

INTERNATIONAL FINANCE CORPORATION

**MANAGEMENT
PROGRESS REPORT
ON
IMPLEMENTATION OF THE
MANAGEMENT ACTION PLAN**

FOR

**INDORAMA ELEME FERTILIZER AND
CHEMICALS LIMITED
NIGERIA – SUB-SAHARAN AFRICA
PROJECT NOs. 30967 and 40420**

OCTOBER 6, 2023

I. MAP IMPLEMENTATION OVERVIEW

1. This Management Progress Report constitutes the International Finance Corporation's (IFC) update on the implementation of its Management Action Plan (MAP) in response to the CAO Compliance Investigation Report on the complaint (the "Complaint") concerning Indorama Eleme Fertilizer and Chemicals Limited (IEFCL), Project Nos. 30967 and 40420 (the "Project"). IEFCL is located in Eleme, Port Harcourt, Nigeria. IFC provided debt financing to IEFCL in 2013, and again in 2018 and 2020. The Project is currently in operation and under supervision, with ongoing monitoring supported by an independent labor consultancy retained under IFC's direction to evaluate the client's compliance with IFC's Performance Standard 2 (PS2) requirements and define actions to address the CAO's findings.

A. MAP Implementation Status

2. In April 2018, a complaint was filed with CAO by 134 IEFCL employees raising a series of concerns regarding the company's labor and working conditions and use of security forces. CAO's investigation concluded that, while IFC enhanced its supervision of the Company's Worker Grievance Mechanism (WGM) since 2018 and documented improvements, IFC's supervision activities did not provide sufficient evidence of the effectiveness of the Company's WGM regarding PS2 requirements. Particularly, CAO concluded that IFC lacked assurance that the Company was implementing a WGM which provided workers with a channel to address their concerns in a manner that is perceived as safe and fair. CAO also concluded that IFC's response to the complaint allegations of Company retaliation against workers was insufficient and represented a non-compliance with PS2 requirement to ensure the right of workers to organize and raise grievances without fear of reprisal. CAO concluded that the lack of guidance at the IFC and client level on handling allegations of retaliation at the time was an underlying cause of this non-compliance finding.

3. IFC's subsequent Management Report, dated July 16, 2021, included the adoption of a MAP, which committed IFC to *"confirm the Company's compliance with PS2 commitments, particularly for 'fair treatment' of workers and their ability to raise grievances without any retribution."*

4. IFC initiated a detailed assessment of IEFCL's grievance and anti-reprisal policy framework and its implementation in practice that was conducted by an independent labor consultancy, with a view to develop corrective actions if needed and support the client in its ongoing implementation. Although initially delayed due to COVID-19 travel restrictions, the assessment was completed in June 2022. The implementation and efficacy of recommendations were assessed as part of two independent follow-up assessments in April and June 2023 respectively.

5. The independent labor consultancy concluded, and IFC confirmed through further due diligence and client engagement, that IEFCL had implemented corrective measures in line with all recommendations included in the June 2022 assessment:

- i. Updating existing policies and procedures: IEFCL's modified its induction process to enhance awareness of grievance and retaliation policies. Summary policy statements have been posted in key areas, such as the human resources department, staff canteen, and safety induction hall.
- ii. Enhanced awareness and understanding: IEFCL continues to implement awareness-raising efforts, such as advertising of policies and online platforms like DarwinBox, enhancing familiarity of employees with grievance procedures.
- iii. Internal capacity building and training: IEFCL provided training to managers and the gender apex committee members on grievance management, gender-based violence and

harassment (GBVH) identification, and policy improvement, with further training to be provided on an ongoing basis.

- iv. Improved grievance management and reporting: IEFCL demonstrated the ability to effectively manage the grievance logging and resolution system, with resolutions generally within a defined timeframe, and no reported concerns of retaliation noted by the independent labor consultancy.
- v. Enhanced monitoring and review procedures: IEFCL implemented regular reviews and assessments, along with concrete action plans for identified issues (e.g., gender-specific bathroom access), reflecting the ongoing efforts to improve capacity and grievance management.

6. Overall, the grievance management system has been implemented in a manner consistent with PS2 requirements, reflecting the overall positive progress in compliance.

B. Next Steps

7. IFC has completed the actions and deliverables and therefore considers the MAP implementation completed. Further details are outlined in the action table below (Section II).

8. As part of IFC's continuous and systematic supervision program, IFC will remain engaged in closely monitoring the client's adherence to the labor assessment recommendations and the effective operation of the corrective measures. A supervision visit has been scheduled for Q3 FY24, with annual visits thereafter.

C. Conclusion

9. IFC concludes that IEFCL has completed the required actions and demonstrated sufficient evidence of effective implementation. The independent assessment carried out, followed by two follow-up assessments in April and June 2023, substantiates IEFCL's commitment to and realization of key corrective measures. As part of its ongoing portfolio supervision, IFC will monitor the continued implementation of the WGM as required by PS2.

10. This conclusion underscores the collective endeavors and commitment exhibited by IEFCL, reflecting the positive progress in compliance with PS2 requirements, and resonates with IFC's dedication to transparent and responsible conduct.

11. Based on the detailed findings and available data, IFC considers the MAP implementation completed, and has engaged with CAO to share all relevant information in the course of its compliance monitoring.

II. UPDATE ON MAP IMPLEMENTATION ACTIONS

Area of Improvement	Action / Activity			Summary of Implementation
<p>IFC to assure itself that IEFCL’s actions properly reflect PS2 commitments to “fair treatment” of workers and their ability to raise grievances “without any retribution.”</p>	<p>Confirm IEFCL’s compliance with PS2 commitments, particularly for “fair treatment” of workers and their ability to raise grievances “without any retribution.”</p> <p>Responsibility: Third-party labor expert</p>			<p>This action was completed in June 2022. Key related actions include:</p> <ul style="list-style-type: none"> - Development of an assessment report, identification of gaps, and associated recommendations and actions (June 2022). - Engagement with IEFCL management to review the report and define the implementation of key actions (June 2022). - Engagement with IEFCL management, trade unions (NUCFRLAMPE and CANMPSSAN), and members of the gender apex committee (April 2023). - Completion of an independent monitoring and review report to assess progress in relation to the associated recommendations and actions (April 2023). - Engagement with IEFCL management and members of the gender apex committee (July 2023). - Completion of a second independent monitoring and review report (July 2023).
	Deliverable / expected outcome	Timeframe	Status	
	<p>Independent assessment report and corrective action plan relating to the implementation of IEFCL’s current worker grievance mechanism against the requirements of PS2 and international labor standards</p>	<p>December 2021</p>	<p>Completed June 2022 (subsequent monitoring reports completed in April and July 2023 respectively)</p>	