

Correspondence between Kendyl Salcito and International Finance Corporation Representatives

From: Kendyl Salcito

Sent: Tuesday, February 09, 2021 2:17 AM

To: Randall Riopelle

Cc: Kim-See Lim

Subject: Re: VC - IFC investments in Xinjiang
[External]

Dear Randy and all,

Thanks again for your time last week. Before the Lunar New Year kicks off I wanted to send along the list of data and documentation we discussed. What I've done is primarily to

1. cut reference to projects that have been divested (shrinking the report by several pages), and

2. made it easy to see where outstanding data can change the report conclusions, noting in **green text** which "Key Questions" have been answered, in **red text** which "Key Questions" are answerable with the requested data, and in **yellow text** which "Key Questions" are partially addressed. The red text request includes

- geolocation information for farmers, facilities and sourcing (silicon, magnesium, agricultural inputs)
- payslip information regarding fair wages
- workforce rates disaggregated by ethnicity and wage rate by ethnicity
- due diligence on karez systems (possibly unnecessary, depending on geolocation of Camel facilities)

Gene, you're on this email because I wanted to make sure I didn't miss any insight on silicon sourcing due diligence and because the public reporting doesn't show the divestments you've told me about, so I just wanted to make sure I have dates right.

Fei Pei and Kim-See, if you feel that anything in your portfolio is misrepresented in this updated draft, I would welcome any and all information/insight you can share.

Warmest regards,

Kendyl

On Feb 10, 2021, at 5:39 AM, Randall Riopelle wrote:

Hi Kendyl,

I just wanted to give you a quick heads up. We are continuing to gather this information from our clients, but Spring Festival holiday is now kicking into full gear in China, and clients are starting to close down for the next 10 days or so.

We will likely only be able to get more information to you probably the last week of February at this point.

All the best,

Randall Riopelle

IFC

From: Kendyl Salcito

Sent: Wednesday, February 10, 2021 10:16 PM

To: Randall Riopelle

Cc: Kim-See Lim

Subject: Re: VC - IFC investments in Xinjiang
[External]

Hi Randy,

That's understandable. Thanks for letting me know and keeping me updated. I'll keep an eye on my inbox for late February.

Best,

Kendyl

On Feb 26, 2021, at 4:03 AM, Randall Riopelle wrote:

Hi Kendyl,

I hope you had a nice Lunar New Year, and the Year of the Ox is starting well for you (or, as my colleagues in the Beijing office have come to say, Happy Niu Year of the Cute Cow!).

Despite our best efforts, some of our clients have taken an extended Lunar New Year holiday, and are only back to office this coming Monday, March 1. We still expect to be able to get you more information, and the answers to your questions, by the middle of next week.

Hope that is OK, and I hope you have a nice weekend.

Randall Riopelle

IFC

From: Kendyl Salcito <salcito@nomogaia.org>

Sent: Friday, February 26, 2021 9:47 PM

To: Randall Riopelle <rriopelle@ifc.org>

Cc: Kim-See Lim

Subject: Re: VC - IFC investments in Xinjiang

[External]

Hi Randy,

Happy Year if the Ox to you, too! I had planned to check for a status update today, so you've beaten me to it.

The delay isn't totally unexpected. In the meantime, is there somewhere I can seek clarity on when IFC divested from Canadian Solar and Goldwind? I suspect IFC doesn't disclose the reasons for divestment, correct?

Best,

Kendyl

On Feb 26, 2021, at 10:01 PM, Randall Riopelle wrote:

Thanks Kendyl.

Asking Kim if she can help find the dates of final divestment on Canadian Solar and Goldwind.

You are right, we do not normally disclose the reasons for divestment. But typically, and I believe it applies to these cases:

- For equity investments, we believe IFC's role in the project/company is completed, and we believe the timing is right to exit from a profitability point of view; and
- For loans, it has simply reached its final maturity date, or the company has pre-paid us because they have completed the project and it is more profitable than first expected, or they have found other debt on more favorable terms than the IFC loan.

All the best,

Randall Riopelle

IFC

On Fri, Feb 26, 2021 at 7:26 AM Kim-See Lim wrote:

Many thanks Randy.

Hi Kendyl,

For Canadian Solar the debt maturity and equity exit occurred in 2020 and the exit from Goldwind occurred in 2018.

Hope that helps.

Best regards,

Kim

From: Kendyl Salcito

Sent: Saturday, February 27, 2021 4:04 AM

To: Kim-See Lim

Cc: Randall Riopelle

Subject: Re: VC - IFC investments in Xinjiang

[External]

Dear Kim and Randy,

Thank you both for this. I'll update my drafts accordingly.

Best,

Kendyl

On Fri, Mar 5, 2021 at 3:14 AM Randall Riopelle wrote:

Dear Kendyl,

I hope this email finds you well.

Now that the Chinese New Year break is truly over, we have been able to talk with clients and get answers to most/all of the different concerns and questions you have raised.

As mentioned on our call, IFC has hired an internationally recognized labor consultancy to map sectors with risks that are unique to China's context. We have followed guidance on the best way to conduct due diligence and supervision in this context. In all cases we have requested documentation and other evidence of compliance with our Performance Standards, and supervision of E&S performance of these projects will continue on an ongoing basis.

In working with our clients, we have received documentation to support the responses to some of the concerns you raised. We must note, however, that following IFC Access to Information Policy, this information would be considered confidential, so we can only describe it broadly

I hope this information is helpful, and it would **be very helpful if you could let us know when you plan to publish your report.**

Chint New Energy

In accordance with our loan provisions, the IFC loan was fully disbursed in July 2017 and was used solely for the construction of solar generating projects in Turkey.

As a separate clarification, the latest draft of the Nomogaia report states: *"A year after closing on IFC's loan, Chint spent 703m yuan (US \$106m) to buy out all PV manufacturing assets of Longi Green Energy."* As mentioned during our call, the acquisition did not relate to manufacturing assets. Please refer to the article cited in the endnotes to the draft report, which describes the acquisition as "17 distributed PV power assets". The assets acquired are power generating assets, not manufacturing assets. None of them are in Xinjiang.

Chenguang Bio

Chenguang Bio has confirmed to IFC through payslips that it pays its workers equitably, regardless of ethnic origin. The company has an HR policy that promotes equal treatment of staff. In 2019, approximately 24 percent of its workforce of about 370 people in Xinjiang came from ethnic minority groups. The company recently provided detailed salary slip information for job positions in its Xinjiang factories showing that Han and Uyghur staff salaries are comparable for the same position. The company's salary level is also at least two times that of Xinjiang government's minimum salary level.

Chenguang Bio includes a clause in its supply contracts prohibiting the use of forced or child labor. Following inquiry from IFC about forced labor risk in their cotton supply chain, Chenguang Bio provided written statements from two cottonseed suppliers confirming that they do not use forced or child labor. Chenguang Bio also confirmed that it does not use prison labor.

Chenguang Bio has a policy that encourages hiring of local workers. The company recruits local seasonal workers through job advertisements in the local media and through local intermediaries – the company showed IFC sample job advertisements. Some local Uyghur staff are assigned to manage seasonal workers. In line with national legislation, seasonal workers' salaries are paid daily and based on the work that they performed. The majority of seasonal workers are male (86.1 percent) while 13.9 percent are female. The bulk of the company's seasonal workers are aged 18-40 years old (66.7 percent), followed by workers belonging to 51-59 (19.4 percent) and 41-50 (13.9 percent) age groups.

Camel

The company has provided pay slips to show that workers' pay rate is set without regard for their ethnicity. Camel has an HR policy prohibiting child or forced labor. The company does not use contracted labor except for construction work, and those sites are inspected periodically by the company's HR department. Of a total of 120 staff members in Camel's Xinjiang facility, 6 are Uyghurs.

Camel has also confirmed that there is no Karez system near its plant in Xinjiang. The Camel Toksun plant was built in 2019, and the project has no new footprint outside of the 13-year-old heavy-industry park.

The geo coordinates for Camel's Toksun plant are: N42.725161, E88.66904.

Camel's ESIA is available on the internet through this link: <http://www.doc88.com/p-7416429873156.html>

Century Sunshine

According to documentation and information provided by the company, all of Century Sunshine's employees sign the same form of contract and receive the same wages comparable to employees working in the company's other magnesium facilities (in Jilin province for example). Ten percent of its total workforce are from ethnic minority groups including Uyghurs. There is no dormitory for Uyghur employees; employees go home after work. A Halal cafeteria is available onsite for Muslim employees.

The company confirmed it does not use brine, so the salt lakes are not related to its operations. Magnesium ore is sourced from a private company which has its own dolomite mine in Hami.

Jointown

Jointown has confirmed in writing to IFC that there is no forced labor involved in its operations in Xinjiang. The company has also confirmed that there is no relationship between the Company and any detention facilities. Company representatives have verbally explained that the workforce of 1,474 staff members were recruited through career fairs, internal referrals, and campus recruitment. Approximately 6 percent of its total workforce are from ethnic minority groups,

including Uyghurs. Uyghur staff hold positions in sales, general administration, front line warehousing and product delivery. The company is in the distribution business and does not employ agricultural workers.

COFCO

Page 15 of the report mentioned that *"It has divested from agricultural giant COFCO (whose Xinjiang operations are directly tied to crops banned from entry into the US)."* IFC never invested in COFCO Group's domestic entities and only invested minority equity stake in COFCO International Limited (CIL), an offshore holding entity for acquisition of two global agricultural commodity traders: Noble Agri and Nidera. COFCO is a controlling shareholder in CIL. IFC signed share sale agreement to sell the minority equity stake in CIL back to COFCO Group.

BAIDU MCC AND SIMPLE CREDIT

Our due diligence has confirmed that Baidu MCC's credit assessment models do not use any parameters related to whether a borrower is an ethnic minority or not. Ethnic minorities are neither particularly targeted by this program nor excluded from it. This is the same for Simple Credit's assessment models. With reference to private sector institutions that have been accredited by Baidu MCC, examples of these are English First (for English language training) and Tedu.cn (for information technology)

All the best, and let us know if you have any further questions.

Hope you have a nice weekend.

Randall Riopelle

IFC

From: Kendyl Salcito

Sent: Monday, March 08, 2021 10:16 PM

To: Randall Riopelle

Cc: Kim-See Lim

Subject: Re: VC - IFC investments in Xinjiang

[External]

Dear Randy and all,

Thanks for taking time to try to gather this feedback. I plan to publish this week, pending some internal review. I'll share the link to this group when it goes live on our website.

The Camel ESIA isn't accessible without creating a WeChat account and paying a fee, it seems; and the coordinates Camel shared for its Toksun plan are visibly atop two Karez systems on Google Earth.

Just wanted to make sure you were aware of that.

Best,

Kendyl

On Tue, Mar 9, 2021 at 7:54 AM Randall Riopelle wrote:

Hi Kendyl,

Thanks for the email.

Would it be possible for you to please share the image you are seeing showing the Camel plant on top of a Karez well system?

We checked with the Company, and they said the plant was about 60 km from the Karez, but it would be helpful to understand what image(s) you are looking at.

Thanks so much, and have a nice day.

Randall Riopelle

IFC

From: Kendyl Salcito

Sent: Tuesday, March 09, 2021 11:36 PM

To: Randall Riopelle

Cc: Kim-See Lim

Subject: Re: VC - IFC investments in Xinjiang

[External]

Sure thing, Randy. This is a screenshot from Google Earth, just inputting the coordinates they provide. The crater shapes are entry points to well systems.

I think this Google Earth Web link will take you to the same

location: https://earth.google.com/web/@0,0,0a,22251752.77375655d,35y,0h,0t,0r?utm_source=earth7&utm_campaign=vine&hl=en

On Tue, Mar 9, 2021 at 5:48 PM Randall Riopelle wrote:

Hi Kendyl,

Thanks for the photo and clarifying, very helpful.

We zoomed in a bit, and again spoke to the Company on this point. The Google Earth image screenshot below shows a more precise location for the Camel plant – a little over a kilometer away from the location of the nearest crater shape.

Our understanding is that there are more than 100,000 karez wells in the Turpan region and, though all the karez wells are registered, not all of them are culture heritage sites. According to Camel, the closest karez well system that is registered as a cultural heritage site is 60 km away.

I hope that helps to clarify.

Have a nice evening.

Randall Riopelle

IFC

From: Kendyl Salcito

Sent: Wednesday, March 10, 2021 9:53 PM

To: Randall Riopelle

Cc: Kim-See Lim

Subject: Re: VC - IFC investments in Xinjiang

[External]

Hi Randy,

Unfortunately that understanding is off. There are fewer than 2,000 karezes (and <1000 that are still in operation, as industrial users deploy electric pumps that lower the water table and make karez systems inoperable). Maybe the client meant that [over 100,000 livestock and 50,000 households rely on karezes](#)? That's the only reference to 100,000 I can find associated with the systems.

Is it the IFC's position that a 2000-year-old well system central to ethnic Uyghur livelihood and heritage is irrelevant to project appraisal because the government has not legally protected it?

Even if the karez systems had stopped functioning sometime prior to Camel's establishment (which is very likely), there has to be some due diligence within IFC showing how it knows that the risks of

placing a lead processing facility atop an ancient irrigation system that is directly upstream from agricultural lands might affect crops, right? Can you possibly get me access to environmental due diligence that indicates how IFC knows this project isn't going to affect the downstream users that have historically used water coming straight down this slope from the Camel facility? This delays my publication, but I am really trying to give IFC the benefit of the doubt here.

With thanks,

Kendyl

On Mar 10, 2021, at 6:21 PM, Randall Riopelle wrote:

Dear Kendyl,

Thanks for your reply.

The information on the number of wells is based on a [research article in the China Culture Heritage](#) journal. Here is a rough translation from the article abstract:

According to the statistics of the third national cultural relics census, karez well system, as of 2010, there are currently 1,108 registered karez well systems in Turpan, Xinjiang. Among them, there are 278 water karez well systems and 830 dry systems with a total length of about 4,000 kilometers. The total number of vertical karez wells exceeds 100,000. The total irrigated area accounts for about 8% of the total irrigated area in Turpan.

As mentioned previously, and shown in the photo below, the Camel plant is more than a kilometer from the nearest karez well, and our analysis shows that the plant's operations will not impact the well. This analysis is backed up by the ESIA, which was produced by a third-party, private-sector expert. The Company has authorized us to share the ESIA with you, and it is attached here as a pdf. Among other things, it states clearly: "*There is no special protected area or ecologically sensitive/vulnerable area.*"

As always, happy to discuss.

All the best,

Randall Riopelle

IFC

On Wed, Mar 10, 2021 at 6:28 PM Kendyl Salcito wrote:

Thanks, Randy. This doesn't align with the literature I've found but I'm so, so grateful to finally have the ESIA. I'll give it a read. It is so important to get the facts right on this.

Best,
Kendyl

From: Kendyl Salcito
Date: March 17, 2021 at 6:05:28 AM MDT
To: Randall Riopelle
Cc: Kim-See Lim
Subject: Re: VC - IFC investments in Xinjiang

Dear Randy and colleagues,

The report will go live today, so you're the first to have it (please confirm receipt, since it's a large file?). There are a couple of IFC folks on NomoGaia's mailing list, so they'll get it a second time later today.

As a clarification on the question of karez systems, Uyghurs and scholars don't actually estimate the number of vertical shafts, because they are not 'wells,' but access points for maintaining the underground canals. The document IFC shared as a reference was produced by the central government and presents a politicized analysis of the karez systems. You'll see clarifications of this in the current version. The report that I found most useful was called "[The Age and Origin of Karez Systems of Silk Road Oases around Turpan, Xinjiang, P.R. of China](#)", written by a team of nine scholars with advanced degrees in geomorphology, geology, archaeometry, botany and history. It was funded by the Administration of Cultural Heritage of Turpan and the University of Heidelberg, and it was peer-reviewed for publication in the book Soci-Environmental Dynamics along the Historical Silk Road, which is to say it incorporates inputs from government but is fundamentally driven by science. It articulates the importance of every karez system, regardless of its status as 'protected.'

I have been grateful for IFC's ongoing engagement on this challenging issue and encouraged to see IFC terminating relationships with particularly challenging clients in Xinjiang. The divestment from Goldwind, which occurred simultaneous with a series of small IFC investments supporting Goldwind's market position in Pakistan was particularly interesting. It lends the impression that there are some very creative efforts underway to extract IFC from the region diplomatically. Goldwind's increasingly strong relationship with XPCC may have instigated that decision. As I see it, the risks remain comparable in several ongoing IFC investments in the region.

Please don't hesitate to reach out for any reason. Stay safe and well.

Kendyl

Oct 5, 2021

Kendyl Salcito submitted a request for information to the form on the IFC Corporate Relations page asking the status of IFC's 17% equity and \$125m loan outstanding to Century Sunshine as of Dec 2020.

----- Forwarded message -----

From: IFC Corporate Relations
Date: Fri, Oct 29, 2021 at 9:51 AM
Subject: Response to IFC Request for Information
To: Kendyl Salcito

IFCH-1026674317

Dear Kendyl Salcito, Thank you for contacting IFC.
IFC invested in Century Sunshine to promote organic fertilizers in China. IFC remains a minority shareholder in the company. Any change in the project status would be reflected on IFC's project disclosure page: <https://disclosures.ifc.org/>
Best regards.

Regards,

IFC Corporate Relations

*Note: IFC representatives that were cc'd in the emails but were not direct contributors to the correspondence have been redacted.