

ENVIRONMENTAL AND SOCIAL ACTION PLAN (ESAP)
FE INDORAMA AGRO LLC (INDORAMA AGRO)
LABOUR AUDIT REPORT ESAP ITEM 2.5

PREAMBLE:

FE Indorama Agro LLC (the “Company”) is one of the largest cotton farms in the Republic of Uzbekistan. It was established in 2018 after the Government started a privatization process for the cotton farming sector in the country. The operations of the Company cover more than 50,000 hectares of land for growing cotton, wheat, and other agricultural crops. In addition, the Company works with independent farmers to grow cotton on its behalf. The developmental financial institutions International Financial Corporation (IFC) and European Bank for Reconstruction and Development (EBRD) is supporting the company in its farming practices and thus with enhanced economic opportunities for the local population in Uzbekistan.

Resultantly the Environment & Social Action Plan (ESAP) agreed for the project with the lenders have been aligned with IFC & EBRD. An integral requirement of the ESAP is to establish a functional E&S Management System (ESMS) to oversee and manage E&S performance of its activities under the direct & cotton farming projects. The company intends the ESMS to cover all its current and future facilities to address its environmental, social, occupational health and safety and labour issues, consistent with IFC Performance Standards (PS) & EBRD Performance Requirements (PR). The Company also continues to proactively engage with all its stakeholders through a Stakeholder Engagement Plan.

ESAP ACTION: Conduct a labour assessment covering FE Indorama Agro LLC’s (IAL) workforce at directly operated cotton farms and cotton gins. Senior Lenders to approve on the ToR and consultants. Based on the labour assessment findings if needed develop a corrective action plan with deadlines and dedicated resources to address all findings.

LABOR AUDIT METHODOLOGY:

During the assessment, the Auditors consulted project workers in relation to their working conditions and reviewed documentation related to labour and working conditions made available by IAL, as well as a range of sources available in the public domain, including:

- News articles and information about any labour violations.
- Documented Trade Union complaints, recent legal cases and/or appeals.
- Sample employment contracts for direct employees.
- Attendance records and payment slips.
- Documentation on collective bargaining agreement.
- Documentation on company policies in areas such as recruitment, health and safety, harassment, discrimination, collective bargaining, and wages.
- Evidence of company training.
- Internal grievance logs.

A risk-based approach was adopted for this project. Auditor conducted an in-person labour and working conditions assessment, between March and April 2022, over 10 days, at selected cotton farms and gins located in the Oqoltin and Sardoba districts in the Syrdarya region as well as the Nishon and Kasbi districts in the Kashkadarya region. The Auditor's team consisted of one lead assessor and one worker interviewer. The assessment included a review of documentation, management interviews, worker interviews, and physical site inspections. Workers in scope included permanent and subcontracted workers as well as contract farmers and their workers.

Auditor carried out a mix of individual and group interviews with 125 of a total of 2,250 workers and employees in scope (or ~5.5% of the total workforce), along with 20 management staff covering a representative sample of workers. The worker sampling took a hybrid approach. Around 50% of sampled workers were preselected for interviews before the actual site visit, and the remaining workers were selected through visual sampling, whereby workers were selected during the site visit by visual inspection without giving management any advance notice – to reduce the risk of coaching (in keeping with Auditor's standard risk mitigation measures). Both sampling approaches selected a representative sample of workers to interview at each region, based on gender (e.g., male, female), position (e.g., lower skilled, team leader, supervisor), contract types, worker journey (e.g., pickers, regional migrants), age (e.g., young, old). Visual sampling had the added benefit of observing those workers who might be "vulnerable" or at higher risk in the workplace.

Assessment findings which amounted to non-compliances against the specified assessment standards were assigned as 'minor', 'major' or 'critical' – according to severity of instances, prevalence of instances, and evidence of effective management systems in mitigating these instances.

This high-level corrective action items have also classified each action into short term and long term in below table.

No.	Observation	Action	Type	Deadline	Responsibility
Grievance Redressal Mechanism					
1	Assess grievance mechanisms periodically to share lessons learned and good practices to promote continuous improvement. This should include input from those using the grievance process.	To conduct bi-annual analysis of GRM implementation and propose recommendations for improvements. By the end of the year IAL will conduct a survey among its stakeholders, which will include assessment of GRM and opinion of stakeholders to improve GRM.	Short term action plan	Bi-annual analysis of GRM for year 2022 is completed. Survey to be conducted in April 2023.	Senior Manager ESG Department
2	Sufficient resources as well as relevant training and skills to those responsible for addressing, managing, and resolving grievances.	Trainings to be provided to the CLOs and GROs to investigate the recorded grievances. IT skills for working in Microsoft secured Sharepoint is also provided. In addition, ERM India to provide training on ESMS awareness and implementation to internal employees. HR to provide skill & behavioural based trainings to concerned employees handling grievances and conflicts etc.	Short term action plan	Completed Completed Completed	Manager – ESG Department
3	IAL Grievance Redressal Mechanisms implemented and accessible to all direct and indirect workers in languages and formats that promote inclusivity.	To strategically place GRM banners, SOPs, flyers at all IAL facilities and communities. 62 unmanned grievance collection boxes installed at all IAL operation sites.	Short term action plan	Completed	Manager – ESG Department

No.	Observation	Action	Type	Deadline	Responsibility
Grievance Redressal Mechanism					
		Non-personal dedicated email ID & hotline to be created & shared to receive the grievances.		Completed	
4	All anonymous submission of concerns, grievances via multiple channels like hotlines, email, and written submissions to unmanned grievance collection boxes allowed and kept confidential.	To create a dedicated inward log register, of grievances received through established multiple channels.	Short term action plan	Completed	Manager – ESG Department
5	All grievances and resolutions (including pending) documented, archived, and kept strictly confidential.	All received grievances and responses/resolutions to be documented and archived in the SharePoint folder of the ESG Department as well as in in hard copies.	Short term action plan	Ongoing	Manager – ESG Department
6	Agreed key performance indicators to measure progress.	To design monthly KPIs to measure the progress on GRM.	Short term action plan	Completed Ongoing iterations for improvement	Manager – ESG Department

No.	Outcome	Action item	Type	Deadline	Responsibility
Human Resources					
1	Monthly wage slips for shift workers for an improved transparency around wage payments. Workers get the opportunity to report errors in their pay.	SMS based payslip system which includes information on number of hours worked and salary information for the employee.	Short term action plan	Completed	Head – HR Department
2	Working hours of employees getting recorded by bio metric attendance system.	Bio Metric/New Attendance Recording System has been installed at 4 farms depos, 3 ginning facility and 2 regional offices.	Short term action plan	Completed	Head – HR Department
3	Casual field workers in Kashkadarya trained for job activities and contracted for other work in months when their services for irrigation are not needed. This will ensure their minimum wage throughout the year and not being disadvantaged by IAL's decision to switch field-workers from permanent to civil contracts.	Scope of multi-skilling as per their education and experience for other roles will be assessed.	Long term action plan	31 August 2023	Head – HR Department
4	Each region has one manager in responsible to champion of the Prevention of Sexual Harassment (POSH) detailed policy.	One POSH committee has been constituted and led by senior managers from both the regions with more than 50% women participation as body members.	Short term action plan	Completed	Head – HR Department
	Measurable key performance indicators on POSH in place.	Dedicated POSH helpline to be created along with policy orientation and trainings to employees.		Completed	Head – HR Department

No.	Outcome	Action item	Type	Deadline	Responsibility
5	Risk-based due diligence conducted resulting a robust risk management to identify, evaluate, and prioritise risk both within Indorama's internal operations as well as third party business relationships.	Whistle Blower Policy is launched and now available at Indorama Agro website. https://www.indorama-agro.com/policies.php This policy is to reinforce anti-corruption/extortion activities. Anti-corruption committee is also constituted. This shall include members of Internal/External Audit team too. To execute proper investigation and vetting of internal staff and management, as well as business partners such as suppliers and service providers. To refer to Good Industry International practice guidance & third-party expert on suitable approaches.	Short term action plan Ongoing	Completed Ongoing	Head – HR Department
6	Fostering an anti-corruption culture: Indorama management should set an example by making its zero-tolerance policy on bribery and corruption very clear and underscore that anyone found guilty will face the most severe disciplinary sanctions.	Anti-corruption and anti-bribery to be enforced by rigorous trainings with strict punishment in terms of dismissal and criminal cases will be implemented. The Anti-corruption and anti-bribery are included within the scope of Whistle blower policy and Indorama Agro's Code of Conduct	Short term action plan	Ongoing	Head – HR Department
7	Policy Training to be included in Annual Training Calendar Create Policy Champions in Middle Management.	Annual training calendar being prepared for execution in 2023.	Short term action plan Long term action plan	Annual Training Calendar is Completed & Circulated	HR – Regional Manager
8	Increased engagement with Trade Unions	Quarterly meetings between Trade Unions and IAL to be conducted at regional and levels.	Short term action plan	Works committee created meetings are being held on monthly/quarterly basis for both the regions.	Head – HR Department

No.	Outcome	Action item	Type	Deadline	Responsibility
Occupational Health & Safety					
1	All workplace risks at IAL assessed with defined requirement of PPEs for each task.	The risk assessment to be undertaken with report submission.	Long term action plan	Tentatively May 2023	Head – HSE Department
2	Gin employees, contractors, and workers in Syrdarya and Kashkadarya trained on how to operate hazardous machines.	Refresher training programme to be undertaken as per annual training plan. Topic specific training to operate machines, associated hazards and control measures to be conducted.	Short term action plan	Completed	Manager – HSE Department
3	Workers aware of re-entry procedures after aerial spraying of fertilizers.	SOP on re-entry of workers after aerial spraying of fertilizers to be developed and displayed at farm sites.	Short term action plan	Completed	Senior Manager ESG Department