



COMPLIANCE MONITORING REPORT

*IFC Investments in Amalgamated Plantations Private Limited (APPL), India
Project Numbers 25074 and 34562*

January 23, 2019

Office of the Compliance Advisor Ombudsman (CAO)

Executive Summary

In 2009, IFC made an equity investment in Amalgamated Plantations Private Limited (APPL, “the client”). APPL operates 25 tea estates in northeast India and is India’s second largest tea producer and supplier. APPL employs over 30,000 workers and 155,000 people live on its tea estates. As outlined by IFC, its investment sought to support the implementation of a worker-shareholder business model and bring fundamental change to an industry that faces large fixed costs, low productivity and burdensome regulation. IFC also held itself out as an “honest neutral broker to support a fair transaction” between employees and existing shareholders.

In November 2016, CAO released a compliance investigation in relation to IFC’s investment in the client.

The investigation also responded to a complaint from three non-governmental organizations (NGOs) on behalf of workers from three APPL estates in Assam: Hattigor, Majuli and Nahorani. The complaint raised concerns about living and working conditions, specifically citing long working hours, inadequate compensation, economic displacement as a result of a fisheries program, restrictions on freedom of association, poor hygiene and health concerns, poor living conditions, and inadequate protection for workers using pesticides. The complaint also raised concerns about lack of consultation in relation to the worker shareholder program as well as IFC’s decision not to apply its Indigenous Peoples policies to the tribal minorities who work on the tea estates. In addition, the compliance investigation considered concerns regarding occupational health and safety, freedom of association, and the client’s reliance on government security personnel which were identified as issues of concern by the CAO Vice President, following complaints from international unions.

The CAO compliance investigation acknowledged that IFC’s investment in APPL was a challenging one, but one with potential for significant development impact, given the poor and vulnerable status of the client’s workforce. At the same time, CAO’s investigation documented non-compliance in relation to IFC’s assessment and management of E&S risk associated with the investment. Given the vulnerable status of workers and the client’s responsibility to provide a range of basic services to workers, CAO found that IFC’s pre-investment E&S review was not commensurate to risk. Shortcomings in this review led to the development of mitigation measures which were insufficiently detailed and did not address key risk areas. During supervision, CAO found that IFC did not assure itself of compliance with its Performance Standards. In relation to the issues raised in the complaint, CAO found that IFC did not assure itself of client compliance with relevant Performance Standards related to: (a) workers’ living conditions; (b) compensation practices; (c) freedom of association and grievance handling; (d) risks in relation to employment of children; (e) use of pesticides; (f) approach to security; (g) economic displacement; (h) project impacts on Indigenous Peoples; (i) consultation around an employee share purchase program; and (j) consultation in relation to project impacts.

In response to CAO’s compliance investigation report, IFC noted that this investment was characteristic of what its Board was asking it to do: “undertake engagements in challenging frontier environments that offer potentially strong development impact but also carry high implementation risk.” IFC acknowledged that it did not sufficiently review contextual risks prior to making the investment nor the costs and timeframe associated with making the level of improvements needed to ensure Performance Standards compliance. IFC noted that the client was implementing an Action Plan to address shortcomings and legacy issues in key areas as human health, worker health and safety, housing, and sanitation infrastructure. As part of its response, IFC attached an updated version of an existing client Action Plan and included additional actions which IFC held responsibility to implement. In particular, IFC agreed to: (a)

commission a third-party to undertake an annual audit and worker perception survey across the client's 25 estates; (b) update its legal opinion on the client's compliance with national minimum wage requirements; and (c) ensure that the Action Plan was disclosed and consulted with workers.

This report documents actions taken by IFC in response to CAO's non-compliance findings. It was prepared on the basis of (a) a review of IFC's project documentation; and (b) calls with IFC staff, the complainants and the client. A field visit was not undertaken in preparation of this monitoring report. A field visit is expected during the next monitoring period subject to clearance from the Government of India.

As reported by APPL, progress was made in relation to a range of Action Plan commitments including repairing toilets and installing additional water points, construction and repair of houses and phase out of extremely and highly hazardous pesticides and resolution of economic displacement impacts as a result of the fisheries program. At the same time, APPL did not report or recorded limited progress on the construction of cement drains, effectiveness of Estate Employee Councils, and implementation of a general E&S management system.

An update provided to CAO by the complainants in April 2018 asserted that workers were not consulted on the Action Plan, raised concern regarding the progress and quality of the infrastructure improvements on tea estates, and, alleged on going non-compliance regarding the client's compliance with PS2 requirements on freedom of association and wages. Further, the complainants assert that they continue to experience threats and reprisals as a result of their complaint to CAO. The complainant representatives allege that client management allude to the potential of job losses and closure of estates as a threat to workers that raise their voice. The complainants note that when TGB discussed selling their stake in the client, client management suggested that TGB and IFC were withdrawing their funds as a result of grievances being raised to CAO.

While noting the measures reported under the client Action Plan, CAO finds that IFC's supervision has not satisfactorily addressed its non-compliance findings. Since the release of CAO's investigation report in November 2016, IFC completed a draft review of one client prepared Annual Monitoring Report (AMR, 2017-2018). Evidence of review and feedback to the client in relation to its earlier AMR (2016-2017) is absent. IFC completed site supervision visits to the client in January 2017 and September 2018, however, reports from these visits had not been finalized at the time of writing. Further, IFC did not meet commitments included in its response to CAO's investigation report. Specifically, IFC has not (a) commissioned a third-party to undertake an annual audit and worker perception survey across the client's 25 estates; (b) updated its legal opinion on the client's compliance with national minimum wage requirements; or (c) ensured that the Action Plan was disclosed and consulted with workers prior to its approval by the client's board. As presented in the original investigation, CAO is concerned that IFC's ongoing supervision of the project continues to fall short in terms of the requirement to develop and retain information needed to assess its client's compliance with the Performance Standards. As a result, IFC does not have assurance that the client is on track to achieve Performance Standards compliance.

Delivering on IFC's Sustainability Policy and Performance Standards commitments through this investment has been challenging. Many of the issues raised in the CAO investigation are not peculiar to the client. Rather, as IFC notes, they "highlight some of the 150-year-old legacy issues plaguing the [tea] sector [in India], which require urgent action." The client notes that implementation of the Action Plan is hampered by financial losses in recent years and requires more capital than is currently available. The client has reported financial losses since fiscal year 2015. At the same time, the complainants note that continued non-compliance perpetuates a

system of employment with well documented negative impacts on the health and wellbeing of workers and their families. As identified by the client's Chairman at its 2018 annual general meeting, industry wide reform is needed to ensure the sustainability of the tea production business in India's Northeast. These are circumstances where IFC, in collaboration with government, the World Bank and other development partners, could play a positive role.

About CAO

CAO's mission is to serve as a fair, trusted, and effective independent recourse mechanism and to improve the environmental and social accountability of IFC and MIGA.

CAO (Office of the Compliance Advisor Ombudsman) is an independent post that reports directly to the President of the World Bank Group. CAO reviews complaints from communities affected by projects undertaken by the two private sector arms of the World Bank Group, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

For more information about CAO, please visit www.cao-ombudsman.org

Table of Contents

Introduction	7
Background.....	7
IFC response, client actions and IFC monitoring	9
Complainant submission	11
CAO Analysis.....	12
Conclusion	25
Annex A– Summary of IFC Action Plan Updates.....	26
Annex B– Summary of Solidaridad 2014 and 2017 conclusions.....	35

Introduction

CAO's compliance function oversees investigations of IFC/MIGA's environmental and social (E&S) performance with a view to ensuring compliance with relevant requirements and improving the E&S performance of the institutions.

Following a CAO compliance investigation, CAO monitors actions taken by IFC/MIGA until such actions assure CAO that its compliance findings are being addressed.

CAO's monitoring focuses on actions taken or proposed by IFC/MIGA that respond to CAO findings at the project level. This analysis is designed to assess whether project level non compliance identified by CAO has been addressed.

This is CAO's first monitoring report following CAO's investigation of IFC's investments in Amalgamated Plantations Private Limited (APPL, "the client").¹ CAO's compliance investigation report was finalized in September 2016 and was released along with IFC's Official Response in November 2016. This report documents IFC's response to the compliance investigation from the period October 2016 – September 2018. In preparing this monitoring report, the CAO team (CAO staff and one external expert): (a) reviewed IFC's project documentation; and (b) held calls with IFC staff, the complainants and the client. A field visit was not undertaken in preparation of this monitoring report. A field visit is anticipated during the next monitoring period pending clearance from the Government of India.

This report provides: i) a case background; ii) a summary of IFC's response to CAO investigation report, client actions and IFC's monitoring of the client; iii) summary of complainant submission; iv) CAO's compliance analysis; and v) CAO monitoring report conclusion.

Background

This section provides background on the Indian tea sector, IFC's client, IFC's investment, CAO's compliance cases, and CAO's investigation findings.

Indian tea sector

India is the second largest producer of tea in the world. The tea sector is India's largest private employer with production concentrated primarily in the northeastern states of Assam and West Bengal and to a lesser extent in the southern states of Tamil Nadu and Kerala.²

Most of the tea workers in northeastern India are descendants of tribal communities from other Indian states who were brought to the tea estates as bonded or forced labor during India's colonial period. They have retained a distinct sociocultural identity, including languages and customs which are different from those of the local populations in Assam and West Bengal. Jobs on the tea plantations are traditionally passed from one generation to the next. Having limited access to education or economic opportunity outside the tea plantations, tea workers are highly dependent on their employers.³

¹ The CAO investigation, IFC's Official Response to the investigation, and related materials are available on the CAO website. See <https://goo.gl/qw4j9Q> and <https://goo.gl/dEkknb>.

² Mishra, Upadhyay, and Sarma 2012. See also India Tea Board statistics, <http://goo.gl/WGZVVr>.

³ Behal, Rana. 2006. *Power Structure, Discipline, and Labour in Assam Tea Plantations under Colonial Rule*. <https://goo.gl/brl7mQ>.

IFC's client

APPL is the second largest tea producer and supplier of tea in India. It operates 21 tea estates in Assam and 4 in West Bengal. It has 31,000 permanent workers, half of whom are women.⁴ Additionally, the client employs over 11,000 temporary workers. Under Indian law, the client is required to provide permanent workers and their dependents with housing, potable water, sanitation facilities, medical care and basic education. The client affirms that it provides the same benefits to temporary workers while they are under contract with the exception of housing. Counting employees and their dependents, the client is responsible for providing a range of basic services to over 155,000 people.⁵

IFC's investment

In October 2006, IFC approved a 20 percent equity investment in the client. The purpose of the investment was to support the implementation of a sustainable employee-owned plantation model, whereby employees were offered the opportunity to purchase shares in APPL. The rationale for IFC's participation in this project included: (a) support for an innovative business model that had the potential to fundamentally change an industry that faced large fixed costs, low productivity and burdensome regulations; (b) opportunity to act as an honest neutral broker to ensure a fair transaction for both employees and existing shareholders; and (c) opportunity to assist the client in mobilizing additional capital.⁶

In April 2009, IFC completed its first disbursement.⁷ In February 2014, IFC participated in an equity rights issue. As of March 2018, IFC held 15.75 percent equity in APPL.

CAO's compliance cases

In 2011, the International Union of Food Workers (IUF) made a complaint to IFC outlining concerns from unions representing workers on an APPL tea estate. The complaint related to an incident ("Incident One") which took place in August 2009, when a pregnant tea worker at the client's Nowera Nuddy estate in West Bengal collapsed, allegedly after making a request for maternity leave. This incident led to a labor dispute which resulted in two lockouts lasting a total of three months. In a separate public report, IUF detailed another incident ("Incident Two") which occurred in May 2010 at the client's Powai estate in Assam. In this case, a worker collapsed and died, allegedly due to exposure to pesticides. The event led to protests and a clash with police which resulted in two protesters being killed and 16 others injured. Subsequently, in 2012 the CAO Vice President triggered a compliance appraisal in relation to IFC's investment in APPL. A compliance appraisal report was released in January 2013, which concluded that IFC's investment in APPL warranted a compliance investigation.

In February 2013, CAO received a complaint from three nongovernmental organizations (NGOs) on behalf of workers from three APPL estates in Assam: Hattigor, Majuli and Nahorani. The complaint raised concerns about living and working conditions, specifically citing long working hours, inadequate compensation, economic displacement as a result of a fisheries program, restrictions on freedom of association, poor hygiene and health concerns, poor living conditions, and inadequate protection for workers using pesticides. The complaint also raised concerns about lack of consultation in relation to the share program as well as IFC's decision not to apply its Indigenous Peoples policies to the tribal minorities who work on the tea estates.⁸

⁴ APPL website, n.d., *Know APPL in 2 minutes*. Available at <https://goo.gl/PTDg4x>.

⁵ IFC's Official Response to the investigation.

⁶ IFC, 2006, Summary of Proposed Investment available at <http://goo.gl/y6gkTi>.

⁷ IFC, 2006, Summary of Proposed Investment.

⁸ CAO investigation.

CAO's investigation findings

In November 2016, CAO released its investigation report. CAO acknowledged that IFC's investment in APPL was a challenging one, but one with potential for significant development impact. At the same time, CAO's investigation documented non-compliance related to IFC's assessment and management of E&S risk associated with the investment. Given the vulnerable status of workers and the client's responsibility to provide a range of basic services to workers, CAO found that IFC's pre-investment E&S review was not commensurate to risk. Shortcomings in this review led to the development of mitigation measures which were insufficiently detailed and did not address key risk areas. During supervision, CAO found that IFC did not assure itself of compliance with its Performance Standards. In relation to the issues raised in the complaint, CAO found that IFC did not adequately supervise client compliance with Performance Standards related to: (a) workers' living conditions; (b) compensation practices; (c) freedom of association and grievance handling; (d) risks in relation to employment of children; (e) use of pesticides; (f) approach to security; (g) economic displacement; (h) application of IFC Indigenous Peoples requirements to tea workers; (i) consultation around an employee share purchase program; and (j) consultation in relation to project impacts.

IFC response, client actions and IFC monitoring

IFC response

In its Official Response, IFC acknowledged that CAO's report echoed the work of several independent institutions and external stakeholders in highlighting some of the 150-year-old legacy issues plaguing the tea sector which require urgent action.⁹

IFC noted that it made its investment at an extremely difficult time for the tea industry. IFC's investment was made with the hope of supporting some 30,000 jobs on which workers and their families – over 155,000 people – were dependent. IFC noted that this investment was characteristic of what its Board was asking it to do: “undertake engagements in challenging frontier environments that offer potentially strong development impact but also carry high implementation risk.”¹⁰

IFC acknowledged it did not sufficiently review contextual risks prior to making the investment nor the costs and timeframe associated with making the level of improvements needed to ensure PS compliance. IFC disagreed with other matters raised in CAO's report. IFC stated that it did not doubt the integrity of a third-party audit carried out by Solidaridad in 2014 – noting that the Solidaridad audit did not cite any non-compliance with Indian law in respect to worker's organizations, wages, avoidance of child labor and disclosure/consultation. At the same time, IFC agreed to update its legal opinion regarding the client's compliance with national minimum wage requirements.

IFC affirmed that the client was implementing an Action Plan to address shortcomings and legacy issues in key areas as human health, worker health and safety, housing, and sanitation infrastructure. As part of its response, IFC attached an updated version of the client's existing Action Plan (titled “Draft Action Plan”)¹¹ which included additional actions, subject to APPL and Tata Global Beverages (TGB) approval. These included a commitment for: (a) APPL to publicize the Draft Action Plan and seek worker feedback; (b) IFC and TGB to engage a third party to

⁹ IFC Official Response to the investigation.

¹⁰ *Ibid.*

¹¹ APPL refers to this Action Plan as Project Unnati. The client confirmed to CAO that the “Draft Action Plan” was signed off by APPL's board in October 2016. Henceforth, CAO will use the term Action Plan.

undertake an annual audit and worker perception survey of the Action Plan across the client's 25 estates addressing, improvement measures and financial literacy; and (c) APPL's board to discuss the Action Plan and approve an appropriate budget before April 2017.

Client reporting

In May 2018, APPL published a progress update to October 2017 on Action Plan implementation.¹² APPL noted that it had (a) repaired over 10,000 toilets and installed additional water points on its tea estates; (b) constructed 139 new houses and repaired 1,916 houses; (c) phased out the use of class 1a and 1b pesticides and installed 18 wash stations for pesticide sprayers; (d) resolved issues of economic displacement as a result of the fisheries program; and (e) handled over 5,000 complaints, with 1,987 complaints unaddressed. APPL did not report or recorded limited progress on action plan items relating to: (a) construction of cement drains in all worker colonies; (b) implementation of individual electricity metering at 1,839 houses; (c) effectiveness of Estate Employee Councils; (d) implementation of a general E&S management system (e.g APSITE)¹³; and (e) consultation on the share program and the draft Action Plan with workers. See Annex A for comparison of each action item with reported progress as of September 2016 and October 2017.

In discussions with CAO, APPL management noted that the Action Plan was approved by its board in October 2016 with a rider that the APPL would need assistance from shareholders to fund its implementation. APPL management also noted that recent financial losses challenged its ability to implement aspects of the Action Plan which require significant financial resources, in particular, infrastructure improvements. As publicly reported APPL made losses in fiscal years 2015 to 2018 and paid no dividends for fiscal years 2017 and 2018.¹⁴

Solidaridad assessment, 2017

In 2017, Tata Global Beverages commissioned Solidaridad¹⁵ to prepare an "Independent Assessment of the APPL Action Plan" based on research conducted in two of APPL's 25 tea estates. APPL published a summary of this assessment in English in October 2017.¹⁶ The objective of the assessment was to review status implementation of the Action Plan; conduct an anonymous employee perception survey; and identify opportunities for improvement. The assessment was prepared on the basis of: (a) desk research; (b) field research; (c) semi-structured field interviews; and (d) a worker perception survey of 50 households out of 1339 client provided labor quarters.¹⁷ The assessment was conducted on two tea estates: Nahorani and Namroop. Solidaridad acknowledged that its assessment did not provide evidence regarding the situation across APPL's 25 estates.

¹² APPL, Project Unnati Update Oct 2017, available at <https://goo.gl/vQc8H7>. IFC received an updated report noting process to March 2018.

¹³ Amalgamated Plantations Systems Integration Towards Excellence (APSITE) is a pilot integrated E&S management system encompassing various E&S standards APPL implements.

¹⁴ APPL fiscal year is from April 1 to March 31. The period April 1, 2014-March 31, 2015 is fiscal year 2015. Further details on APPL's past financial performance is available at The Telegraph India (<https://goo.gl/eunaF9>) and Investment Information and Credit Rating Agency of India Limited (<https://goo.gl/6vTCke> and <https://goo.gl/iQu35g>).

¹⁵ Solidaridad is an international civil society organization. In 2014, Solidaridad was commissioned by Tata Global Beverages to assess the living and working conditions of APPL tea workers. Solidaridad's report included a series of recommendation to improve performance on APPL tea estates. Available at <https://goo.gl/itWj45>.

¹⁶ Solidaridad, 2017 Independent Assessment of the APPL Action Plan. Available at <https://goo.gl/itWj45>.

¹⁷ In Nahorani, APPL has 915 labor quarters. At this estate, APPL has 1468 permanent workers and, during peak season, employs an additional 900 temporary workers.

In Namroop, APPL has 424 labor quarters. At this estate, APPL has 810 permanent workers and, during the peak season, employs an additional 750 temporary workers. For further details, see APPL's website, available at <https://goo.gl/LBGg9f>.

The Solidaridad report is not an audit and does not assess client performance against relevant legal or IFC Performance Standards requirements.

Based on a review of two tea estates, Solidaridad noted progress regarding: (a) implementation of worker Estate Employee Councils (EEC); (b) provision of Personal Protective Equipment (PPE) to workers; (c) repairs to toilets and access to water; (d) implementation of doctor roster; (e) implementation of a migration awareness program; and (f) resolution of economic displacement concerns noted in the complaint to CAO. Further, Solidaridad noted that it did not find evidence of the client benefitting from child labor. At the same time, Solidaridad noted there was a need to: (a) provide training to workers participating in EECs; (b) increase worker housing construction and repairs; (c) improve estate drainage; (d) implement individual electricity metering at Nahorani; (e) provide consistent financial literacy training to workers; and (f) implement an E&S management system across all tea estates. The Solidaridad report noted that workers were not able to share details of the client's Action Plan. See Annex B for a summary of Solidaridad's 2014 and 2017 assessment conclusions.

IFC project supervision

In January 2017, IFC senior management and staff visited the client's tea estates. IFC did not prepare a back to office report following this visit.

Since finalization of CAO's investigation report in September 2016, IFC received two Annual Monitoring Reports (AMR) from the client: AMR 2016-2017 and AMR 2017-2018. These reports provide estate level data regarding (a) estate certification; (b) staff capacity and training; (c) occupational health and safety performance; (d) pesticide use; (e) significant E&S incidents; (f) internal and external communication; and (g) grievance handling. In August 2018, IFC prepared a draft AMR Review of the 2017-2018 report. IFC noted that the estate level data provided by the client was inconsistent and/or contained gaps. Similar to earlier IFC supervision (February 2016), IFC noted that the AMR format needed to be revisited and this would be discussed with the client in a forthcoming supervision visit. IFC determined the client's performance to be Partly Unsatisfactory. IFC completed site supervision visits to the client in January 2017 and September 2018, however, reports from these visits had not been finalized at the time of writing.

Complainant submission

On April 27, 2018, the complainants published a letter addressed to CAO.¹⁸ The complainants also sent CAO multiple annexes to the letter to support statements made in their letter. The complainants assert that IFC disregarded many of CAO's non-compliance findings, and note that IFC relied on the 2014 Solidaridad Report to dispute CAO's findings. The complainants contest IFC's reliance on this report as it was not released to the complainants as required by PS1 and it did not assess client compliance with IFC's Performance Standards.

The complainants assert that IFC failed to: a) ensure the complainants were consulted on the Action Plan; b) select an independent third party to review client performance; c) ensure workers were adequately informed in respect of the share program; d) review the client's grievance mechanism; e) ensure the client was in compliance with PS2 requirements regarding freedom of association, and wages; f) ensure there was an expert analysis on the application of IFC's indigenous peoples requirements; g) review the client's implementation of the Action Plan regarding housing and sanitation improvements; and h) ensure the client provided a safe working environment and access to adequate health care. On this last point, the complainants

¹⁸ Complainant letter to CAO, April 27, 2018. Available at <https://goo.gl/F3DWTo>.

documented seven instances between March 2016 and January 2018 where they allege poor client approach to occupational health and safety resulted in deaths and injuries to workers and their dependents.¹⁹ Further, the complainants assert that they continue to experience threats and reprisals as a result of their complaint to CAO. The complainant representatives allege that client management allude to the potential of job losses and closure of estates as a threat to workers that raise their voice. The complainants note that when TGB discussed selling their stake in the client,²⁰ client management suggested that TGB and IFC were withdrawing their funds as a result of grievances being raised to CAO.

The complainants claim that “IFC has failed to exercise its leverage to ensure the successful implementation of the Action Plan, including ensuring that budgets are appropriately directed towards worker welfare issues”.²¹ They note that APPL’s Board of Directors reviews implementation of the Action Plan. They note that IFC has the right to appoint an individual to the client’s Board of Directors, but that, IFC has not appointed a director.

CAO Analysis

IFC’s investment in APPL is challenging one, but one with potential for significant positive development impact. The potential for development impact emerges from partnering with a client whose business directly supports the livelihoods of over 155,000 people, comprising of over 30,000 low-income permanent workers, over 10,000 temporary workers, and their families, in poor, remote, and in some instances, conflict-prone areas of India. At the same time, if non-compliance with IFC requirements persist, IFC, as a part owner of APPL, risks perpetuating a system of employment with well documented negative impacts on workers and their families.

This section presents CAO’s analysis of IFC’s response to its non-compliance findings and adequacy of IFC’s actions to date. The following sub-sections are organized with reference to CAO’s compliance findings.

Due diligence (Finding 4.1)

Summary of CAO Investigation Findings

IFC’s investment in APPL was a challenging one, but one with potential for significant positive development impact.

In these circumstances, IFC did not conduct an E&S review that was “appropriate to the nature and scale of the project” or “commensurate with the level of social and environmental risks and impacts,” as required by the 2006 Sustainability Policy (para.13).

Specific weaknesses identified by CAO include: (a) an absence of contextual analysis of risk, including long-standing conflict and security-related risks associated with the tea industry in the region; (b) lack of objective assessment of living and working conditions on the tea plantations; (c) inadequate verification of E&S information provided by the client; and (d) an absence of consultations with workers or their representatives in relation to E&S issues.

¹⁹ See Complainant letter to CAO, April 27, 2018, page 11-12, for summary of alleged incidents.

²⁰ In January 2018 it was reported that TGB was considering selling its equity in APPL. For further details see <https://goo.gl/qRmbgt>.

²¹ Ibid, page 15.

Crucially, IFC's E&S review lacked commensurate consideration of the client's E&S management system and its capacity to manage the range of E&S risks associated with its business in accordance with IFC requirements.

IFC incorrectly concluded that the investment had a limited number of specific environmental and social impacts that could be readily addressed through standard mitigation measures (the requirement for a Category B project).

The Environmental and Social Action Plan (ESAP) was insufficiently detailed and did not address key risk areas.

As a result, IFC did not have a basis to conclude that this project could meet the requirements of the Performance Standards.

IFC Response and Analysis: IFC acknowledged that it did not sufficiently appreciate the broader risk posed by the Assam context at the time of appraisal. IFC noted that it is in the process of launching new E&S procedural requirements to systematically screen projects for contextual, country risks as part of due diligence, and to factor such external risks into decision-making and overall risk management.

As CAO's findings relate to IFC's due diligence during the period 2006 to 2009, a project level response to this finding is not expected. CAO acknowledges the provision of staff guidance to consider contextual risks as a positive action in response to CAO's finding in this and other investments.²² Specifically, IFC has updated its Environmental and Social Review Document (ESRD), an internal record of E&S performance, to require staff to consider contextual and sector risks at appraisal. Further, IFC's internal procedures for pre-investment due diligence and E&S risk categorization have been amended to include consideration of contextual and sector risks.

Conclusion: A project level response regarding these findings is not expected. Since IFC conducted its pre-investment due diligence, IFC has revised its internal staff guidance to require a contextual and sector assessment.

General supervision (Finding 4.2)

Summary of CAO Investigation Findings

IFC's supervision of its investment in APPL did not meet the requirements of the Sustainability Policy or relevant ESRP.

Firstly, conditions of disbursement (COD) agreed with the client and disclosed publicly in the ESAP were omitted from the investment agreement. Given later events, those of particular relevance included requirements in relation to handling and storage of chemicals. CAO also finds that IFC E&S staff were not involved in the clearance of the E&S COD, contrary to the requirements of the ESRP.

Secondly, in relation to IFC's general supervision of the project, IFC has failed to "develop and retain the information needed to assess its client's compliance with the Performance Standards" (ESRP). Where IFC has identified gaps in compliance, IFC has not ensured that these are translated into time-bound and resourced Action Plans of the type required by PS1. As a result, E&S compliance issues raised by the complainants remain unaddressed.

²² For further details see IFC (April 2017) statement on *Improving IFC's Approach to Environmental and Social Risk Management*. Available at <https://goo.gl/YHKWfj>.

IFC Response and Analysis: IFC acknowledged that it needed to be more careful in instances where there is a long-time lag from its E&S due diligence and Board approval to its legal commitment. IFC committed to supplement its direct supervision by commissioning, preferably with TGB, an annual independent third party audit and worker perception survey of: (a) the Action Plan; (b) other improvement measures implemented or proposed; and (c) financial literacy program and awareness training on employee share plan that have been undertaken by APPL. As detailed in IFC's response, a "large and representative sample size of workers across 25 estates" would be used for the survey. Results from the perception survey would be shared with the workforce. The first audit and perception survey were expected to be complete by December 2016, with subsequent audits and surveys complete by December of each respective year. Based on the results of the audit and perception survey, the third party would identify opportunities for improvement and develop an Action Plan for any further undertakings in consultation with APPL management, the EECs, TGB and IFC. Agreed additional actions would be posted on APPL's website and socialized with employees. It was expected that the first Action Plan would be finalized by February 2017, with subsequent Action Plans finalized by February of each respective year.

There is no evidence that IFC commissioned such a third-party audit at any point since it made the commitment in its response to CAO's investigation report. The 2017 Assessment by Solidaridad is not an audit and does not assess client performance against relevant legal or IFC Performance Standards requirements. Further, Solidaridad acknowledged that its assessment on two tea estates did not provide evidence regarding the situation across APPL's 25 estates.

Further, IFC has taken insufficient action to assure itself that the client has implemented a systemic environmental and social management system (ESMS) as required by PS1. IFC's prior supervision noted the absence of such a system in December 2013, and recorded the development of a pilot ESMS in subsequent IFC supervision (known as APSITE). The client's latest AMR (2017-2018) does not report on progress to implement a system-wide ESMS²³ and IFC's draft AMR review does not comment on the absence of such reporting. Further, in February 2016 IFC noted the need to amend the client's AMR format to ensure that client reporting was useful for IFC to assess compliance. However, there is no evidence that IFC has amended and agreed a revised AMR format with the client.

CAO notes the allegations of seven incidents of death and serious injury to workers and their dependents documented by the complainants and published in April 2018. CAO also notes the client denies these incidents.²⁴ IFC's supervision provides no evidence that IFC followed up with the client in relation to these serious allegations, as provided for in IFC's procedures.²⁵

Conclusion: CAO's compliance findings regarding general supervision have not been addressed. Further action is required by IFC to assure itself that the client is i) implementing a PS compliant ESMS; and, ii) reporting and conducting root cause analysis of serious incidents. Monitoring and reporting against IFC E&S requirements remains insufficient. IFC has not delivered on Action Plan commitments to commission an independent third party to undertake an annual audit and worker perception survey with an appropriate large and representative sample size of workers across the client's 25 estates.

²³ The client does report on various certifications received for each estate level ESMS.

²⁴ DNA India, April 27, 2018, *Indian workers dying on World Bank-backed tea plantations, say campaigners*. Available at <https://goo.gl/kcczv3>.

²⁵ IFC ESRP 5.

Living conditions for workers on the client's tea estates (Finding 4.3.1)

Summary of CAO Investigation Findings

While there were well-documented concerns about the living conditions of tea workers in northeast India, IFC's pre-investment due diligence did not include a review of client compliance with requirements to provide housing or other basic services to workers under national law. Similarly, IFC did not assure itself that its client was discharging its obligation to provide housing and other services in a manner that met the PS2 standard of promoting safe and healthy working conditions or protecting and promoting the health of workers.

Given the objective of PS2 to "promote safe and healthy working conditions, and to protect and promote the health of workers," CAO finds that IFC's consideration of worker health indicators has been insufficient.

During supervision, IFC has not responded systematically to issues regarding housing and living conditions as raised by the complainants. Indeed, it was only when TGB took the initiative following release of the Columbia Law School report in 2014 that a range of deficiencies related to housing and living conditions were confirmed and an Action Plan developed.

While the development of the TGB Action Plan has led to some progress in addressing the issues raised by the complainants, given the client's capitalization and progress reported to date, CAO notes that timely delivery of the commitments in the Action Plan may not be possible. In this context, CAO finds that IFC has not been successful in working with the client to bring it back into compliance as required by the Sustainability Policy.

IFC Response and Analysis: IFC's Action Plan is ambitious in seeking to systematically improve housing and sanitation at all estates. In some instances, these actions are needed to meet requirements under national law. In others, the client has set objectives beyond national law requirements (e.g. to provide piped water to every household). While the client initially reported progress in repairing houses and sanitation (see Annex A), the client notes that financial losses limited its ability to reach its infrastructure improvement goals under the Action Plan.

IFC's supervision has not commented on the client's progress to meet its Action Plan commitments nor what support IFC could provide its client to achieve compliance with IFC or local legal requirements.

Conclusion: While the client commenced implementation of an ambitious infrastructure improvement plan, progress has been less than anticipated with the client noting financial limitations.²⁶ Commitments to improvements in living conditions do not appear to have been prioritized on the basis of consultation with workers or compliance requirements. Accordingly, CAO's compliance findings regarding living conditions have not been addressed.

²⁶ In an AGM speech, APPL Chairman noted that industry wide reform is needed to ensure the sustainability of the tea production business in India's Northeast. Chairman's 2018 AGM speech available at <https://goo.gl/5xjmY7>.

Wages and compensation (Finding 4.3.2)

Summary of Findings

In response to the allegations that the client compensates workers at a level below the minimum wage, IFC took appropriate action in obtaining external legal advice on the issue. However, the advice was not current at the time that it was delivered and as such requires revisiting.

IFC has not assured itself that the client is systematically presenting wage-related information in a “clear, easily understandable, and accurate, and in the language of the employee or directly contracted worker.”

IFC has not assured itself that wages and working conditions for temporary and permanent workers are consistent with IFC commitments to support jobs that “protect and promote the health” of workers, and thus provide a way out of poverty.

IFC Response and Analysis: In its response, IFC committed to update its external legal advice regarding the client’s compliance with national minimum wage requirements for the tea sector. There is no evidence that IFC has commissioned updated legal advice on this issue.

In response to CAO’s finding that IFC had not assured itself that the client is systematically presenting wage-related information in a “clear, easily understandable, and accurate, and in the language of the employee or directly contracted worker”, IFC noted that the client is issuing bilingual pay slips. The 2017 Solidaridad assessment of two tea estates noted that all workers in both estates receive pay slips in local language. However, in their April 2018 letter to CAO, the complainants maintain assert that “some workers do receive pay slips in Assamese, many workers still receive pay slips in the English language”.²⁷ The complainants presented examples of 2017 pay slips in English only from the client’s Hattigor tea estate.

During the period of supervision, CAO notes that tea workers have continued to demand higher wages. In July 2018, a decision was made to increase the minimum daily wage for tea workers in Assam by Rs 30 to Rs 167.²⁸

Conclusion: IFC has not updated its external legal advice regarding the client’s compliance with national minimum wage requirements, as IFC committed to in its Official Response.

There is no evidence that IFC’s supervision since the release of CAO’s Investigation Report has engaged with ongoing allegations that the client is not systematically presenting wage-related information in a “clear, easily understandable, and accurate, and in the language of the employee or directly contracted worker.”

While noting the recent increase in the minimum wages for tea workers in Assam, CAO’s finding regarding wages, poverty and worker health remain relevant. IFC has not engaged with this finding. As a result, CAO finds its compliance findings have not been addressed.

²⁷ Complainant letter to CAO, April 27, 2018, page 8.

²⁸ Government of Assam: Labour Welfare Department, July 3, 2018. Available at <https://goo.gl/PFNvyZ>.

Freedom of association and handling of grievances (Finding 4.3.3)

Summary of CAO Investigation Findings

Union issues are known to be contentious in the tea industry in Assam. IFC's pre-investment due diligence did not include a review of its client's approach to the management of these issues.

In light of ongoing concerns regarding freedom of association and collective bargaining as raised by the complainants, global unions and a social audit commissioned by the client, IFC has not assured itself of compliance with the relevant requirements of PS2.

IFC's approach to the review and supervision of the grievance mechanism requirements of PS1 and PS2 is similarly deficient.

Despite ample evidence of worker grievances in the tea sector, IFC did not review or collect baseline data on its client's approach to grievance handling.

This issue was further neglected during early supervision (2009–2012), despite indications of shortcomings in the client's approach to grievance handling.

Since 2013, IFC and the client have been discussing improvements in the client's approach to grievance handling. However, CAO notes that, to date, IFC does not have assurance that the client is operating a grievance mechanism that is compliant with PS1/PS2.

IFC Response and Analysis: IFC's response details client actions to improve the handling of grievances. Specifically, the Action Plan provides for enhancing estate level grievance mechanisms and implementing EEC's.

IFC documentation does not provide assurance that the client's estate level grievance mechanisms are handling complaints in accordance with PS2 requirements. Since July 2013 IFC has raised concerns with the client's estate level grievance mechanisms. While the Action Plan includes an item to strengthen its housing and infrastructure complaint redress process, the plan does not contain a commitment to improve grievance mechanism for non-infrastructure related complaints. IFC's August 2018 supervision report continues to note gaps in the client's implementation of estate level grievance mechanisms.

EECs were established by the client at each estate with the objective of providing workers with a forum to discuss critical issues at an estate and as another forum for grievances to be raised. The 2017 Solidaridad report noted, however, EECs had no set and clearly communicated selection criteria for members, and members are not fully aware of their roles and responsibilities. Solidaridad recommended that clear guidance in local language be developed and communicated to EEC members²⁹. IFC's supervision documentation does not evidence follow up by IFC on this issue.

In response to CAO's finding that IFC has not assured itself that its client is in compliance with PS2 freedom of association requirements, IFC noted that "APPL meets the workers' organization

²⁹ Solidaridad, 2017 Independent Assessment of the APPL Action Plan, page 11.

requirements under PS2 in light of the fact that Assam Chah Mazdoor Sangha [ACMS] is a lawfully formed union and APPL complies with the current collective bargaining agreement in place.”³⁰

The 2017 Solidaridad report found no evidence that APPL staff influenced in any way the trade union formation on the two tea estates reviewed.³¹ The client noted to CAO that it has recognized multiple unions at all four of its tea estates in West Bengal and at five tea estates in Assam.

The complainants continue to allege that ACMS has close relationships with and support of plantation management and it is the only union allowed to participate in tea industry wage negotiations. As a result, the complainants allege that ACMS does not fairly represent workers and that collective bargaining agreements negotiated by ACMS do not represent agreements by unions of workers’ own choosing and made under workers’ delegated authority.³² IFC’s supervision documentation since the release of the CAO investigation report does not comment on freedom of association.

Conclusion: CAO’s compliance findings regarding handling of grievances have not been adequately addressed. Further IFC action is required to assure itself that the client’s approach to grievance handling is in accordance with PS2 requirements.

CAO’s compliance findings regarding freedom of association noted that IFC had taken insufficient action to assure itself of compliance with relevant requirements of PS2. While it is unclear to CAO if information presented to CAO by the complainants in their April 2018 letter continue to raise PS2 compliance issue regarding freedom of association, IFC has not documented any action to assure itself of the client’s compliance with relevant requirements.

Child labor (Finding 4.3.4)

Summary of CAO Investigation Findings

Child labor is known to be prevalent in India’s agricultural sector, including on tea plantations. In this context, CAO finds that IFC’s pre-investment due diligence of the risk of child labor on its client’s plantations was inadequate. Similarly, since receipt of the CAO complaint, IFC has not taken adequate measures to assure itself that the client currently complies with its child labor requirements.

IFC Response and Analysis: In response to CAO’s finding, IFC noted that child labor was explicitly forbidden by APPL’s policy. IFC also pointed to estate management’s role to ensure that no children are permitted to assist employees at work. IFC noted that this would remain subject to APPL, IFC and third-party vigilance.

CAO notes that the 2017 Solidaridad assessment of two estates did not find evidence of APPL benefiting from the work of child labor. At the same time, CAO notes that IFC has yet to commission a third-party audit and worker perception survey as provided for in its response to review this issue.

Conclusion: Further action by IFC is required to assure itself that the client does not benefit from child labor. IFC’s commitment to commission an independent third-party audit is an appropriate

³⁰ IFC Official Response to the investigation, page 14.

³¹ Solidaridad, 2017 Independent Assessment of the APPL Action Plan, page 4.

³² Complainant letter to CAO, April 27, 2018, page 7.

response. However, IFC has yet to commission this audit. CAO's compliance findings regarding child labor have not been addressed.

Use of pesticides (Finding 4.3.5)

Summary of Findings

IFC has not properly applied its requirements regarding the handling and use of pesticides to this project, with the result that workers have been exposed to extremely hazardous chemicals. In particular, IFC did not identify in a timely manner the client's use of pesticides that are prohibited or restricted under IFC requirements. Further, IFC has failed to provide adequate guidance to the client on how to address compliance issues related to pesticide use.

It is of significant concern that, to date, IFC is not assured that specific issues of noncompliance related to the client's use of pesticides have been addressed. These include issues related to the inadequate use of personal protective equipment (PPE), which have been raised by external stakeholders since 2010, and were confirmed as concerns by external audits conducted in 2011 and 2014.

IFC Response and Analysis: In its response, IFC noted that its client had drastically reduced its use of 1a: extremely hazardous and 1b: highly hazardous pesticides and committed to phase them out completely by March 2017. IFC noted that the use of class II: moderately hazardous pesticides would be undertaken by appropriately trained personnel with the use of PPE. Pesticide sprayers would be rotated out to other jobs after three months.³³

The complainants continue to allege negligence in the provision of adequate Personnel Protective Equipment for pesticide sprayers, rotation of workers off this duty and medical screening. Specifically, they allege that the client ensures "paper compliance with respect to sprayers, not actual compliance." The complainants allege that the client will amend the Informational Technology system to provide for ongoing use of the same individuals to spray pesticides rather than rotate workers off this duty. The complainants assert that where workers have access to PPE it is ill-fitting, uncomfortable, unsuitable for hot weather, or damaged. Further, the complainants allege on some estates PPE is kept in the storeroom and handed out to sprayers when visitors or auditors come.^{34, 35}

The client has reported that class 1a: extremely hazardous and 1b: highly hazardous pesticides are no longer used on its estates. Client reporting to IFC records that class II pesticides are used. PS3 provides that such pesticides cannot be used where "they are likely to be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly."³⁶ IFC's supervision to date has yet to provide adequate assurance that workers are provided proper training, equipment to handle, store, apply and dispose of pesticides properly. IFC supervision documentation records that client reporting on pesticides

³³ IFC Official Response to the investigation, page 14.

³⁴ Complainant letter to CAO, April 27, 2018, page 10.

³⁵ CAO notes that a recent University of Sheffield (UK) research project on the tea sector in India noted a practice of workers only being provided PPE during annual certification audits. Lebaron, Genevieve (2018) *The Global Business of Forced Labour*. Available at <https://goo.gl/9TknwD>.

³⁶ IFC Performance Standard 3, para. 35.

training is inconsistent across estates. IFC's response does not address the issue of past impacts of use of extremely and highly hazardous chemicals on workers.

Conclusion: While the client has reported the phase out of class 1a and class 1b pesticides, further IFC action is required to assure itself that the client is using pesticides in accordance with PS3 requirements. Specifically, that workers are provided proper training, equipment to handle, store, apply and dispose of pesticides properly.

Risks related to the client's approach to security; (Finding 4.3.6)

Summary of Findings

CAO finds IFC's pre-investment assessment of the client's approach to the use of security forces to be inadequate. Specifically, IFC did not consider risks related to the client's reliance on government security forces in a region and sector with a history of violent incidents.

Similarly, and following a number of violent incidents on or near the client's estates, IFC did not assure itself during supervision that the client's approach to the use of security forces is in accordance with Performance Standard 4.

IFC Response and Analysis: IUF notified CAO of violent incidents – including the worker fatalities – at the client's tea estates of Nowera Nuddy (August 2009) and Powai (May 2010). Accordingly, CAO's investigation report considered IFC's review of the client approach to security. PS4 requires security risk assessment including where government security forces are deployed to provide security for a client. While subsequent security incidents have not been reported, neither IFC's response nor subsequent supervision documentation comment on any action in response to this non-compliance finding.

Conclusion: IFC action is required to assure itself that CAO's findings regarding security risk assessment and mitigation are addressed in accordance with PS4 requirements.

Allegations of project related economic displacement (Findings 4.3.7)

Summary of Findings

IFC has not assured itself of proper application of PS5 requirements by the client in relation to the potential economic displacement of workers' supplemental agricultural activities.

IFC Response and Analysis: IFC noted that APPL provided workers economically impacted by the supplementary agricultural activities with additional employment or alternative land.³⁷ The client has reported that 20 persons have been provided with permanent employment in fisheries and 23 persons have been provided with permanent employment in tea operations.³⁸

³⁷ IFC Official Response to the investigation, page 15.

³⁸ APPL, Project Unnati Update Oct 2017.

The 2017 Solidaridad report noted that workers affected at Nahorani by economic displacement as a result of non-tea agricultural activities were provided with formal employment. In Solidaridad's view, this resolved the issue.³⁹

CAO notes that this issue has not been raised by the complainants in their April 2018 submission to CAO.

Conclusion: The 2017 Solidaridad assessment reports that this issue was resolved by the provision of formal employment to impacted workers. However, the Solidaridad report did not assess the client's handling of the issue action against PS requirements for livelihood restoration. While the complainants did not raise this issue in their April 2018 submission to CAO, it is not clear that it is resolved from their perspective. Absent a PS compliant review of the issues or assurance of its resolution from the complainants, this issue remains open.

Application of Performance Standard 7 (Indigenous Peoples) to the project; (Finding 4.3.8)

Summary of Findings

CAO finds that IFC did not assure itself that PS7 was properly applied to this investment.

IFC Response and Analysis: In determining whether a group or community should be considered Indigenous for the purpose of PS7, IFC guidance states that the client should retain qualified social scientists using a mixture of ethnographic and participatory approaches.⁴⁰

CAO's found that IFC did not have assurance that the client had conducted an adequate of the application of PS7 (Indigenous Peoples) to its tea workers. According to PS7, CAO found that expert analysis of the tea workers' claims to recognition as indigenous people was required. CAO made this finding in the context of the complainants' assertions that they are Indigenous People, they have retained their own language, they have a distinct cultural identify which is different from other groups and self-identify as member of an ethnic group that is recognized as Scheduled Tribes in other Indian states.

In response, IFC stated that PS7 did not apply as the population on the client's estates are not native to the area. IFC stated that the population does not have a "historical dependence on land, ancestral territories, or natural resources in the project area which predates the tea industry and/or has been impacted by the project."⁴¹ While asserting that PS7 should not apply, IFC provides no evidence that this conclusion is based on expert analysis or consultation with the affected groups.

Conclusion: CAO's compliance finding regarding application of PS7 to the tea workers has not been addressed. Expert analysis and consultation with the affected groups is required to assess the application of PS7.

³⁹ Solidaridad, 2017 Independent Assessment of the APPL Action Plan, page 5.

⁴⁰ IFC PS7 (2006), GN6.

⁴¹ IFC Official Response to the investigation, page 15.

Summary of Findings

Considering that: (a) the project required the majority of workers to participate in the share program; (b) the purchase of shares entails risk; and (c) tea workers are a disadvantaged and vulnerable group, CAO finds that:

- IFC's pre-investment review did not adequately consider the potential adverse impacts of the employee shareholder program on workers;
- Neither at IFC's first disbursement nor during supervision, has IFC had a basis to conclude that the company has met its requirements for effective consultation with workers in relation to the program;
- IFC has not assured itself that specific allegations of lack of consultation raised by the complainants have been addressed.

In 2014, IFC participated in a rights issue which had potential adverse impacts on the value of workers' shareholdings. In this context, there is no evidence to suggest that IFC required its client to consult with affected workers as required by PS1.

IFC Response and Analysis: The Action Plan noted that a financial literacy program has been conducted across all tea estate and committed to provide an annual refresher. The client has not provided an update on the implementation of this training program in its Action Plan progress reports.

The complainants continue to assert that workers are generally unaware of the "very nature of shares, including their risks and benefits. They are also unaware of the current value of their shares, how to retrieve dividends, their rights as shareholders, and the procedure for selling their shares."⁴² The complainants further assert that they have not received share certificates, and the only document they have in respect of their share ownership are bank books, which are in English. The complainants have requested that worker-shareholders are trained on financial literacy and have a directly elected seat to APPL's Board of Directors.⁴³

The client noted to CAO that in recent AGM meetings, worker-shareholders are provided with the opportunity to electronic vote in advance on AGM decisions. This is documented in a third-party report reviewing the AGM voting process.⁴⁴ The complainants note, however, that electronic voting is conducted in English, a language tea workers' do not understand, and in the presence of tea estate management.

In its review of two tea estates in 2017, Solidaridad noted that (a) the share distribution program was done without any force by management; (b) worker-shareholders have not received their share certificates; and (c) worker-shareholders are not able to fully benefit from the training organized by different organization at different times.

IFC's response has not sufficiently engaged with CAO's non-compliance findings. IFC supervision does not support a conclusion that workers were adequately consulted on the share program and

⁴² Complainant letter to CAO, April 27, 2018, page 4.

⁴³ Complainant letter to CAO, April 27, 2018, page 5 and 16.

⁴⁴ APPL Scrutinizer Report, June 2018. Available at <https://goo.gl/3jBWcc>.

continue to receive adequate and appropriate consultation in relation to the share program, so as to exercise their rights as shareholders.

Conclusion: CAO's compliance findings regarding consultation and disclosure in relation to the share program have not been adequately addressed. Further IFC action is required to assure itself that worker-shareholders are adequately informed and consulted regarding their shareholding.

Consultation and disclosure requirements more generally; (Finding 4.3.10)

Summary of Findings

IFC has not assured itself of proper application of PS1 consultation and disclosure requirements in relation to the project.

In particular, IFC has not ensured that the client disclosed required E&S assessment documents, Action Plans and monitoring reports in a manner that is accessible to workers.

Similarly, IFC has not assured itself that key E&S assessment processes and Action Plans were prepared following effective consultation with workers.

IFC Response and Analysis: IFC's response does not address CAO's findings regarding consultation and disclosure requirements more generally. IFC has not proposed actions to ensure that the client discloses existing E&S assessment documents, Action Plans and monitoring reports in a manner that is accessible to workers.

IFC's response did, however, include client action items for disclosure of and consultation on the IFC published Action Plan with workers and affected communities. This was expected to be completed by November 2016. Further, IFC has not assured itself that actions included in the Action Plan, for which IFC has responsibility for implementing, have been disclosed in an accessible manner to workers.

CAO notes that the Action Plan was approved by the client's board in October 2016. Solidaridad's 2017 report noted that workers at the two estates reviewed could not share if they have accessed the full Action Plan.⁴⁵ The complainants April 2018 submission to CAO asserted that workers did not know about the Action Plan and had not been provided an opportunity to express their views on it.⁴⁶

Since the release of CAO's investigation report, IFC has not assured itself that the client is in compliance with PS1 disclosure and consultation requirements. Specifically, IFC has not assured itself that the client has disclosed prior E&S assessment documentation, Action Plans and monitoring reports in a manner that is accessible to workers. IFC has not ensured that the client disclosed and consulted workers on the Action Plan. Further, IFC has not assured itself that the client continues to update workers and affected communities on the implementation of the Action Plan.

⁴⁵ Solidaridad, 2017 Independent Assessment of the APPL Action Plan, page 10.

⁴⁶ Complainant letter to CAO, April 27, 2018, page 2.

Conclusion: Further IFC action is required to assure itself that E&S assessment documents, Action Plans and monitoring reports are disclosed and consulted upon in a manner that is accessible to workers and affected communities, considering the languages they speak and their levels of literacy. Further, IFC has not assured itself that monitoring reports on Action Plan implementation have been disclosed to workers and affected communities in accordance with PS1 requirements. CAO's compliance findings regarding consultation and disclosure requirements have not been addressed.

Conclusion

IFC's supervision since the completion of the CAO investigation report has been unsatisfactory. While noting measures reported under the client Action Plan, IFC has not delivered on specific commitments included in its response to the CAO investigation. Specifically, IFC has not (a) commissioned a third-party to undertake an annual audit and worker perception survey with a representative sample across the client's 25 estates; (b) updated its legal opinion on the client's compliance with national minimum wage requirements; or (c) ensured that the Action Plan was disclosed and consulted with workers prior to its approval by the client's board in October 2016. As presented in the original investigation, CAO is concerned that IFC's ongoing supervision of the project continues to fall short in terms of the requirement to develop and retain information needed to assess its client's compliance with the Performance Standards. As a result, IFC does not have assurance that the client is on track to achieve Performance Standards compliance.

This monitoring report evaluates IFC's response by finding and in doing so provides a framework for IFC to address CAO's compliance findings in its ongoing supervision.

Delivering on IFC's Sustainability Policy and Performance Standards commitments through this investment has been challenging. Many of the issues raised in the CAO investigation are not peculiar to the client. Rather, as IFC notes, they "highlight some of the 150-year-old legacy issues plaguing the [tea] sector [in India], which require urgent action." The client notes that implementation of the Action Plan is hampered by financial losses in recent years and requires more capital than is currently available. The complainants note that continued non-compliance perpetuates a system of employment with well documented negative impacts on the health and wellbeing of workers and their families. As identified by the client's Chairman at its 2018 annual general meeting, the tea industry in India's Northeast is looking to industry wide reform to ensure its sustainability.

Annex A– Summary of IFC Action Plan Updates

No.	Suggested Action Item	Status of implementation (September 30, 2016)	October 2017 Update	Target completion date
High-Priority Action Related to Human Health and Safety				
1	Provide to each household a working toilet/latrine.	2,810 new toilets constructed 4,645 toilets repaired	2,794 new toilets constructed 10,693 toilets repaired to date As per the original Project Unnati plan, made in 2014, shortfall of toilets on all estates has been addressed.	
2	Put in place a septic tank cleaning mechanism.	Two mechanical septic tank cleaning equipment purchased. Septic tank cleaning undertaken in 8,691 households. Septic tank cleaning is an ongoing process and these are cleaned as and when required.	8,691 septic tanks cleaned to date Septic tank cleaning has just started due to the monsoon and will be completed by March 2017.	First round of cleaning of all existing septic tanks by March 2017
3	Identify and resolve technical flaws in design of toilets to ensure all households have working toilets.	146 bio toilets installed on experimental basis. Technical solutions being discussed in collaboration with Caparo and Sulabh Groups.	The toilet design has been standardized across all estates.	March 2017
4	Make available potable water to each household as per PLA provisions.	6,252 number of hand pumps and piped water standpipes provided considering one potable water source per 4 households. Total number of houses are 18,681 and currently this ratio stands at 1 source for 3 houses.	6,252 number of hand pump and piped water standpipe provided considering one potable water source per 4 households. Total no of houses are 18,681 and currently this ratio stands at 1 source for 3 houses. Water supply upgradation work has been carried out in Hattigor, Bhelaguri & debrapara. 526nos. of new water point with stand pipe water connection have been given to the workers quarters	March 2017
5	Complete phase-out of hazardous pesticides of WHO Class 1a and 1b hazard classification, including putting in place control procedures to prevent inadvertent use.	WHO class 1a and 1b pesticide use reduced to 200 liters in 2015	APPL strictly follows the PPC guidelines. Pesticides under WHO classification of No 1a and 1b are not used.	March 2017
6	High Quality Personal Protective Equipment (PPE) procured in sufficient numbers and made available to all workers on spraying duty.	2,842 complete sets including coveralls, masks, rubber vests/aprons, gloves, face and eye protection provided at the estates	<i>No new detail provided. APPL asserts to be in compliance with the action item.</i>	March 2017

7	Sufficient number of spare PPE kept at each estate to replace PPE that gets damaged	300 complete sets coveralls, masks, rubber vests/aprons, rubber gloves, face protection vests/aprons, rubber gloves, face protection	<i>No new detail provided. APPL asserts to be in compliance with the action item.</i>	March 2017
8	Each estate to provide appropriate budget every year for replacement of damaged PPE	Rs. 10 million (US\$ 150,000) provided in budget for FY17	Rs. 57,86,500.00 (\$88,000) for FY 2017-18	March 2017
9	Mandatory rotation of workers away from spraying duties every three months	Change in IT payroll system has been implemented to enforce mandatory rotation of workers deployed on spraying operation every 3 months	APPL reported that this action item has been complete since March 2016.	Completed by March 2016
10	Training and awareness building covering all sprayers on safe handling, mixing and spraying techniques and on use of PPE.	7,063 sprayers/spraying men trained (100% of spraying squad)	7,063 sprayers/ spraying men trained (100% of spraying squad). APPL asserts to be in compliance with the action item.	March 2017 and refresher every year
11	Provision of wash station in each estate for washing of PPEs and for workers to take a bath.	Wash stations provided in 23 estates.	18 nos. wash stations made 32 nos. are in progress in this year (FY17-18).	March 2017
12	Cover all estate hospitals under National Rural Health Mission	Discussions with Govt. of Assam underway and draft MOU under finalization	6 nos. of hospitals covered under NRHM (National Rural Health Mission, Govt. of Assam) Applications have been submitted to the Govt. to cover the balance 14 hospitals under NRHM. Response from the Govt. is still awaited.	March 2017
13	The APPL policy on the amendment of PLA 2010 pertaining to medical benefits for dependents should be adequately informed to the workers through Employee Councils	The system of providing Medical Benefits to the dependents of permanent employees has been implemented	APPL reported that the policy was notified on March 28, 2014 and completed by the objective date of March 2016.	March 2016
14	Doctor's availability schedule/rosters to be prepared and communicated to all workers	A system to monitor attendance and visits of estate doctors has been put in place in the estate hospitals and other healthcare facilities	This is monitored by the Chief Medical Officer and a medical register is maintained by the visiting medical Officer when the estate Medical Officer is on Annual leave. The doctor roster is communicated by the health Assistant to the workers.	March 2017

15	Together with ABITA and DBITA, a yearly seminar could be organized for estate doctors of different estates. The best-case practices could be shared in these meetings. The skills of the doctors should be enhanced through special training on diseases which are common amongst the estate workers.	Medical Seminars in coordination with ABITA & DBITA for the Estate Doctors on relevant topics are being held. Medical Officers are being nominated for refresher trainings.	Nil is the number of medical seminars by ABITA & DBITA attended by Estate doctors. 8 estate doctors attended refresher training.	Ongoing
Priority Actions related to health, nutrition and safety				
16	Provision of swatch water filters to all households.	Provided to 3,371 households in 7 Estates. This will be provided in a phased manner.	7 tea estates have covered by water filter scheme. 3,371 households covered by the water filter scheme. Nil households covered during FY17-18. Target date for action item completion updated to March 2019.	March 2018
17	Provide to each household a bathroom.	Out of a total deficit of 11,823 units, 3,775 new bathrooms constructed in last 2 years. - Construction of another 4,000 being planned.	5,409 bathrooms constructed to date 1,253 bathrooms under construction in FY17-18	March 2019
18	Cleaning of non-cemented drains in all worker colonies.	The estates have almost 2 million running feet of drains which have been cleaned.	1.1 million feet (measurement unit) of drains have been cleaned this year.	March 2017
19	Construction of cemented drains in all worker colonies.	This will be done in a phased manner.	26,314 feet constructed to date 25,000 feet under construction in FY17-18	March 2019
20	Training and awareness of all employees on maintaining cleanliness and hygienic conditions in worker colonies.	This is an ongoing process through various fora like employee engagement council, mahila mandals, health clinics and school health program. Most employees have been covered.	295 training and awareness events undertaken. 11,436 employees covered with these training sessions.	March 2017 and refresher every year
21	Enabling development of kitchen gardens by each worker and other measures to partially address nutritional deficiencies.	40 Child Health Volunteers have been sent on a special refresher course on child nutrition. New nutrition diet charts for creches and hospitals have been implemented. The Calorific values have been revised from 400 KCAL to 700 KCAL. Awareness programs at all Estates on relevant topics are being held.	40 child health volunteers provided refresher training to date.	March 2018
22	Provision/revamping of kitchen and provision of smokeless stoves to all households.	2,570 smokeless stoves provided. 259 new kitchens constructed. Being implemented in a phased manner.	366 kitchens constructed to date.	March 2019
Infrastructure Upgrade				

23	Construct new houses in all estates barring Borjan to close the shortfall in available housing in all estates except Borjan (part of the 5% shortfall in houses will be closed as a result).	205 new houses built from the total 819 houses that are required to be built. Balance to be built in next 5 years. Review progress in two years and recalibrate Assam Power Distribution Company Limited (APDCL), and estate management for supply of electricity.	113 houses constructed to date. 13 new houses constructed in FY17-18.	March 2022
24	Develop a detailed year-by-year house construction plan for Borjan estate to close the shortfall of about 309 houses in 5 years, including details of financial and other resources required.	Plan to be developed.	26 houses constructed as of March 2017. Construction of 19 houses will be complete within April 2018. Balance shortfall will be completed in a phased manner.	March 2017
25	Construct new houses in Borjan in accordance with the plan developed above for two years and recalibrate the plan based on the progress	26 new houses of total of about 309 houses being built in FY2017. 283 will remain as of March 2017.	66 houses constructed in to date. 10 houses constructed in FY17-18.	March 2019
26	Repair at least 50% of existing houses across all estates that have been identified as requiring major/capital repairs to the standards of Model houses developed at Hattigor and Majuli.	1,843 houses of the total 8,712 houses repaired. The repair program will be evaluated by APPL's Board annually.	1,916 houses repaired to date. 170 houses repairs in progress.	March 2019
27	Complete repair of all existing houses across all estates to the standards of Model houses developed at Hatthigor and Majuli.	1,843 houses of the total 8,712 houses repaired. The repair program will be evaluated by APPL's Board annually.	1,916 houses repaired to date.	March 2022
28	Make available one standpipe of piped water to each household.	All infrastructure to provide piped water to worker housing will be put in place for 21 estates. Pilot project has been undertaken in 3 estates.	Water supply upgradation work has been carried out in Hattigor, Bhelaguri and Debrapara. 526 new water points with stand pipe water connection have been given to the workers quarters.	March 2019
29	Implement individual metering along with cluster metering across all plantations.	Individual metering has been completed in 18 estates (remains balance in 3 estates). Execution in the rest of the estates is being pursued with the authorities. Memorandum of Understanding (MoU) has been signed between Worker Committee,	21 estates & One division of Chubwa estate - Powai, Nahortoli, Achabam, Namroop, Teok, Kakajan, Bhelaguri, Borjan, Diffloo, Hathikuli, Sagmootea, Kellyden, Nonoi, Nahorani, Lamabari, Majuli, Hattigor, Damdim, Rungamuttee, Batabari, Noweranuddy 15,523 houses have been provided individual meters	March 2018

			1,839 houses do not have individual meters at the end of FY17-18	
30	Arrangement of supply of electricity from government electricity boards at residential rates should be facilitated across the plantations.	Billing is being done as per the special domestic rates levied by the State Government for 15,536 Workers' Quarters/Houses.	Nil number of houses have been provided electricity connection in the reporting period Rs.3 per unit is the rate govt. charges for electricity	March 2017
Worker Living and Working Conditions Management System Upgrade				
31	APPL could form Estate Employees Council in each estate and meet at least once a month to discuss critical issues around welfare and health and sanitation among others, and further strengthen processes for tracking redress of issues raised, discussion on long pending housing and/or worker housing infrastructure upgrade concerns, discussion on effectiveness of measures being implemented by the company under Action Plans, and sharing information about the EEC deliberations and decisions with the entire worker community.	Action executed across all plantations:EECs are revamped with a participation of all work segments, 50% Women members, Union representatives, all management.Discussions held on estate performance, community and worker issues, worker participation in exploring solutions, etc. All new initiatives discussed before implementation.Additional measures to strengthen process to be implemented.	<i>APPL did not provide additional reporting on this action item.</i>	March 2017
32	There should be a dedicated person in APPL focused on certification-related issues.	Project Unnati implementation is the responsibility of a dedicated team at APPL. It is closely monitored and reviewed by the APPL Board of Directors at every Board Meeting as well as at Operating Management's internal weekly reviews.	Since 2014, a Senior General Manager and a Senior Manager Certification appointed.	March 2015 and ongoing

33	A simple, easy-to-understand guide is prepared for compliance for all APPL gardens by way of integrating different standards including the Trustea.	APPL has developed an IT-based standard that integrates the requirements of 11 International Standards - the first time such a tool was designed and customized to the Tea Industry.	APSITE training is in Progress. Roll out will be taken place from December'17 onwards. Training program on 3 sites has been completed. Full roll out is expected to be completed within Oct'17.	Pilot in 3 estates March 2017 and full rollout by October 2017
34	Enhance budgetary resources made available to various worker welfare measures referenced in this Action Plan.	There has been an increase of about 150% in the Welfare Budget from 2011-12 to 2016-17. A two-year accelerated program including provision of adequate budget for upgrade of infrastructure will be developed and implemented to March 2019 covering actions indicated above at #s 16, 22, 23, 24, 25, 26, 27 and 28. The plan will be recalibrated in March 2019 based on the progress achieved until then.	Rs.30 Crore (US\$4.5 million) in FY17-18.	Pending
35	The user committees set up in several gardens need to be engaged and trained on good practices of energy savings.	Good practices of energy savings have been discussed with the user committees as well as at the EEC meetings. It is an ongoing process. The workers are encouraged to switch to CFL lamps. Solar lamps have not been provided so far and this is an in-house project	All 25 nos. of estates have active user committees.- User Committee meetings are conducted along with the EEC meeting and good practices of energy saving are discussed in the meeting.	March 2017 and ongoing
36	Migration of young girls - Information tools like booklet and/or a video in local language be developed to provide knowledge about the work they are going to do in cities, their rights, terms and conditions, and most importantly, the difficulties of living in a mega city. An association with an NGO to counsel the youth in tea gardens would be desirable.	TGB is one of the funding partners of the project announced recently by UNICEF and the ETP to improve opportunities for tens of thousands of children in tea communities in Assam and reduce their vulnerability to trafficking and abuse. The three year program will initially work with 350 communities in over 100 estates in three districts in Assam Adolescent clubs (Muskaan Club) have been formed at 14 estates of APPL and will be formed in the remaining estates by December 2014. One of these clubs was initially trained by UNICEF. The trained volunteers are now training club members in other estates on spreading awareness in the areas of urban migration & trafficking, child marriage, girl child education etc.	27 Muskaan clubs established. 55 awareness events held. ADWR NGO was involved to provide awareness programme at the estate and among sensitise workers and their families regarding this migration. IN/OUT Register to monitor the movement of people and interactions by the Management with Line chowkidar every week. 3 estates covered under the safe migration project. 1,073 adolescents covered in the awareness campaign and safe migration project to date (369 in FY17-18).	March 2015 and ongoing

37	Worker Education on ESOP, financial literacy, shares program procedures and processes.	<p>A Financial Literacy program has been conducted across all tea estates. Together with Tata Asset Management Limited and CRISIL, workers are educated about the benefits of savings and "investments as well as about the shareholding program. The share scheme and the dividend payout were explained to the worker shareholders in all the estates through an interactive session by APPL HR team. Format of pay slips has been modified to clearly indicate share loan repayments and dividends earned. For dividend a separate intimation slip containing relevant details is sent to all shareholders. Valuation of the shares to be conducted following determination of annual financial performance, and shareholders to be informed of Net Asset Value (NAV) on an annual basis to increase investment understanding. This is shared on need basis on enquiry by any shareholder. A system to enable consolidated withdrawal and distribution of dividends at the estate level is being planned and designed with a national bank and an NGO. This will enhance ease of dividend withdrawal by shareholding workers. This pilot has been started on an estate. Provision of doorstep banking services through banking correspondence to expand banking access to shareholding workers is being explored. To enhance the decision-making powers of the shareholding workers, a share exit option is being considered and placed before APPL Board for consideration.</p>	<p><i>APPL did not provide additional reporting on this action item.</i></p>	<p>March 2017 and annual refresher</p>
38	Workers impacted by the fisheries program to be provided or made permanent workers with all fringe benefits or be regularized for employment at the government-approved minimum wages for non-tea agricultural activities.	<p>The concerned workers have been compensated with either alternate land or by provision of permanent employment to an alternate family member.</p>	<p>20 persons provided permanent employment in fisheries 23 persons provided permanent employment in the operations</p>	<p>March 2017</p>

39	Strengthen the housing and infrastructure complaint redress process.	A uniform redress system has been implemented in all estates, wherein every complaint is logged with a unique number and actions with time lines are recorded. Additional procedures will be put in place to provide periodic updates to complainant in case of delay in redress. Worker perceptions to operation of grievance mechanisms will also be solicited as part of third party survey/audit process (see below).	5082 complaints handled. 1987 complaints remain unaddressed. 1 week average time to address a complaint.	March 2017
Other Actions				
1	APPL will publicize the above Draft Action Plan and solicit feedback from workers on the proposed priorities.	Consultation with workers will be undertaken through appropriate mechanisms (e.g., employee engagement councils and other appropriate mechanisms).	APPL reported that the Draft Action Plan was publicized at all estates through the Estate Employee Councils.	November 2016
2	TGBL and IFC will engage a third party to undertake an annual audit and worker perception survey of: (a) Project Unnati, (b) other improvement measures implemented or proposed and (c) financial literacy program and awareness training on employee share plan that have been undertaken by APPL, to independently verify implementation status and assess effectiveness.		<i>APPL did not provide additional reporting on this action item.</i>	November/December 2016

3	<p>The third party will undertake an annual audit and anonymous employee perception survey using an appropriately large and representative sample size of workers across 25 estates. Results from the survey will be shared with the workforce and serve to inform APPL management on the perceptions of employees with respect to improvements being undertaken and what additional initiatives may be needed. The third party will follow standardized and globally recognized social and perception survey procedures in the development of the sampling methodology, sample size, and survey instruments. This will include consultations with key stakeholder groups to help inform survey content.</p>		<p><i>APPL did not provide additional reporting on this action item.</i></p>	<p>First audit and survey before end of December 2016 and subsequent audits and surveys before end of December of respective years.</p>
4	<p>Based on the findings of (2) and (3) above, the third party will identify opportunities for improvement and develop an Action Plan for any further undertakings in consultation with APPL management, the Employee Engagement Councils, TGBL, and IFC. This Action Plan will be informed by the CAO Investigation and IFC's own supervision findings, and will become an addendum to IFC's ESAP agreed with APPL. The agreed actions will be posted on the company's website and socialized with employees.</p>		<p><i>APPL did not provide additional reporting on this action item.</i></p>	<p>First Action Plan finalized by February 2017 and subsequent Action Plan finalized before end of February of respective years.</p>
5	<p>The Action Plan/ESAP Addendum will be discussed at APPL's Board Meeting and appropriate budget proposal approved before start of next fiscal year.</p>		<p><i>APPL did not provide additional reporting on this action item.</i></p>	<p>Last Board Meeting of every fiscal</p>

Annex B– Summary of Solidaridad 2014 and 2017 conclusions

Issue reviewed	Solidaridad 2014	Solidaridad 2017
	<i>Prepared on the basis of reviewing ten tea estates.</i>	<i>Prepared on the basis of reviewing two tea estates: Nahorani and Namroop</i>
<i>Labour Issues</i>		
Freedom of Association	APPL could form Estate Employees Council in each estate where equal number of men and women from each workers line could participate. This council should not be seen as a replacement of organized trade union. The Employees' Council should meet at least once a month and discuss critical issues around welfare, health, sanitation and other related issues.	Estate Employee Councils (EEC) established, representing estate management and workers, to meet once a month to discuss is employee welfare, health and sanitation, infrastructure development and grievance redress. However, there are opportunities for improvement.
Allegations of benefitting from child labor		No evidence of APPL benefitting from the work of child labor. No requirement for child labor on APPL's tea estates.
Allegations of economic displacement as a result of the fisheries project	There was no violation of any law that we came across by APPL in pursuance of its non-tea agricultural programme in the 10 gardens we surveyed. In some estates there were contracts given to workers, which indeed erroneously used phrases like "regular temporary employment in perpetuity". Either, these workers are regularised and made permanent workers with all fringe benefits or they could be given the government approved minimum wages for non-tea agricultural activities.	Economic displacement as a result of APPL's fisheries project had been resolved through the provision of permanent jobs or replace land for affected individuals.
Migration of workers	Young boys and girls are both leaving for jobs in big Indian cities. Urban migration is a social challenge in parts of Assam and lack of awareness of the risks of migration, contributes to this problem. Recommend developing an awareness program.	There has been a spike in migration from both tea estates. APPL has implemented awareness campaigns of risk of migration.
<i>Health and safety of the workforce</i>		
Health and safety of the workforce	The PPE used in different APPL estates are not of sufficient quality and do not offer workers adequate protection. APPL need to invest in procuring high quality and yet locally suitable PPE, which could be standardised across all estates. The sprayers are not rotated at present from their duties and they need to be done so every three months to avoid continuous exposure to chemicals. There is a need to provide wash stations.	Class 1a and 1b pesticides had been phased out at the two estates surveyed. Personal Protective Equipment provided to workers, which they are using. Regular medical check-ups of pesticide sprayers are being conducted.
<i>Infrastructure development</i>		
Housing shortage	There is an overall shortfall of houses by 5% for the workers.	Client records indicated a shortage of housing

House repairs	In almost all the estates there is a backlog of complaints regarding house repairing. However, some of the estates need immediate attention. Most of the repairs needed are around leaking roofs, cracked walls or missing doors and windows.	238 houses repaired at the two surveyed estates since 2014, a further 691 require repairs
Quality and regularity of repairs		Repairs have been complete to a satisfactory manner. Where issues raised, the client is redressing issues in a timelier manner.
Conservatories	In total, there are 18,189 latrines available for 137,508 people on the tea estates. Out of the total latrines available, 40% of them not used because of need of repair or lack of water. This could lead to health impacts.	The client had made a significant investment to all repair toilets at the two surveyed estates and had introduced a mechanical truck to clean septic tanks
Bathing units	As per company record there are only 23% bathing enclosure available over what is needed.	239 bathing units were constructed at the two surveyed estates, a shortfall of 953 remains
Water points	The drinking water is tested regularly and purified in the estates. We recommend developing a project with Swachh water filters around safe drinking water for tea garden workers.	National requirement of one water point to three houses. In Nahorani, 75 water platforms have been repaired and 30 new water points have been constructed. All colonies at Namroop are connected with piped water.
Electricity	In most of the estates visited except some of the labour lines in Hathikuli and Nahorani are following individual meter systems in combination with the cluster meter approach.	Individual electricity metering had been implemented at Namroop. Nahorani still operated on cluster metering.
Construction of drains	In most of the estates the drains are not properly cemented and mostly overflowing. Such circumstances could become a serious public health risk. APPL should set targets for constructing cemented (pucca) drains in phased manner. Until that is done, the kuchha drains need to be repaired.	While drains are cleaned, the design is inappropriate. There is a need to improve the drainage system
<i>Employee share program</i>		
Share distribution	There was no evidence of APPL management forcing or coercing workers to buy APPL shares.	Based on results of perception surveys, tea workers were not forced by estate management to participate in the share program
Salary and dividend slip		All tea workers receive pay slips in local language
Share trading		Tea workers are not in possession of share certificates nor have they been informed on how to sell their shares
Financial literacy training	There is a clear need for further educating workers on financial literacy to understand the value of their shares and how that could help them plan their life.	Financial literacy training provided to workers to date has been inadequate.
<i>Health and Nutrition</i>		
Medical services	APPL was found to be providing best in class medical facilities in the estates. However, the systems maintaining the attendance of doctors-particularly the visiting doctors from other estates during leave period of regular doctors, needs improvement.	Roaster for doctor attendance implemented and availability known to workers.
Health and hygiene		Smokeless chullahs and Tata swachh water filters provided to workers in Nahorani.

Kitchen gardens	Severe levels of under-nutrition in tea plantations, yet levels of awareness remain low	Inadequate progress recorded.
<i>Other issues</i>		
Dedicated team for implementation of the Action Plan	A new position needs to be created who is fully dedicated to the implementation and management of sustainability in APPL gardens.	A committee to implement Action Plan established. Their Terms of Reference was not available to review
Consultations on Draft Action Plan		Tea estate management are in full knowledge of the Action Plan. Workers, however, could not share if they have access to the Action Plan.
APSITE - APPL's Environmental and Social Management System for all estates	APPL has invested on getting its estates verified under Ethical Tea Partnership standard as well as SA 8000 standard. In addition there are other quality standards. We recommend that a simple easy to understand guide is prepared for compliance of all standards by all APPL gardens.	Unclear how APPL will implement its system wide management system.