regulatory, or other process without IFC’s express written consent.

Appendix 3: Company Response

Karot 4 CAO Complaint RESPONSE by KPCL (Karot Power Company Ltd).

B- KPCL Response:

General Comments:

Keeping in view the major concern of the complaint, the KPCL and its EPC (Engineering, Procurement, Construction) contractor have been very transparent and responsive during the complete DR process.

KPCL provided sufficient evidence against all the concerns and shared with the CAO team as well as with the complainants. But, it appears that complainants came up with certain thinking to get some benefit from the company in either way.

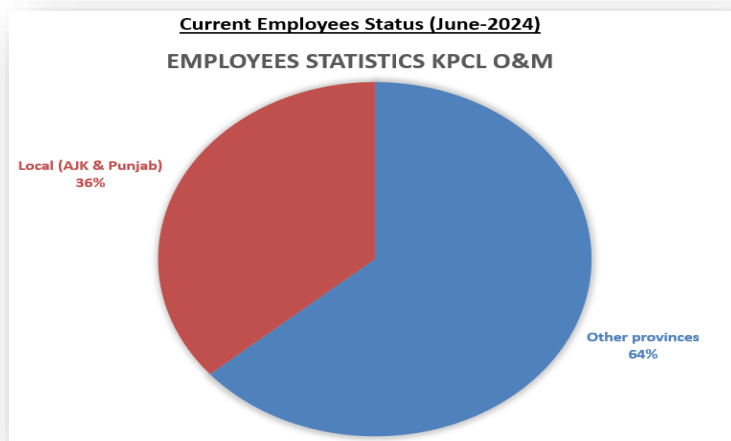
The company (KPCL and TGDC) offer them very viable and sustainable solutions of the complaint which we believe were much fair as no evidence provided by the complainant against any of their concern.

The company provided all possible solutions which were denied by the complaints and consequently the DR process being transferred to Compliance Process.

Evidence against each concern and company point of view.

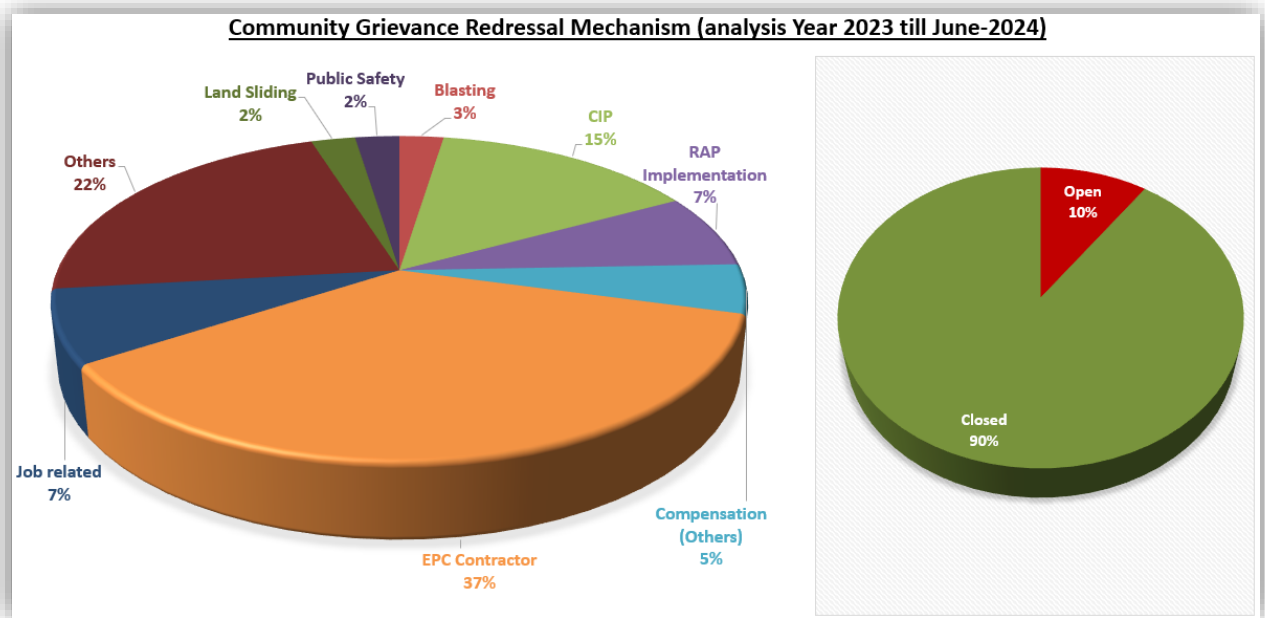
Unfair hiring and employment practices:

- KPCL has revised the hiring SOPs, approved by senior management, and have been shared with government offices and community.



- All job advertisements being announced in local communities (posting notices in public places), sharing with CRMC (Community Relations Management Committee) members, local Government administration offices, posting on social media.
- It is mentioned in recruitment policy that the local community shall be given first priority while hiring procedures of the company are followed to onboard the qualified candidates.
- All unskilled jobs are being provided to local communities.

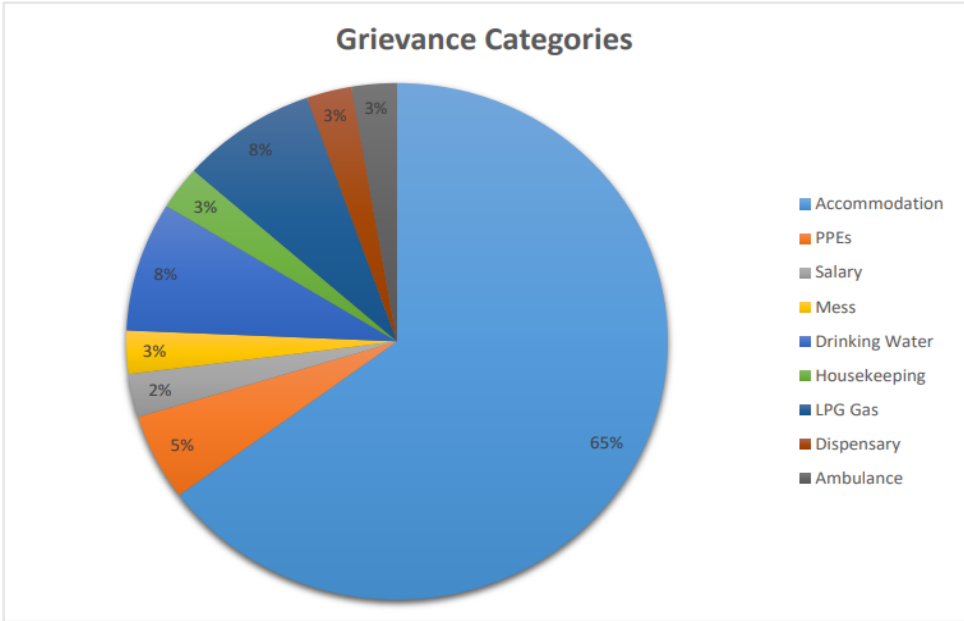
- All the recruitments are made purely on merit basis with required / standardize criteria as per the job requirements.
- For technical position we have certain criteria. First preference is always given to the local community (refer slide 7) who so ever meets the set criteria. It is pertinent to hire technically qualified individuals, so that the safety is not compromised.
- KPCL has already initiated the Community Relation Management Plan (CRMP). CEO KPCL is the Chairman of CRMC. The purpose of this committee is purely based on resolution of Community Grievances including local employment.
 - CRMC meetings are regularly being held on monthly basis (grievances log is being maintained and MOMs are available for all meetings).
 - 20 Members from each affected village are members of this committee including Government district administration and KPCL members.
 - Grievance Boxes have been installed in each affected village and public leaflets, for better awareness, pasted as well.
 - Community outreach activities by Karot team (CLOs) on regular basis.



Unfair dismissal and forced resignations:

As already mentioned in all joint session, different statement and presentations, discussion jointly with complaints and to CAO as well, the complainants who are claiming for unfair dismissal and forced resignation, were employed by the TGDC (EPC) Contractor of KPCL. They were never hired by KPCL nor claimed by the applicant.

- No evidence produced by the applicants against such claim neither record of such claims found by the TGDC.
- Analysis of TGDC workers grievances log year 2023 show that no single grievance of such threats is recorded. This shows the transparency and trust of workers.



- All such past reported grievances are either addressed or compensated by the TGDC and its sections.
- In the year 2023, there is no any single case of illegal termination is forced resignation is recorded or received from any source.
- TGDC run a Campaign in Mar-2020, Nov-2021, through social media, public messages, local community announcement, messages to worker / employees, newspaper announcement, no one from the complainant registered any grievances during the period.
- TGDC developed 21 HR/Labor Policies (such as Labor Standards, Zero Tolerance, FOA, Non-discrimination, Employees Grievances Mechanism, Worker's Council Management Committee etc.) approved by the IFC to ensure the transparency and accountability. Also provided trainings to the workers at all levels.

Labour Standards Policy
اعمال معیار کار و بائو

Karot Hydro power project management and team are committed to create positive contributions to Social, Labour and Environmental Impact from our business activities not only for our business but to the wider communities. All three pillars Social, Environmental and Economic aspects formulate the grounds for sustainable business.

We are fully committed to deliver on all aspects required under this policy and ISO 26000 standards. Our business operations will reflect on these principles at all level in our supply chain and larger stakeholders.

کراوات بائو پاور پراجیکٹ مینجمنٹ ٹیم اور اس کے تمام اراکین کا مقصد سماجی، کارکنوں اور ماحولیاتی اثرات کو مددگار بنانا ہے۔ ہمیں اپنے کاروبار کے ذریعے نہ صرف اپنے کاروبار کے لیے بلکہ پورے سماج اور ماحولیاتی اثرات کو مددگار بنانا ہے۔ ہمیں اپنے کاروبار کے ذریعے نہ صرف اپنے کاروبار کے لیے بلکہ پورے سماج اور ماحولیاتی اثرات کو مددگار بنانا ہے۔

ZERO TOLERANCE POLICY
تعمیر کاروں میں کامیابی

TGDC strives to create and maintain a work environment in which people are treated with dignity, decency and respect. The work environment at project by mutual trust and the absence of intimidation, oppression and exploitation. Company will not tolerate unethical discrimination or harassment of any kind. Through enforcement of this policy and by education of employees, company seeks to prevent, correct and discipline behavior that violates this policy. Please feel free to contact with HR Department (TGDC) if you have any query in this regard.

Mr. Raan Ahmad Ahmad (TGDC- HR Officer) Cell #: 0211-51545899
Mr. Zoha Sheeshaq (TGDC-HR Manager) Cell #: 0316-5167313

کامیابی کا ماحول بنانے اور اس میں برابری اور احترام کی کوئی شکایت نہ ہو۔ کامیابی کا ماحول بنانے اور اس میں برابری اور احترام کی کوئی شکایت نہ ہو۔ کامیابی کا ماحول بنانے اور اس میں برابری اور احترام کی کوئی شکایت نہ ہو۔

Employees Grievance Redress Mechanism and Committee
ملازمین کی شکایتوں کے ازالے کا طریقہ کار اور کمیٹی

Human Resource Policy of TGDC stipulates the need for a formal Grievance Redress Mechanism to be implemented during the construction phase of Karot Hydropower Project KHPF. TGDC-PMCD Management is sincerely concerned to all the grievances of the Employee as it believes that employees' grievances are manifestation of their dissatisfaction against their working conditions and facilities etc. and if not promptly attended to, may cause frustration amongst the employees. Keeping this in view a formal grievance redress mechanism is introduced.

کمیٹی کی تعینات ہونے پر ملازمین کی شکایات کو حل کرنے اور ان کی تلافی کرنے کے لیے ایک رسمی طریقہ کار اپنایا گیا ہے۔ ملازمین کی شکایات کو حل کرنے اور ان کی تلافی کرنے کے لیے ایک رسمی طریقہ کار اپنایا گیا ہے۔ ملازمین کی شکایات کو حل کرنے اور ان کی تلافی کرنے کے لیے ایک رسمی طریقہ کار اپنایا گیا ہے۔

Freedom of Association (FOA)
انجمن کی آزادی

To the extent permitted by the laws of the country, the TGDC recognizes and respects the Right of Employees to Freedom of Association, Freedom of Movement and Collective Bargaining. This includes the Right to form and join trade unions and other worker organizations of their own choice and free will without any form of threat, harassment, intimidation or retaliation. Any worker joining the union shall not be discriminated under any circumstances.

ملک کے قوانین کی طرف سے اجازت کی حد تک، کمیٹی ملازمین کی انجمن کی آزادی، نقل و حرکت کی آزادی اور انجمن کی آزادی کو تسلیم کرتا ہے اور ان کا احترام کرتا ہے۔ اس میں کسی بھی قسم کی دھمکی، تشدد، ہراساں یا تلافی کارروائی نہیں کی جائے گی۔ انجمن کے ارکان کو تنہا یا دوسروں کے ساتھ کسی بھی صورت میں تشدد یا تلافی کارروائی نہیں کی جائے گی۔ انجمن کے ارکان کو تنہا یا دوسروں کے ساتھ کسی بھی صورت میں تشدد یا تلافی کارروائی نہیں کی جائے گی۔

Non-Discrimination Policy Statement
غیر امتیازی پالیسی کا بیان

TGDC is unequivocally committed to creating and preserving a diverse, inclusive and equitable community. This commitment respects the inherent value of every individual and acknowledges that diversity is essential to creating a robust working environment. TGDC therefore welcomes to hires workers and staff regardless of Race, Age, Ability, Sexual Orientation, Class, Gender, Ethnicity, National Origin and Religion. In addition to that, TGDC has an affirmative duty to ensure that its programs, extra-curricular opportunities, and workforce experiences are equitably available and in full respect for the experiences, perspectives and contributions of our diverse community.

کمیٹی ایک متنوع، شامع اور مساوی برابری کو تسلیم کرتا ہے اور اس میں برابری اور احترام کی کوئی شکایت نہ ہو۔ کامیابی کا ماحول بنانے اور اس میں برابری اور احترام کی کوئی شکایت نہ ہو۔

Worker's Council and Management Committee
ورکرز کونسل اور مینجمنٹ کمیٹی

Workers council and management committee is constituted by TGDC under the requirements of national and international laws and practices. It provides the regulation and practices of information, consultation and other forms of employee involvement with management to resolve employee's issues/matters. Council provides a bridge between the management and employees for smooth resolution of the conflicts and engaging the workers in their routine activity without any disturbance.

ورکرز کونسل اور مینجمنٹ کمیٹی کمیٹی کی تعینات ہونے پر ملازمین کی شکایات کو حل کرنے اور ان کی تلافی کرنے کے لیے ایک رسمی طریقہ کار اپنایا گیا ہے۔ ملازمین کی شکایات کو حل کرنے اور ان کی تلافی کرنے کے لیے ایک رسمی طریقہ کار اپنایا گیا ہے۔

- The Factory / Labor inspector provided a satisfactory report with respect to the compliance at site.

Sl. No.	NAME & ADDRESS	COMMENTS
	NAME: <i>ASAD SHAHID ALAM Labor Officer</i> ADDRESS: <i>Directorate of Labor</i>	<i>inspector visited the KPCL Hydro Power Project site at Katura Pindri, at the time of my report he had no major irregularities been detected however the management of the company is in dilemma to comply with laws and by not providing best accuracy.</i>
	NAME: ADDRESS:	
	NAME: ADDRESS:	
	NAME:	

Asad Shahid Alam
Labour Inspector

- The complainants never approached the Directorate of Labor officer or labor court which is an appropriate forum for such (unfair dismissal and forced resignations).

C- LIMITATIONS:

Besides all the above, the company (KPCL and TGDC) also showed its limitations to make the complainants and CAO understand that company cannot go beyond few things and establish such practices which can cause problems for the company and all its stakeholders. Such limitations are mentioned below briefly.

- Company structure and SOPs.
- Project completion TGDC.
- Audits and closers.
- Short term stake (short term solutions)
- Long term stakes in area (long term solutions).
- Stakeholder engagements.
- Data / source / information / record.

D- Conclusion of complaint offered by company.

- Experience letters and character certificates to ex-employees of TGDC (as no evidence against unfair dismissal and forced resignation provided by the complainants)
- The KPCL has already revised its recruitment policy and it is in practice.
- Priority to complainant in interviews for future jobs.
- Third-party jobs, subject to hiring committee approval.

Appendix 4: Additional Appraisal Considerations

The CAO Policy provides for the compliance appraisal to take into account additional considerations, as outlined in the table below.

CAO Policy provision	Analysis for this case
For any project or sub-project where an IFC/MIGA exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC/MIGA exit (para. 92a).	Not Applicable
The relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint (para. 92b).	Not Applicable
Whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies (para. 92c).	CAO concludes that its appraisal criteria in relation to the unfair dismissal has been met.
Whether Management has provided a statement of specific remedial actions, and whether, in CAO's judgment after considering the Complainant's views, these proposed remedial actions substantively address the matters raised by the Complainant (para. 92d).	Not Applicable
In relation to a project or sub-project that has already been the subject of a compliance investigation, CAO may: (a) close the complaint; (b) merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues as the earlier compliance process; or (c) initiate a new compliance investigation only where the complaint raises new issues or new evidence is available (para. 93).	CAO has decided to merge the complaint with the ongoing Karot-02/03 & 03 compliance process, as the complaint is substantially related to the same issues already being investigated in the earlier compliance process.