

September 12, 2013

Ms. Meg Taylor
Compliance Advisor/Ombudsman
2121 Pennsylvania Avenue, N.W.
Washington, DC 20433

Dear Ms. Taylor,

Re: Response to CAO's Audit Report on IFC's investment in Coastal Gujarat Power Limited (CGPL), India

1. IFC welcomes the CAO's Audit Report and appreciates the opportunity to discuss our approach to environmental and social risk management in the Tata Mundra project. We appreciate the report's recognition that the project sponsor has implemented many initiatives to benefit the fishing community, including enhancing their livelihoods and income. We do not, however, share CAO's view with respect to several findings—among others, that we did not properly identify the complainants as project-affected communities in accordance with our Performance Standards. We provide a detailed response to these findings below, commencing at paragraph 7.
2. Before addressing these areas of disagreement and recognizing the importance of concerns about impacts on fishing communities, IFC appreciates the report mentioning the several initiatives that CGPL is implementing for the these communities within its area of influence¹ to: mitigate identified impacts; enhance livelihood and income; support development of community based organizations; and several ongoing corporate social responsibility efforts.
3. IFC also notes several good practice suggestions provided in the report relating to: monitoring of ash and coal dust deposition in the village close to the coal conveyor² including the seasonally resident fishing communities; ambient air quality monitoring in the seasonal settlements near its coast; testing ash residue for radioactivity and heavy metals; validation of some of the ambient air quality monitoring parameters that have changed significantly from the baseline; and enhanced monitoring of health status in the neighboring communities.³ IFC also agrees with CAO that with the proposed changes in coal quality and the proposed additional 2 x 830 MW units at the CGPL site, there is a

¹ Refers primarily to the fisher folk residing in Tragadi village, Modhva village and seasonally migrant communities at Tragadi Bunder most of whom both in the villages and at the bunder belong to the minority muslim community.

² Refers to village Vandh and the seasonal settlement of migrant fisher folk on the coast within CGPL's influence area.

³ Neighboring communities here refers to villages Tunda, Vandh, Kandagara, Nana Bhadia, Tragadi, Modhava and the seasonal settlement of fisher folk on the coast near CGPL.

need to carefully review measures that will be implemented by CGPL to ensure continued adherence to IFC Performance Standards.

4. While IFC will take the above mentioned suggestions up with CGPL as part of its ongoing supervision work, we are pleased to note that CGPL has already been proactively addressing these issues by: commissioning a third party to undertake detailed health monitoring in the neighboring communities;⁴ committing to install a pipe conveyor on about 3 km stretch nearest to a resident village replacing the fully enclosed belt conveyor that is currently being used to convey coal from the port to the plant; has commenced planting of mangroves in the inter tidal areas⁵ near the outfall channel; has commissioned National Institute of Oceanography (NIO) to undertake model confirmation studies and will get this validated by another independent/government agency subsequently; has engaged Bombay Natural History Society (BNHS) to continue the turtle monitoring program; has taken measures to ensure that sulphur content in the blended coal remains at a level to ensure compliance with IFC Sulphur di-oxide emission norms; and is working through Fisheries Management Resource Center (FishMARC), a non-government organization working with fishing communities in Kutch, Gujarat, to implement a program to address indebtedness and livelihood enhancement for the seasonally migrant fishing communities resident on the coast in vicinity of the plant.
5. Further, IFC acknowledges that having a single document with all compliance requirements listed at one place is a good practice that enables effective monitoring of compliance with at approval requirements. However, this may not be always possible in large complex projects, where multiple different management plans are developed at different stages of the project. In such cases, IFC often requires appointment of a Lender's Environment and Social Advisor ("Advisor"), who is expected to deploy a multi-skilled team with relevant experience. The Advisor identifies all compliance requirements detailed in the various plans that are relevant to the respective stage of the project and typically undertakes quarterly audits to assess compliance with the identified requirements. This latter approach was adopted from the beginning in the CGPL project.
6. IFC has taken note of the CAO's observation relating to specifying exceptions where the World Bank Group Environment, Health and Safety Guidelines ("EHS Guidelines") are specifically mentioned in IFC's agreements with its clients. IFC contractually requires its clients to ensure adherence to the Performance Standards and through the application of these Standards the client is then required to demonstrate compliance with the relevant EHS Guidelines, or other internationally recognized sources.⁶ It is not standard IFC practice to include references to specific Guidelines in the legal documentation although this is done occasionally. However, IFC requires the client to identify all

⁴ Neighboring communities here refers to villages Tunda, Vandh, Kandagara, Nana Bhadia, Tragadi, Modhava and the seasonal settlement of fisher folk on the coast near CGPL.

⁵ Over 33 ha initially as a pilot with a view to expand depending upon the outcome of this program

⁶ IFC's legal advice is that the Guidelines are drafted too broadly to be legally enforceable

provisions of the EHS Guidelines applicable to its operations and demonstrate compliance with those provisions during supervision. In case of CGPL, two separate EHS Guidelines, dated 1998 and 2007 were referred in the loan agreement as, even though it was in vogue at the time of approval, the 2007 guideline did not specify stack emissions limits relating to thermal power plants of CGPL's size. IFC's reliance on the 1998 guideline was limited only to requiring compliance with stack emission limits and for all other aspects, the in vogue 2007 guideline was to be relied upon. However, while this was clear to IFC and CGPL, this limited reliance on the 1998 guideline was not clearly spelled out in the loan agreement. IFC agrees with the CAO and shall in future ensure that where EHS Guidelines are identified and included in its agreements with clients, exceptions if any are clearly articulated and included in the agreements.

7. After careful review, IFC has a different view to the CAO in relation to the following findings in the CAO's audit report:
 - a. The CAO has concluded that the seasonally resident fishing community has been physically and economically displaced as per IFC Performance Standard 5.⁷

The CAO has determined that the seasonally resident communities on the coast near CGPL have experienced physical and economic displacement as defined by IFC Performance Standard 5 due to the loss of sandbar land to outfall (250m wide) and intake (150 m wide) channels. The determination is based on one site visit in the fishing season by the CAO team and review of satellite imagery. CAO has determined that even though the settlement is temporary, semi-permanent and relatively permanent structures used to be built on the sand bar before the channels were built and that the said land on the channel alignment was used for fish drying. IFC has evidence, both photographic and from several site visits, that upon conclusion of the fishing season when the seasonally resident community return to their villages, the temporary settlement is completely dismantled by them and no temporary, semi-permanent or permanent structure is left behind. The settlement is indeed temporary in nature in that it is set up afresh every year at commencement of the fishing season. Further, even after the loss of above said width of the sand bar to outfall and intake channel, enough width (~1400 m) of sand bar remains available such that access is not denied to the community for setting up of the settlements and/or for fish drying. This is evidenced in the fact, also acknowledged by the CAO report that the number of fishing families seasonally resident in this coastal stretch has increased even after construction of the outfall and intake channel. The partial loss of sand bar width has not denied the families' resident earlier the opportunity to return and settle on the same coastal stretch the following year. IFC does recognize that there have been some impacts on the fishing community (e.g., increase of distance to access the coastal settlement to/from markets), however these have been correctly addressed by CGPL in accordance with Performance Standard 1.⁸

⁷ Performance Standard 5: Land Acquisition and Involuntary Resettlement.

⁸ Performance Standard 1: Social and Environmental Assessment and Management Systems

- b. The CAO has determined that that ecologically sensitive coastal habitat and marine resources will be significantly adversely impacted by the CGPL plant's outfall channel and the thermal dispersion plume.

The CAO report has also questioned the analysis and statements in the Marine Environment Impact Assessment (MEIA) prepared by National Institute of Oceanography (NIO) to arrive at this conclusion. However, the subsequent more granular studies focused on the area directly impacted by the thermal dispersion plume undertaken by Bombay Natural History Society (BNHS), have largely corroborated the assertions of the MEIA particularly in relation to: absence of any coral reef or reef associated fauna; the fact that the mangroves in the potential impact zone are already heavily impacted and modified by existing and ongoing camel grazing and salt pan activities; and that while isolated events of turtle nesting have been recorded, it is sporadic and all of the recorded turtle nesting locations are well outside the zone impacted by the thermal plume barring one that is on the fringe of the thermal plume. The MEIA has provided baseline information on the marine environment including community structure of benthic organisms. Further, the CAO findings have assumed that the MEIA assertion of inconsequential impact on fishing relates only to large scale commercial fishing which is undertaken further out at sea. On the contrary the experimental fishing/catch data provided in the MEIA is for near shore fishing. The CAO report cites a claim of declining fish and lobster catch but this predates CGPL operation and cannot be attributed to CGPL. Further, the lobster breeding ground identified in the CAO report lies on the fringes of the thermal dispersion plume in a zone where periodic increase in temperature is expected to be 1 degree C and such temperature changes occur in normal course as well.

- c. The CAO's position is that IFC adopted an inappropriate approach to determine that no significant adverse impact on marine environment and livelihood of fishing communities may be expected.

The level of information provided in the Rapid Marine Environment Impact Assessment (RMEIA), Comprehensive Environment Impact Assessment (CEIA) and MEIA was considered to be sufficient for taking an informed decision and all the three assessment documents prepared by expert organizations provided categorical assurance that no significant adverse impact on marine environment and livelihood of fishing communities may be expected on account of the CGPL project. In light of the facts presented above in the preceding paragraphs and in the absence of evidence to the contrary, IFC does not accept that the approach adopted by IFC was inappropriate for the circumstances. Further, CGPL has commissioned Bombay Natural History Society (BNHS), a third party expert organization, and completed two additional studies to undertake biodiversity mapping of the zone to be impacted by the thermal plume and is developing a long term monitoring program to assess any changes in the biodiversity of this impacted zone. CGPL is also committed to undertaking model confirmation studies with all the units operational and will implement mitigation measures if and as necessary based on the

findings of the above monitoring. This entire approach is consistent with the requirements of the Performance Standards including Performance Standard 6 relating to natural habitat. Further, consistent with the provisions of Performance Standard 6 for modified habitat, CGPL has undertaken compensatory mangrove afforestation of 1600 saplings/ha over 1000 ha and has commenced additional mangrove plantation in inter tidal area in the vicinity of the outfall channel, which far exceeds minimal compensatory offset measures. Finally, while all the assessments had been undertaken assuming a thermal discharge at 7 degree C above the ambient, as has been acknowledged in the audit report, the actual thermal discharge is much lower at about 5 degree C above ambient. Consequently, the impact on the marine environment and the impacted area will be significantly lesser than the impacts that were predicted in the MEIA. Thus impacts on the fringes of the thermal dispersion plume, already deemed minimal, will be even less than anticipated.

- d. The CAO has concluded that rigorous social and environmental impact assessment was not undertaken sufficiently early in the Project and that consequently, IFC was unable to meet its Policy objective of avoidance of negative impacts and exploring technically and financially feasible alternatives to the source of impacts.

The RMEIA (January 2007) and CEIA based on detailed assessment categorically concluded that significant adverse impact may not be expected on the marine environment and livelihood of fishing communities. Further, in light of the facts presented in the preceding paragraphs and the foregoing discussion, IFC has been unable to find evidence in the CAO report to establish that: (i) the predictions of the assessments undertaken by CGPL were substantially inaccurate; or (ii) fisher folk have been physically and/or economically displaced on account of the CGPL project. CAO has concluded that the non-availability of detailed baseline data on “*particular*” impacted fishing communities points to inadequate assessment. While recognizing that significant adverse impact on fishing communities may not be expected, CGPL identified fishing communities as a potentially affected community as has been mentioned in the audit findings as well. However, in light of the fact that the final location of outfall channel had not been finalized at the time of appraisal, *specific/particular* fishing communities had not been identified at that time and consequently detailed baseline data of a particular community was not available. Further, CAO has arrived at a conclusion that IFC did not require an objective assessment of impacts on fishing communities. However, IFC did require (as part of the Action Plan) that additional assessments be undertaken by CGPL once the outfall channel location was finalized. Upon finalization of the intake and outfall channel location, CGPL has: identified specific fishing villages including the seasonally migrant fishing communities as communities affected under Performance Standard 1 provisions; consulted with the fishing communities in a manner commensurate with the risks and impacts predicted; undertook baseline and assessment studies; identified key risks and impacts in consultation with the affected households in these communities; and addressed their concerns as also their expectations by implementing appropriate measures. This is a normal approach in large infrastructure projects where site selection and design of key project components is not yet finalized at the time of IFC approval.

- e. The CAO has concluded that the consultation with fishing communities located within the project's sphere of influence was inadequate and not timely.

IFC required, as per the Performance Standards version of 2006 that all significantly adversely affected communities need to be identified and be involved in the free, prior, and informed consultation (FPIC) process in a manner commensurate with the risks and impacts expected. In light of the fact that significant adverse impact on fishing communities was not predicted in the assessment, the consultation process undertaken by CGPL was in line with this principle. IFC recognizes that FPIC is not a onetime "*event*" it is an ongoing process to consult with and address impacts. This is all the more relevant in case of large complex projects where not all elements are necessarily frozen at start of implementation or where design changes may be warranted in the course of implementation. In pursuit of this latter principle, once the outfall location was finalized, CGPL undertook extensive consultations with the affected fishing communities from 2009 onwards and continues it to date. In light of these facts, IFC believes that CGPL's disclosure and consultation meets FPIC requirements under the 2006 Performance Standards. Further, IFC is of the view that in light of proposed design changes, IFC rightly: (a) obtained sufficient assurance at appraisal that no significant adverse impact is predicted on fishing communities; (b) built into its agreements with CGPL, appropriate covenants and safeguards requiring the Company to assess and mitigate the impacts on fishing communities, if any, in a manner consistent with IFC Performance Standards on an ongoing basis; (c) to obtain ongoing assurance that CGPL is following through on its commitments, required the Company to engage a third party to undertake quarterly compliance audits; and (d) as has been acknowledged by the CAO report, expended significant in-house resources in ongoing supervision of the CGPL project. Furthermore, IFC has determined that through its engagement efforts and measures to address the concerns, expectations and aspirations of the fishing communities since 2009 onwards to date, CGPL has followed through and continues to follow through on its commitments to IFC.

- f. CAO has determined that IFC is unable to demonstrate compliance to requirements of The World Bank Group Environment, Health and Safety Guidelines ("EHS Guidelines") relating to thermal discharge as a mixing zone has not been mapped.

The EHS Guidelines have outlined a set of specific criteria to be met in a mixing zone. IFC determined that the assessments indicated that these criteria are all met within the entire area with elevated temperature. In light of this, IFC does not share the CAO's suggestion that a formal mixing zone should have been mapped even though the assessments clearly indicated that the criteria for mixing zone is met in the entire area with elevated temperature. Further, the CAO has expressed concerns relating to the fact that the Comprehensive Environment Impact Assessment (CEIA) was undertaken by Tata Consulting Engineers (TCE), a Tata Group company. In this context, it is important to clarify that TCE had been appointed by Power

Finance Corporation⁹ for the Rapid EIA and Comprehensive EIA even and well before Tata Power successfully bid for the CGPL project. Also, the CAO has stated that IFC has a tendency to accept the findings of the client's assessment as it is. Had this been the case as stated by the CAO, IFC would not have required CGPL to undertake multiple supplementary assessments including a cumulative air quality impact assessment, social impact assessment and development of several additional management plans in accordance with IFC Performance Standards.

- g. The CAO has concluded that IFC incorrectly classified the airshed as non-degraded.

The CAO has relied upon the fact that the EHS Guideline of 1998 has been included in the IFC's loan agreement with CGPL without any exceptions. Accordingly, as per CAO the airshed classification criteria of the 1998 guideline should have been used. IFC's position as explained earlier is that IFC's reliance on the 1998 guideline was limited only to requiring compliance with stack emission limits and for all other aspects, the in vogue, 2007 guideline was to be relied upon. The 2007 guideline criteria for classification of airshed is linked to the National Ambient Air Quality Standards (NAAQS). NAAQS defined the air quality using both Suspended Particulate Matter (SPM) and Respirable Particulate Matter (RPM). The 98 percentile of 24 hour mean SPM and RPM baseline were both well below the national ambient air quality standards. Accordingly, IFC determined the airshed to be non-degraded. The 2007 EHS Guidelines state that (i) Emissions do not result in pollutant concentrations that reach or exceed relevant ambient air quality guidelines and standards by applying national legislated standards, or in their absence, the current WHO Air Quality Guidelines and (ii) emissions do not contribute a significant portion to the attainment of relevant ambient air quality guidelines or standards. As a general rule, this Guideline suggests 25 percent of the applicable air quality standards to allow additional, future sustainable development in the same airshed. IFC followed this approach, and confirmed that the above two requirements of the 2007 EHS Guidelines were met.

- h. The CAO notes that by not applying the 1998 guideline criteria for defining the airshed, IFC did not meet its representation to its Board of ensuring adherence to standards more stringent than the national standards.

In line with IFC's commitment to the Board, IFC worked with CGPL to ensure that it uses coal with 0.6%S against a permitted sulphur content of 1.0%S, to meet a particulate matter emission limit of 50 mg/Nm³ against a permitted particulate matter emission of 100 mg/Nm³ and meet IFC NOx emission limit of 750 mg/Nm³. Clearly, IFC's involvement resulted in CGPL agreeing to more stringent air emission limits. This is in addition to several areas on the social impact assessment and mitigation where IFC's involvement resulted in CGPL committing to higher standards.

⁹ CGPL was developed upto the point of obtaining all regulatory approvals by Power Finance Corporation and then bid out.

- i. The CAO has found that due to IFC's confidence in the Sponsor's capacity and commitment, combined with a view that the project is performing well on environment and social aspects, has resulted in IFC not considering the complaint as a compliance issue.

IFC recognizes the impacts on seasonally resident fishing community as a Performance Standard 1 impact and a compliance issue. However, in light of the fact that CGPL has been actively engaging with this affected group and addressing their concerns, IFC has determined that CGPL is meeting the requirements of Performance Standard 1. Further, as described at the outset, IFC recognizes that in a large and complex project of this nature, the environmental and social commitments will be complex and spread across several documents. It is due to the recognition of this complexity that IFC does not solely rely upon its in-house resources for supervision and requires case by case appointment of an Advisor. The Advisor is expected to deploy a multi-disciplinary team on a quarterly basis to undertake an in depth review of the status of compliance. The Advisor also provides guidance to CGPL on streamlining the commitments so as to make them easier to monitor. Based on its audits and progress by the Company in implementation of the recommended corrective action, the Advisor provides a compliance certificate. Further, in the Annual Report, the Advisor provides a summary report describing the status of implementation of the various recommendations it has made as part of the quarterly audits. In accordance with the above, IFC requires and relies upon the compliance certification provided by the Advisor and its own site visits and monitoring report reviews.

- j. The CAO has concluded that IFC did not address the cumulative impacts of CGPL adequately. Specifically, the CAO concluded that: (i) IFC should have considered the cumulative impacts from development of the West Port in the Marine EIA; (ii) IFC staff in determining what proposed developments are realistically defined have used a restrictive definition by considering only those projects that had obtained a permit; (iii) IFC should have better assessed the third party risk from CGPL 's proximity and relationship with MPSEZ and agreed mitigation measures consistent with influence and control; and (iv) IFC should have pursued options for a regional or strategic assessment more assertively with relevant regulatory authorities, either directly or through its client. IFC's view is at variance with the CAO's conclusion on each of these four aspects:

- (i) IFC identified emissions to air and thermal discharge as important and relevant for assessment of cumulative impacts in case of CGPL both on the basis of scientific concern and concerns of Affected Communities. This is consistent with the 2006 Performance Standards provisions. IFC agrees that potentially this clarity was lacking in the 2006 Performance Standards text but in practice, this was clear to IFC staff and this approach was being adopted by the IFC staff. Hence, IFC has addressed this anomaly in text and practice by including the clarifications under the updated Performance Standard 1 (2012). IFC has in updating Performance Standards (2006) to Performance Standards 2012 clarified the provisions related to Cumulative Impact assessment. A key clarification states "Cumulative impacts are limited to those impacts generally recognized as important on

the basis of scientific concerns and/or concerns from Affected Communities. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways. The Performance Standard states, “The client can take these into account by focusing on the project’s incremental contribution to selected impacts generally recognized as important on the basis of scientific concern or concerns from the Affected Communities within the area addressed by these larger scope regional studies or cumulative assessments. From these two clarifications included in the updated Performance Standards, it is clear that the impacts generally recognized as important and relevant for CGPL both on the basis of scientific concern and concerns of Affected Communities related to emissions to air and thermal discharge through the outfall channel. Since, no other source of thermal discharge was proposed at the time of IFC’s appraisal, no cumulative impact on this account was considered. Accordingly, IFC identified impacts on air quality due to emissions to air from CGPL and the Adani Power Plant as requiring a cumulative impact assessment. In light of this clarification in the updated 2012 Performance Standards, given that the nature of a Port and/or SEZ development is very different from a thermal power project, impacts from them other than from emissions to air and thermal discharge would not have been considered for cumulative impacts.

- (ii) IFC believes that a project becomes realistically defined at the earliest when it is able to obtain regulatory permit and approval and at a time when the Sponsor commences investing significant money on a project. This is despite the recognition from IFC that obtaining a permit is only the first step in a project’s life and that in several jurisdictions many projects do not get implemented even after obtaining a permit. IFC recognizes the many uncertainties in a projects journey from concept to commissioning and finds relying upon only announcements and promotional material to require a cumulative impact assessment difficult to justify. Secondly, from a practical perspective, a project that has obtained a regulatory permit would have a reasonably frozen design based on which cumulative impact assessments can be undertaken, which would not be the case if IFC relied upon project announcements. In this context, IFC believes that considering “only permitted projects” as realistically defined is justifiable, quite expansive, practical and not restrictive. Projected impacts (e.g. airshed) would otherwise vary significantly and completely throw off emissions modeling, for example, and thus mitigation/project design which could cause that potential development and investment projects, including those from IFC, to be rejected based purely on speculative decisions beyond what is permitted and known at the time of approval/assessment.
- (iii) Consistent with the Performance Standard 1 expectation that third party risks be managed “to the extent they pose a risk to the project”, IFC did undertake a review of the third party risk of Mundra Port and SEZ Limited but recognized CGPL’s lack of influence and

control. IFC on its part remained vigilant about this risk and followed up with CGPL when specific concerns were raised about the Port. In this context, it is important to note that Port Service Contract with Adani Port was already a part of the bid package, when CGPL project was bid out by Power Finance Corporation. Secondly, the original plan was to receive the coal at existing Mundra Port, which was later changed to West Port. Given, the lack of CGPL's influence and control, any requirement on CGPL to assess and mitigate risks was not considered feasible. However, IFC was mindful of this third party risk throughout and did require CGPL to follow up with Adani Port in the context of certain major new risks that emerged during the course of CGPL project implementation.

- (iv) Recognizing the limitations of its private sector clients and reputation risk to IFC from potential conflict of interest situations, IFC has in the update of the 2012 Performance Standards clarified aspects related to strategic and regional assessments as has been noted in the CAO's report. While it may not have been possible for CGPL to encourage the regulators, IFC/WBG could have considered interacting with the regulators to encourage a regional assessment, when the overall plans of MPSEZ started becoming clear. However, given that IFC is an interested party in one private sector project, encouraging the regulator to undertake regional assessment may have exposed IFC to reputational risk from a perceived conflict of interest.
8. In conclusion, IFC's approach to project review is based on recognition of the fact that environmental and social risk and impact identification, assessment and management are processes and not a single event. IFC proceeds to approval of a project upon making a determination that:
- a. a threshold level of critical information on key risks and impacts including proposed mitigation measures is available;
 - b. information indicates that the project's key risks and impacts can be managed in a manner that meets the IFC Performance Standards;
 - c. for risks and impacts that have not been fully defined at approval, the IFC client has appropriate processes in place to ensure identification and management of risks and impacts in accordance with IFC Performance Standards;
 - d. the client has agreed with IFC to undertake additional assessments and management in accordance with the Performance Standards once the risks and impacts are identified;
 - e. the client has in place processes to identify and mitigate unforeseen risks and impacts on an ongoing basis; and
 - f. the client has agreed that these requirements be included in the investment agreement.
9. The appraisal, approval and ongoing supervision of CGPL are founded on this approach. Further, there is sufficient evidence available with IFC that CGPL has and continues to follow through on its commitments to IFC, in fact going beyond for a range of issues. Appropriateness of IFC's approach is also reflected in that the monitoring data indicates that the actual impacts on ambient conditions are significantly lower than those predicted in the assessments that IFC reviewed. Also, over the 5 years

since approval, the progressive improvement demonstrated by CGPL in proactively identifying, assessing and mitigating environment and social risks and impacts, makes IFC confident that the Company's management system effectively addresses these risks and impacts in accordance with the Performance Standards.

IFC looks forward to updating the CAO in due course on the progress in implementation of some of the good practices suggested in the report and mentioned at the outset here-above.

Yours Sincerely,



Anita Marangoly George
Director, Asia and Pacific
Infrastructure and Natural Resources



William Bulmer
Director
Environment, Social and Governance

cc: Jin-Yong Cai CEXVP; Karin Finkelston CAPVP; Serge Deveix CSADR

