

**INTERNATIONAL FINANCE CORPORATION**

**MANAGEMENT REPORT  
IN RELATION TO THE  
CAO COMPLIANCE INVESTIGATION REPORT**

**ON**

**SALALA RUBBER CORPORATION  
LIBERIA – AFRICA**

**(PROJECT No. 26510)**

March 14, 2025

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## ABBREVIATIONS AND ACRONYMS

ARD	Alliance for Rural Democracy
CAO	Compliance Advisor Ombudsman
CASA	Conflict Affected States in Africa
CDC	Commonwealth Development Corporation
CES	E&S Policy and Risk Department
CRF	Contextual Risk Framework
EBRD	European Bank for Reconstruction and Development
E&S	Environmental and Social
ESG	Environmental, Social and Governance
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESAP	Environmental and Social Action Plan
ESMS	Environmental and Social Management System
ESRP	Environmental and Social Review Procedure
ESRR	Environmental and Social Risk Rating
ESSV	Environmental and Social Supervision Visit
EPA	Environmental Protection Agency
ESRO	Environmental and Social Risk Officer
ESS	Environmental and Social Standard
FCS	Fragile and Conflict-Affected Situations
FCV	Fragility, Conflict and Violence
GAI	Green Advocates International
GBVH	Gender-Based Violence and Harassment
GPSNR	Global Platform for Sustainable Natural Rubber
IDA	International Development Association
IDB	Inter-American Development Bank
IDP	Internally Displaced Person
IFC	International Finance Corporation
LAC	Liberian Agricultural Company
LRP	Livelihood Restoration Plan
MAP	Management Action Plan
MR	Management Report
NGO	Non-Governmental Organization
NRWP	Natural Resource Women Platform
PAPs	Project-Affected Persons
PPE	Personal Protective Equipment
PS	International Finance Corporation Performance Standards
PSWMP	Participatory Surface Water Monitoring Program
RAP	Resettlement Action Plan
SEAH	Sexual Exploitation, Abuse and (sexual) Harassment
SEP	Stakeholder Engagement Plan
SRC	Salala Rubber Corporation
SRH	Sexual and Reproductive Health
ToR	Terms of Reference

RAP	Resettlement Action Plan
UN	United Nations
US\$	United States Dollar
VSLA	Village Savings and Loan Association
WBG	World Bank Group
WHO	World Health Organization
WMC	Water Management Committee
YNCHR	Yeagbamah National Congress for Human Rights

## EXECUTIVE SUMMARY

i. The International Finance Corporation (IFC), as part of the World Bank Group (WBG), is committed to supporting economies facing fragility, conflict and violence (FCV). IFC actively invests in Liberia with a focus on key sectors including energy, agribusiness, manufacturing, and access to finance.<sup>1</sup> Through its investments IFC seeks to rebuild core functions and institutions, rehabilitate infrastructure, and facilitate growth in Liberia as the country recovers from decades of civil conflict and multiple health crises.<sup>2</sup>

ii. The two Liberian civil wars, between 1989 and 2003, led to the loss of approximately 250,000 lives and the internal displacement of 850,000 people.<sup>3</sup> Further, the World Health Organization (WHO) estimates that between 61 to 77 percent of all Liberian women and girls were raped during the wars, a legacy with lasting impacts.<sup>4</sup> After the civil wars ended, the resettlement of internally displaced persons (IDPs) led to a significant influx of both ex-combatants and victims of the conflict in many communities and a sustained pervasiveness of gender-based violence and harassment (GBVH).<sup>5</sup> The lack of GBVH support services, culture of impunity and lack of justice in Liberia is particularly pervasive in remote areas. Land tenure security also continues to present a significant challenge to the tree crop and other sectors, impacting agricultural productivity, foreign investments, social cohesion and women's rights. Land rights have been a significant historical challenge in Liberia since before its independence in 1847, particularly in rural areas that have operated under a community-based traditional, customary tenure.<sup>6</sup> Moreover, the 2014-2016 Ebola epidemic and the 2020-2023 Covid-19 pandemic posed significant challenges to the well-being of the local population and opportunities for socio-economic development.<sup>7</sup>

iii. Within this challenging context, IFC approved a US\$10 million loan in 2008 to Salala Rubber Corporation (SRC or the Company). The SRC rubber plantation, which has been in operation since 1959, suffered significant damage to its facilities and operations during the civil wars. The objective of IFC's investment was to rehabilitate and expand the plantation to create jobs and revive the local economy. In March 2020, IFC's investment matured and SRC repaid its loan to IFC in full. IFC currently does not have a contractual agreement with SRC or its then parent company, Société Financière des Caoutchoucs Group (Socfin or the Group).

iv. IFC's investment in SRC was subject to the 2006 Sustainability Framework. All of IFC's Performance Standards (PS) were identified as relevant to the project with the exception of Performance Standard PS7 Indigenous Peoples. In an Environmental and Social Action Plan (ESAP), IFC required the client to complete an Environmental and Social Impact Assessment (ESIA), implement an Environmental and Social Management System (ESMS) and enhance its capacity to assess risks and mitigation. Throughout the life of the investment IFC provided

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<sup>1</sup> <https://www.worldbank.org/en/country/liberia/overview#2>

<sup>2</sup> <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26856>

<sup>3</sup> <https://documents1.worldbank.org/curated/en/374031541438293964/pdf/liberia-cpf-11012018-636768792698663889.pdf>

<sup>4</sup> <https://www.undp.org/liberia/blog/sexual-violence-liberia-end-silent-epidemic>

<sup>5</sup> <https://www.unocha.org/publications/report/liberia/idp-return-liberia-update-42>

<sup>6</sup> <https://blogs.worldbank.org/en/sustainablecities/reflecting-decade-lessons-liberias-land-rights-policy#:~:text=Over%20time%2C%20up%20to%2075,complex%20paper%2Dbased%20land%20registration.>

<sup>7</sup> <https://documents1.worldbank.org/curated/en/374031541438293964/pdf/liberia-cpf-11012018-636768792698663889.pdf>

guidance and support to the Company, which faced financial limitations, as well as challenges in the management of environmental and social (E&S) impacts and risks of the project and its operating context and surroundings.

v. In May 2019, a complaint was lodged with the Office of the Compliance Advisor Ombudsman (CAO) by four national non-governmental organizations (NGOs) - Alliance for Rural Democracy (ARD), Green Advocates International (GAI), Natural Resource Women Platform (NRWP), and the Yeagbamah National Congress for Human Rights (YNCHR) - representing 22 communities from the Margibi and Bong counties (collectively referred to as the Complainants or Complainant Communities).<sup>8</sup> CAO launched a compliance investigation in September 2020, after IFC's loan had matured and the investment had been fully repaid.

vi. In its Compliance Investigation Report, CAO acknowledges IFC's efforts to support the Company in addressing compliance gaps with IFC's PS from 2008 to 2020. However, CAO found IFC's pre-investment review and efforts during supervision of the project did not meet the requirements of the 2006 Sustainability Policy. CAO also identified harm and indications of harm to the Complainants.

vii. Independent of the CAO process and after repayment of IFC's investment, Socfin assessed E&S impacts in its operations and developed its own action plan to be implemented. The assessment of SRC, undertaken by the Earthworm Foundation at the behest of Socfin, and actions proposed to address gaps identified, closely align with the findings and recommendations of CAO. IFC has not been able to confirm the scope or dedicated resources of the proposed actions.

viii. The CAO Policy defines that where an IFC exit has occurred, CAO recommendations will take into account the implications of such an exit.<sup>9</sup> Despite the full repayment of IFC's investment in 2020, CAO makes eight project specific recommendations and suggests SRC develop and implement the full range of E&S instruments. However, given that the investment was fully repaid, IFC can only offer advice and support to SRC, as SRC does not have a contractual obligation to comply with IFC's or CAO's recommended actions.

ix. Considering these parameters and the specifics of this case, IFC proposes a Community Development Program directly financed by IFC. The program aims to offer services to over 80 communities in the vicinity of the SRC, prioritizing the 22 Complainant Communities in its implementation. The Community Development Program responds to the CAO's recommendation on GBVH as well as livelihood restoration. On GBVH and Sexual Exploitation and Abuse and (sexual) Harassment (SEAH), the Program intends to directly support community-based services for SEAH survivors according to a survivor-centered, informed approach, prioritizing women's empowerment activities - consistent with good GBVH practices. On livelihood restoration, the Community Development Program intends to directly support community-based activities on improved agricultural techniques and inputs, skills training, financial and numeric literacy, and opportunities to access microfinance. The Community Development Program is to be designed and implemented in a participatory and culturally appropriate manner over a 3-5 year period. This timeframe allows for a participatory design phase for each component as well as a transition phase

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<sup>8</sup> Filed May 27, 2019. <https://www.cao-ombudsman.org/sites/default/files/downloads/CAOComplaint-Liberia-SRC01.pdf>

<sup>9</sup> CAO Policy, paragraph 120c.

to ensure the sustainability of the program. On June 27, 2024, violent protests broke out at the Company's office in Weala. The protests were motivated by SRC workers' demands to improve benefits and working conditions at the plantation. Media reports indicate that the upheaval saw looting, threats, and violence towards SRC management and staff, and company property burned and destroyed.<sup>10</sup> In response, Socfin has suspended SRC's operations until further notice and with immediate effect. IFC has been made aware of the impact of these events on SRC management and staff, as well as plantation workers and their families. Many plantation workers are residents of local communities who were unable to work following the protests. There have been safety and security concerns following the arrest of some workers and the ongoing presence of public and private security on the plantation. While these events were not related to the CAO complaint or the Complainants, they resulted in a significant deterioration of the security situation. The unrest and suspension of operations have created a volatile and uncertain environment with significant impacts on all stakeholders.

x. On August 26, 2024, Socfin announced it had sold SRC to Jeety Rubber LLC (Jeety). IFC management understands Jeety took over SRC's operation, while Socfinco, the consulting arm of Socfin, will continue to serve as SRC's managing agent for one year.<sup>11</sup> The announcement states that Socfin remains committed to implementing the action plan developed based on the findings of the Earthworm Foundation assessment and that Jeety is supportive of its implementation.

xi. As of November 2024, the plantation resumed operations. IFC was informed by SRC management that several initiatives have been launched, including the renovation of schools, clinics, and workers' housing, the provision of free school meals for children and a review of the workers' bonus structure.

xii. Given security concerns, IFC was not able to start the participatory design or implementation of the MAP actions proposed in this Management Report (MR) and therefore postponed its submission of this Management Report and MAP to its Board of Directors. Following Board approval of a MAP, Management intends to implement the MAP provided the security situation can be deemed stable. IFC will proceed with implementation of MAP actions when there is a reasonable degree of confidence that implementation of project-level actions can proceed without compromising the safety and security of all stakeholders involved. IFC will continue to monitor the safety and security at the site and of all stakeholders and keep the Board informed as IFC prepares for MAP implementation.

xiii. This MR describes IFC's response to CAO's investigation findings and recommendations, including a detailed MAP. The proposed MAP actions are designed considering IFC's role as a financial institution and the absence of a contractual relationship with SRC, which gives IFC no influence over the project-affected area. The actions materially cover CAO's recommendations, however, they are structured and formulated on the basis of the consultations IFC conducted with Complainant Communities and their representatives, as well as SRC's own E&S action plan.

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<sup>10</sup> [https://www.liberianobserver.com/news/police-arrest-8-people-in-connection-with-thursdays-incident-in-weala/article\\_7156989e-354e-11ef-b575-430fbc831e1.html](https://www.liberianobserver.com/news/police-arrest-8-people-in-connection-with-thursdays-incident-in-weala/article_7156989e-354e-11ef-b575-430fbc831e1.html)

<sup>11</sup> <https://socfin.com/wp-content/uploads/2024/08/2024.08.27-Socfinaf-Annonce-de-la-cession-de-SRC-au-Liberia.pdf>

xiv. IFC management will continue to engage with SRC, its former sponsor Socfin, its current sponsor Jeety, CAO, and the Complainant representatives to monitor the security situation, including through quarterly rapid security assessments, and assess the feasibility of MAP implementation on basis of the following considerations:

- SRC operations have stably resumed. Company staff is present and available on site to support the implementation of the actions.
- Plantation and surrounding communities are safe and secure and mission travel to the area of the plantation is cleared by the United Nations (UN).

xv. IFC welcomes the willingness and openness of the Complainants to engage with IFC and considers the safety and security of the Complainant Communities and their representatives as paramount for the successful implementation of the MAP. IFC is grateful for the hospitality that communities offered the IFC team during its visit in April 2024 to Liberia and the engagement of their representatives throughout the CAO process. IFC remains committed to engaging with the Complainants and their representatives to support MAP implementation whenever feasible.

xvi. IFC management welcomes CAO's engagement and the detailed assessment of the 2008 investment. Seventeen years since IFC's investment, CAO's findings underscore the significant risks and rapidly evolving dynamics of investing in post-conflict contexts and draw attention to the risks of GBVH and SEAH that women and girls face in Liberia every day.

xvii. It is important to note that over the past two decades, IFC has significantly strengthened its E&S management architecture. IFC has addressed all systemic recommendations in the CAO compliance investigation report, as they pertain to the 2006 Sustainability Policy and Performance Standards. In addition, IFC has strengthened its approach to addressing the risks and impacts associated with GBVH/SEAH. IFC continues to improve its method to better identify and manage such risks in projects.



## I. INTRODUCTION

1. As Liberia emerged from decades of civil conflict, the World Bank Group (WBG) engaged with the country in efforts to revitalize its economy and begin the process of socioeconomic, justice and governance rebuilding conducive to a peaceful transfer of power. With the support of the WBG and the international community, Liberia tackled corruption and proactively engaged with private sector partners.<sup>12</sup> However, considerable challenges related to widespread gender-based violence and harassment (GBVH), health crises, and historical land issues continue to deter prosperity and private sector investment in the country.

2. The International Finance Corporation (IFC) works in Liberia to improve the investment climate, support small businesses, develop the tree crop sector, as well as to rebuild core functions and institutions, rehabilitate infrastructure, and facilitate growth as the country struggles to recover from decades of civil conflict and multiple health crises.

3. The IFC investment in Salala Rubber Corporation (SRC or the Company) was aimed at supporting private sector investment and economic growth in fragile and conflict-affected situations (FCS) as part of the Conflict Affected States in Africa (CASA) initiative, a five-year program launched in 2008 that endeavored to help design and implement integrated strategies to support economic recovery in conflict affected countries.<sup>13</sup>

4. This Management Report (MR) responds to the Compliance Advisor Ombudsman (CAO) investigation of the SRC complaint received in 2019. It is organized into eight sections. Section I is this Introduction. Section II outlines the project. Section III contains the Compliance Advisor Ombudsman (CAO) case. Section IV outlines the actions already taken by the Company in relation to the issues raised in the complaint. Section V presents IFC management's response to CAO's compliance findings and recommendations. Section VI relates to consultations with the Company and the Complainants. Section VII presents the Management Action Plan (MAP), and Section VIII provides the Conclusion.

5. On June 27, 2024, violent protests broke out at the Company's office in Weala. The protests were motivated by SRC workers' demands to improve benefits and working conditions at the plantation. Media reports indicate the upheaval saw looting, threats and violence towards SRC management and staff, with company property reportedly burned and destroyed.<sup>14</sup> IFC has been made aware of the impact of these events on SRC management and staff, as well as plantation workers and their families. Many plantation workers are residents of local communities were unable to work following the protests. There have been safety and security concerns following the arrest of some workers and the presence of public and private security on the plantation. While these events were not related to the CAO complaint or the Complainants, they resulted in a significant deterioration of the security situation. The unrest and suspension of operations have created a volatile and uncertain environment, with significant impacts on all stakeholders.

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<sup>12</sup> <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=22370>

<sup>13</sup> <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=23862>

<sup>14</sup> [https://www.liberianobserver.com/news/police-arrest-8-people-in-connection-with-thursdays-incident-in-weala/article\\_7156989e-354e-11ef-b575-430fbca831e1.html](https://www.liberianobserver.com/news/police-arrest-8-people-in-connection-with-thursdays-incident-in-weala/article_7156989e-354e-11ef-b575-430fbca831e1.html)

6. In response to the violent protests, SRC's then sponsor Société Financière des Caoutchoucs Group (Socfin or the Group) suspended SRC operations with immediate effect. On August 26 2024, Socfin announced that it had sold SRC to Jeety Rubber LLC (Jeety). IFC management understands Jeety took over SRC's operation, while Socfinco, the consulting arm of Socfin<sup>15</sup>[www.socfin.com](https://www.socfin.com)

7. Given recent security concerns, IFC was not able to start the participatory design or implementation of the MAP actions proposed in this MR and therefore postponed its submission of this Management Report and MAP to its Board of Directors. Following Board approval of a MAP, Management intends to implement the MAP provided the security situation can be deemed stable. IFC will proceed with implementation of MAP actions only if there is a reasonable degree of confidence that it can proceed without compromising the safety and security of all stakeholders involved. IFC will continue to monitor the situation on the basis of clearly defined and measurable criteria for proceeding with implementing MAP actions and will keep the Board informed as IFC prepares for MAP implementation.

8. Sections V and VII describe how IFC intends to take the recent security challenges and the suspension of SRC's operations into account as it assesses feasibility of MAP implementation.

## II. THE PROJECT

9. In 1959, the Liberian government granted SRC a 70-year lease on a land concession of 40,500 hectares (ha) with rights to develop a rubber plantation on 8,500 ha.<sup>16</sup> During the Liberian civil wars, the plantation suffered severe destruction and was operated by the military until 2007.

10. In support of Liberia's rebuilding efforts and in an endeavor to promote private sector investment in FCS as part of the CASA initiative,<sup>17</sup> IFC approved an A loan to SRC of up to US\$10 million in July 2008. The loan was to finance the rehabilitation and expansion of the SRC plantation and support SRC's optimization of its operations. This included replacing old rubber trees with newly planted ones on the existing concession, upgrading of facilities and equipment in SRC rubber processing factory prior to its closure in 2013, rebuilding of administrative and social infrastructure including improvements to worker housing, and meeting additional working capital needs.

11. At the time of IFC's investment in 2008, the Belgian private agribusiness investment company Agrifinal N.V. (Agrifinal) owned 90 percent of SRC, with the remaining 10 percent held by Compagnie Internationale de Cultures (Intercultures), a subsidiary of the Luxembourg holding group Socfin. SRC operations were managed by an Intercultures subsidiary until 2009 when Socfin acquired full ownership of SRC.

12. SRC, located in Margibi county (see Figure 1), was Liberia's fourth largest rubber producing and processing company when IFC invested in 2008.

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<sup>15</sup> <https://socfin.com/wp-content/uploads/2024/08/2024.08.27-Socfinaf-Annonce-de-la-cession-de-SRC-au-Liberia.pdf>

<sup>16</sup> CAO Investigation Report, page 23..

<sup>17</sup> <https://documents1.worldbank.org/curated/en/387151468194663309/pdf/38100.pdf>

13. Approximately 3,182 ha of the concession were planted. The project planned to expand to 7,200 ha, although at the time of SRC's repayment of its loans to IFC in 2020, only 4,445 ha had been planted which was 56 percent of the area approved for development (see Figure 2).<sup>18</sup>

14. SRC produced semi-processed rubber used in the manufacturing of tires until 2013 when SRC's processing facility closed due to high operating costs - raw rubber from third party farmers became too expensive and SRC's own plantation volume was too small to run an independent factory. As a result, Socfin consolidated SRC rubber processing to the Liberian Agriculture Company (LAC) factory, another Socfin-owned facility located 150km southeast of SRC in Grand Bassa county. LAC remains the only operating rubber processing facility for rubber produced on SRC's concession.<sup>19</sup>

15. Both Margibi county and its neighbor, Bong county, had experienced a significant influx of internally displaced persons (IDPs) following the civil wars, including both ex-combatants and victims of the conflicts.<sup>20</sup> At the time of IFC's appraisal of the project, communities in the area surrounding SRC plantation mostly relied on subsistence agriculture, though some had small plantations of rubber and other tree crops. IFC management recognizes there were outstanding issues related to land, both regarding historic land conflicts and SRC's concession agreement from 1959.<sup>21</sup>

16. Throughout the life of the investment, the Company faced numerous challenges. These included an adverse operating context in post-war Liberia, financial limitations and difficulties in the management of environmental and social (E&S) impacts and risks of the project.

17. IFC's environmental and social due diligence (ESDD) indicated that the investment would likely have impacts related to the following Performance Standards (PS): PS1 Assessment and Management of Environmental and Social Risks and Impacts; PS2 Labor and Working Conditions; PS3 Resource Efficiency and Pollution Prevention; PS4 Community Health, Safety and Security; PS5 Land Acquisition and Involuntary Resettlement; PS6 Biodiversity Conservation and Sustainable Management of Living Natural Resource Management; and PS8 Cultural Heritage.

18. In the context of Liberian history in which the more recent settler population, known as the Americo-Liberians, were present, IFC considered whether the communities in the project area should be determined to be Indigenous Peoples under the definitions and guidance of IFC's PS7 on Indigenous Peoples. As the communities in the area of the project were determined to be one of the largest ethnic groups in Liberian society, politics and culture, PS7 Indigenous Peoples was determined not to apply. This decision was in line with past and current World Bank Group practice.

19. The project was classified as a Category B project, a project with potential limited adverse E&S impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.<sup>22</sup> The major E&S issues associated with the project, as

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<sup>18</sup> IFC SPI (2008). Socfin (2021) Sustainability Report, page 128.

<sup>19</sup> <https://www.socfin.com/en/locations/src/>; <https://www.socfin.com/en/locations/lac/>

<sup>20</sup> <https://www.unocha.org/publications/report/liberia/idp-return-liberia-update-42>

<sup>21</sup> <https://www.unocha.org/publications/report/liberia/idp-return-liberia-update-42>

<sup>22</sup> 2006 IFC Policy on Social & Environmental Sustainability, Category B definition.

identified at appraisal, were worker housing and sanitation; grievance mechanism for communities; site drainage and wastewater treatment at the rubber processing factory; integrated pest management on the plantation; and protection of remaining older forest stands along major river courses within the plantation.

20. The Environmental and Social Review Summary (ESRS) was disclosed in February 2008 and the Environmental and Social Action Plan (ESAP) in July 2008,<sup>23</sup> in which IFC required SRC to address identified performance gaps with the applicable PS, including completion of the ESIA and to develop and make public its own action plan.<sup>24</sup>

21. As part of the ESAP, IFC required the Company to implement an Environmental and Social Management System (ESMS) and enhance its capacity to assess risks and mitigation measures by hiring a community development officer and training its environmental manager. IFC further required the Company to develop and disseminate a documented compensation framework and establish and maintain a land acquisition database incorporating data from past compensation. SRC was also required through consultation with the local communities, to put in place a documented grievance mechanism and procedure that would allow to receive and address concerns including those related to security personnel, compensation and cultural issues.

22. Other actions in the ESAP were related to labor and working conditions — such as improving worker housing, community safety and the security policy; pollution prevention — such as managing effluents, maintaining the quality and accessibility of surface water, mapping socially important natural features that provided resources to local communities and adding protective measures into management plans; and requirements to document cultural heritage sites, customary and cultural rites that were performed in the area. All actions had time bound delivery dates. IFC provided guidance and support to the Company in each area and required it to provide regular updates through annual monitoring reporting or during supervision visits by IFC.

23. IFC disbursed the first tranche of US\$3 in October 2008 and the second tranche of US\$3 in April 2010. The remaining US\$4 million was cancelled in September 2011, at the request of the Company due to project delays.<sup>25</sup>

24. IFC conducted its first environmental and social supervision visits (ESSVs) in April and November 2009. The ESSVs noted the Company was behind in meeting due dates for ESAP items and that changes in site management had led to a loss of institutional memory of the requirements that needed to be met. After each ESSV an update of the ESAP actions and their status was completed, although there was generally little progress to be reported.

25. In November 2009, SRC informed IFC of its intention to expand the plantation as well as its view that since the requirements of the concession agreement had been met already it did not

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<sup>23</sup> The ESAP was originally disclosed as a Corrective Action Plan and can be found under client documentation at the following link: <https://disclosures.ifc.org/project-detail/ESRS/26510/salala-rubber-corporation>

<sup>24</sup> The ESIA is available under client documentation at the following link <https://disclosures.ifc.org/project-detail/ESRS/26510/salala-rubber-corporation>; the Action Plan is available at the following link: <https://www.socfin.com/wp-content/uploads/2023/12/2023.12.15-%E2%80%93Socfin-%E2%80%93SRC-%E2%80%93Action-Plan-%E2%80%93Update-December-2023.pdf>

<sup>25</sup> <https://disclosures.ifc.org/project-detail/SPI/26510/salala-rubber-corporation>

see the necessity of following the requirements of PS5. IFC expressed concern over the livelihoods of affected people and emphasized that this would need to be addressed through a Resettlement Action Plan (RAP)/Livelihood Restoration Plan (LRP) with a baseline survey. This was reiterated and documented following the 2011 ESSV. IFC also met with Socfin management in Brussels in 2011. Subsequent ESSVs in 2012 and 2013 did see some improvement regarding aspects of plantation management but overall performance remained unsatisfactory, in particular on mitigating impacts on affected communities.

26. A severe Ebola outbreak in Liberia from 2014 to 2016 curtailed both SRC operations and IFC supervision. In mid-2015 IFC was able to send a consulting company to conduct an assessment of several Socfin operations, including SRC, in conjunction with a proposed new corporate investment. IFC used the opportunity to deliver training to employees of Socfin, including SRC, on the PS requirements and security management. The proposed investment did not materialize.

27. In early 2019, SRC notified IFC that it had received a draft of the “Struggle for Life and Land: Socfin’s Rubber Plantations in Liberia and the Responsibility of Swiss Companies”<sup>26</sup> report from the non-governmental organization (NGO) Bread for All,<sup>27</sup> which reported serious allegations of human rights abuses including land grabbing, forced eviction, lack of consultation, economic displacement and loss of livelihood, poor working conditions, labor rights violations, water pollution, GBVH, destruction of ancestral graves and sacred sites and threats of reprisals and intimidation. IFC immediately contacted SRC and met with SRC senior management in Brussels in July 2019 to discuss the allegations raised in the NGO report, as well as broader E&S challenges of the project.

28. IFC and SRC agreed on an ESSV to Liberia in September 2019. On the basis of the ESSV, IFC advised SRC on actions needed to help address GBVH issues, including through improvements to policies and procedures for grievance management, sexual harassment, and disciplinary measures. IFC agreed to support the Company by building its capacity to prevent and manage GBVH. This included an on-site gender assessment by a GBVH specialist in early 2020 with advice on potential local referral pathways and future activities. A planned workshop on GBVH prevention and awareness with the SRC gender committee, Human Resources Manager, SRC staff and external stakeholders such as local police, health clinic and government social service staff was being organized but was delayed as a result of the Covid-19 pandemic.

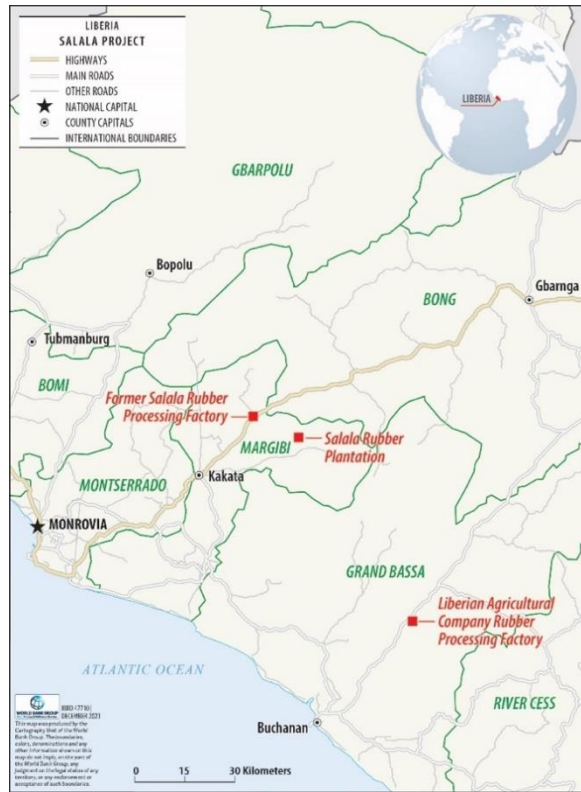
29. SRC repaid the IFC loans in March 2020 on schedule, ending IFC’s involvement with the project.

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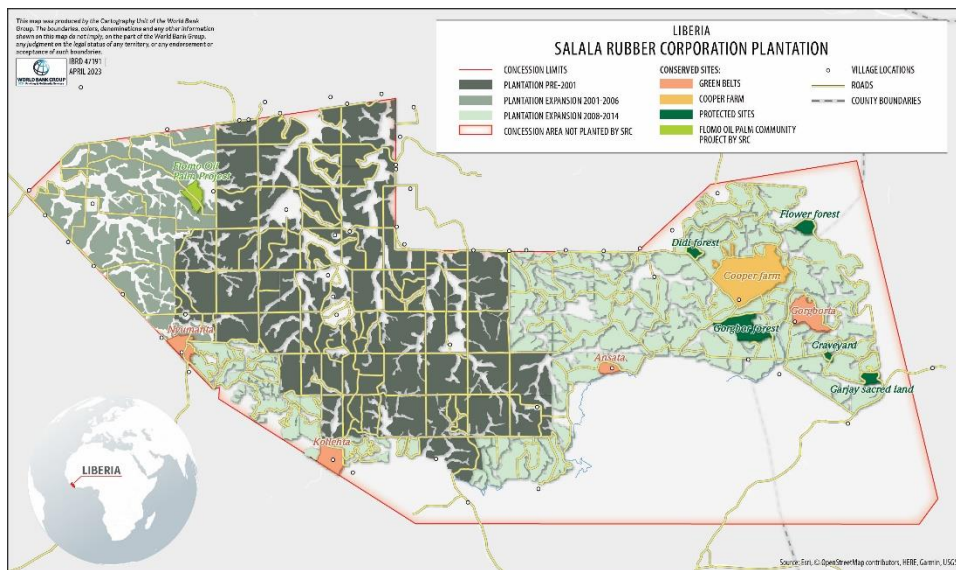
<sup>26</sup> [https://en.heks.ch/sites/default/files/documents/2021-12/Bfa\\_Socfin\\_Report\\_Update\\_Nov\\_19.pdf](https://en.heks.ch/sites/default/files/documents/2021-12/Bfa_Socfin_Report_Update_Nov_19.pdf)

<sup>27</sup> <https://breadforall.org/>

**Figure 1. Map of the Project Area**



**Figure 2. SRC Rubber Plantation Expansion, 2001 to 2014**



### III. CAO CASE

30. In May 2019, a complaint was lodged with CAO regarding IFC's investment in SRC.<sup>28</sup> The complaint referenced the 2019 Bread for All Report<sup>29</sup> and was filed by four national NGOs - Alliance for Rural Democracy (ARD), Green Advocates International (GAI), Natural Resource Women Platform (NRWP) and the Yeagbamah National Congress for Human Rights (YNCHR) - representing 22 communities from the Margibi and Bong counties.<sup>30</sup> The complaint raised concerns related to land grabbing and forced eviction, lack of consultation, economic displacement and loss of livelihood, employment conditions and labor rights violations, water pollution, GBVH, destruction of ancestral graves and sacred sites and threats of reprisals and intimidation. The Complainants also emphasized their self-identification as Indigenous Peoples. CAO found the complaint eligible for further assessment in June 2019.

31. The Complainants indicated their willingness to engage in a CAO-led dispute resolution process. While SRC was willing to engage with the impacted community, it raised concerns about the CAO process and its ability to be impartial and declined to participate in a dispute resolution process.<sup>31</sup> In March 2020, CAO referred the case to its compliance function, the same month in which IFC's investment matured and SRC repaid its loan to IFC in full. CAO completed its compliance appraisal in September 2020 with CAO deciding to investigate despite IFC's exit in March 2020 when the loan fully matured.<sup>32</sup> CAO published the Terms of Reference (ToR) for the CAO compliance investigation in November 2020.<sup>33</sup> In early 2023, the Complainants submitted a petition to the World Bank President reiterating their concerns and frustration with the delay of the CAO process. IFC received the CAO compliance investigation report in early December 2023.

32. According to the [CAO Policy](#), a compliance investigation determines whether IFC has complied with its E&S policies and whether there is harm related to any IFC non-compliance. Sufficient, relevant evidence is required to afford a reasonable basis for CAO's compliance findings and conclusions. Where CAO finds non-compliance and related harm, CAO makes recommendations for IFC to consider when developing a MAP.<sup>34</sup>

33. In its report, CAO acknowledged the institutional and economic weaknesses in the aftermath of Liberia's civil wars and the complex history and legacy of the SRC plantation. CAO identified harm related to compensation paid for lost trees and crops. While land was government owned at the time, SRC and the government agreed that a special rate be paid to the communities that had trees and crops on concession land. This compensation rate was below the requirements of PS5. CAO also identified harm in relation to sexual exploitation and harassment suffered by women who worked or wanted to work on the plantation at the hands of SRC workers, contractors

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<sup>28</sup> Filed May 27, 2019. <https://www.cao-ombudsman.org/sites/default/files/downloads/CAOComplaint-Liberia-SRC01.pdf>

<sup>29</sup> [https://en.heks.ch/sites/default/files/documents/2021-12/Bfa\\_Socfin\\_Report\\_Update\\_Nov\\_19.pdf](https://en.heks.ch/sites/default/files/documents/2021-12/Bfa_Socfin_Report_Update_Nov_19.pdf)

<sup>30</sup> Filed May 27, 2019. <https://www.cao-ombudsman.org/sites/default/files/downloads/CAOComplaint-Liberia-SRC01.pdf>

<sup>31</sup> <https://www.cao-ombudsman.org/cases/liberia-salala-rubber-corporation-src-01-margibi-bong-counties>

<sup>32</sup> [https://www.cao-ombudsman.org/sites/default/files/downloads/CAOComplianceAppraisalSalalaRubberCorporation\\_Liberia.pdf](https://www.cao-ombudsman.org/sites/default/files/downloads/CAOComplianceAppraisalSalalaRubberCorporation_Liberia.pdf)

<sup>33</sup> [https://www.cao-ombudsman.org/sites/default/files/downloads/ToRforSRCComplianceInvestigation\\_Nov2020.pdf](https://www.cao-ombudsman.org/sites/default/files/downloads/ToRforSRCComplianceInvestigation_Nov2020.pdf)

<sup>34</sup> CAO Policy, paragraphs 112, 113, 117.

or day laborers. Further, CAO identified harm related to the absence of community engagement and a company grievance mechanism.

34. Other indications of harm found by CAO are related to the destruction of ancestral graves and sacred sites, the use of private security forces, and potential harm related to water pollution. Further, CAO concluded that there were indications of harm related to poor employment conditions. CAO also found indications of harm related to missed opportunities to address historical land claims and to conduct a full assessment of the applicability of PS7.

35. CAO made eight project specific recommendations related to harm and indications of harm.<sup>35</sup> CAO also made four systemic recommendations pertaining to the 2006 Sustainability Policy and PS, which IFC has already addressed.

#### **IV. ACTIONS UNDERTAKEN BY THE COMPANY**

36. During the life of the investment, IFC engaged with SRC and its then parent company Socfin to strengthen E&S management on the plantation. In 2017, prior to the submission of the CAO complaint, Socfin developed a Responsible Management Policy with an updated version released in March 2023.<sup>36</sup> The policy aligns with two key instruments of good industry practice: The UN Guiding Principles on Business and Human Rights and the Global Platform for Sustainable Natural Rubber (GPSNR) Framework.<sup>37</sup> GPSNR was launched in October 2018 as an industry wide platform with members from civil society, tire makers, producers, processors, and traders and other end users. GPSNR is working toward a sustainable, equitable and fair natural rubber value chain and setting up an assurance model based on a risk-based approach.

37. Socfin engaged the Earthworm Foundation<sup>38</sup> to conduct a review of Socfin's operations at SRC in Liberia. The objective of the review was to perform an assessment of E&S grievances raised by NGOs and local communities and develop corrective actions to address them. The Earthworm Foundation published its Findings and Recommendations in July 2023.<sup>39</sup>

38. The results of the assessment align with many of CAO's findings. Earthworm Foundation found evidence supporting the allegations of the CAO complaint in key areas including: (i) limited local recruitment and hiring; (ii) sexual harassment in the workforce; (iii) inadequate crop compensation; (iv) destruction of old town site and sacred sites; (v) limited access to safe drinking water; and (vi) reprisals, bribes, and intimidation. It found the allegations concerning threats, harassment, and intimidation by SRC staff to be partially founded. Earthworm Foundation did not

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<sup>35</sup> CAO Policy, paragraph 120c. requires CAO to take into account the implications of an IFC exit in making recommendations related to IFC non-compliance and related harm.

<sup>36</sup><https://socfin.com/en/commitments/#:~:text=Indeed%2C%20these%20regions%20face%20many,elements%20of%20the%20GPSNR%20policy.>

<sup>37</sup> [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf), [www.sustainablenaturalrubber.org](http://www.sustainablenaturalrubber.org)

<sup>38</sup> <https://www.earthworm.org/>

<sup>39</sup> [https://www.earthworm.org/uploads/files/EF-Public-report\\_SRC\\_310723.pdf](https://www.earthworm.org/uploads/files/EF-Public-report_SRC_310723.pdf)



find evidence that SRC limited access to education or health care for the community, nor that it polluted water sources.<sup>40</sup>

39. In response to the Earthworm Foundation's findings and unrelated to the CAO process, the Company developed an action plan in August 2023 to address these issues in SRC operations, with an update published in December 2023.<sup>41</sup> The following summarizes the actions and priorities of SRC's work with Earthworm Foundation.

- **Recruitment and Hiring:** Re-employ those individuals with clean track records who were laid off for economic reasons and explore recruitment and hiring in local communities in a more equitable and transparent manner.
- **Sexual Harassment:** Strengthen policies and procedures to prevent and manage cases of sexual harassment and review the hiring process for contractors and tappers. SRC also planned several remedial actions— such as hiring a local NGO to do a community assessment, delivering training, and strengthening the SRC gender committee— some of which are currently being implemented.
- **Crop Compensation:** Develop a process for resolving substantiated grievances related to crop compensation in a participatory and transparent manner with the communities and leaders.
- **Old Town Site and Sacred Sites:** Strengthen a constructive and respectful relationship with surrounding towns by creating a process to gather historical evidence of old town's relocation pre-dating the acquisition of the plantation by Socfin, co-developing corporate social responsibility plans, and updating a profile for each town including an inventory of water sources, employment, access to infrastructure, access to farmland, town development priorities and co-develop corporate social responsibility plans in a participatory way.
- **Limited Access to Safe Drinking Water:** Update the inventory of current drinking water sources for each town, co-create plans for drinking water protection and improvement, and work with “Monkey Tail Town” to ensure a safe source of drinking water.
- **Reprisals, Bribes, and Intimidation:** Implement a specific anti-corruption training for security staff followed by close monitoring to confirm adherence to ethical standards, with training being carried out periodically.

40. IFC's proposed MAP is aligned with SRC's priorities and intended to support SRC's actions. Where possible, IFC will support SRC in the delivery of activities in its action plan by providing technical advice and will build upon the Company's efforts in its direct IFC Community Development Program.

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<sup>40</sup> <https://www.earthworm.org/news-stories/update-on-the-implementation-of-earthworm-foundations-field-investigations>; <https://www.earthworm.org/news-stories/earthworm-publishes-first-findings-of-investigations-into-allegations-against-socfin-group>

<sup>41</sup> <https://www.socfin.com/wp-content/uploads/2023/08/2023.08.11-Socfin-SRC-Action-Plan-August-2023.pdf>; <https://www.socfin.com/wp-content/uploads/2023/12/2023.12.15-%E2%80%93-Socfin-%E2%80%93-SRC-%E2%80%93-Action-Plan-%E2%80%93-Update-December-2023.pdf>

41. In light of recent events and security concerns following violent protests at the SRC plantation in June 2024, operations at the plantation and implementation of the action plan developed by Earthworm Foundation were suspended. As of November 2024, IFC learned from SRC management that the plantation resumed operations.

## **V. MANAGEMENT RESPONSE TO CAO FINDINGS AND RECOMMENDATIONS**

42. Management thanks the Complainants for raising these issues and appreciates CAO's detailed analysis of IFC's approach to E&S management of its investment in SRC and thanks CAO for its recommendations.

43. IFC acknowledges that at the time of project appraisal in 2007-2008, the institution did not have in place the checks and balances that it has today that could have helped manage many of the risks and issues raised in the complaint. Appraisal of the project began shortly after the adoption by IFC of its first set of PS in April 2006. IFC recognizes that at the time of its investment in SRC, project teams were in the early stages of operationalizing the PS and IFC had not developed the range of tools and guidelines and expertise it has available today.

44. IFC was committed to promoting private sector investment in Liberia at a time when the country was seeking to attract foreign investment and rebuild its economy following many years of civil conflict. This project was an outlier due to the complex circumstances in the country at the time of IFC's due diligence. Lessons learned on contextual risks and experience gained in operating in FCS/International Development Association (IDA) countries, including in this project, have been considerable over the past 15 years and IFC has informed and improved its ongoing E&S practice as a result. Notably, IFC has significantly strengthened its capacity to support clients in addressing E&S risks when operating in challenging situations.

45. The application of the PS in contexts such as Liberia is significantly more challenging than in middle-income or non-FCS countries. Stakeholders, including the WBG Board of Directors and the CAO, increasingly expect IFC to identify contextual risk factors in the wider environment and factor them into E&S risk assessment and decision-making. Over the years, IFC has improved its contextual risk analysis to better identify and manage risks in more challenging contexts. IFC has strengthened its approach by developing and internally piloting the Contextual Risk Framework (CRF) in 2020. E&S specialists use the CRF in the early stages of project due diligence to inform the potential risks on a range of dimensions. Since then, this tool has expanded to add dimensions on social cohesion, reprisals and most recently gender and GBVH/ Sexual Exploitation and Abuse and (Sexual) Harassment (SEAH). IFC is also working to better communicate contextual risks and to be clear about the limitations of private sector clients to address such risks in project documents and in discussions with the Board.

46. IFC has committed to invest more in FCS countries and is integrating lessons learned in contexts such as Liberia. In 2019, IFC launched its Upstream initiative, which includes providing capacity building to clients prior to investment, such as staff training and support to complete ESIA's. Today, a project such as SRC likely would have benefitted from this type of support prior to investment.

47. IFC management acknowledges that the GBVH/SEAH complaints raised are particularly sensitive and deeply troubling. Any form of violence against women and children is unacceptable and contrary to IFC's values and mission. IFC has strengthened its tools, guidance, and practices and deepened its expertise in managing GBVH/SEAH risks in its investments, in accordance with ongoing evolution in good practice. In 2020, IFC, together with the Commonwealth Development Corporation (CDC) (now British International Investment) and the European Bank for Reconstruction and Development (EBRD) launched *Addressing Gender Based Violence and Harassment: Emerging Good Practice for the Private Sector*,<sup>42</sup> which is accompanied by sector-specific guidance. In recent years, IFC has created further detailed guidance on a number of related topics such as ensuring community and worker grievance mechanisms are designed in a survivor-centric manner, implementing Codes of Conduct and updating workplace policies to include GBVH. It also undertook several project case studies and developed a GBVH Diagnostic Tool Kit as well as guidance for company boards.<sup>43</sup> A high prevalence of GBVH in a given context should not make investors risk adverse. On the contrary, there is growing understanding that incorporating GBVH metrics into investment decision-making and understanding how financing and investing decisions can be made to drive investment in contexts where it most needed in order to help lower the rate of GBVH.

48. Since 2020, IFC has hired GBVH experts, developed new GBVH/SEAH guidance and training for its staff. As of the date of this report, IFC has a GBVH expert on staff in each region. In addition to ongoing practice and engagements, IFC will continue to strengthen its capacity and implementation of good international industry practices to manage the risk of GBVH/SEAH in IFC investments.

49. Additionally, IFC has improved its approach to security forces-related dimensions of PS4 and built capacity to support E&S specialists and clients on high-risk projects in this regard. In terms of the project, a training workshop for Socfin's operations, including SRC, was held in Ghana in November 2015. Institutionally, in 2007 IFC launched a new *Good Practice Handbook: Use of Security Forces: Assessing and Managing Risks and Impacts*<sup>44</sup> for clients on the topic of security forces and internal due diligence guidance for E&S specialists. Several training sessions were held for E&S staff from 2016 to 2018. Additionally, IFC built capacity by engaging on a long-term basis, external experts on the use of security forces to advise and support IFC and clients, and to provide direct project assistance in complex or challenging situations.

50. In 2017 IFC published a *Good Practice Note: Managing Contractors Environmental and Social Performance*,<sup>45</sup> which noted, per PS1, that "Contractors retained by, or acting on behalf of the client(s), are considered to be under direct control of the client and not considered third parties." Increased training for E&S specialists was also provided on better assessing this aspect, during E&S appraisal due diligence and supervision of clients.

51. Finally, Inter-American Development Bank (IDB) Invest and IFC have developed a *Good Practice Note for the Private Sector: Addressing the Risks of Retaliation Against Project*

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<sup>42</sup> <https://www.ifc.org/en/insights-reports/2020/publications-gpn-addressinggbvh>

<sup>43</sup> For more information, see: [www.ifc.org/addressinggbvh](http://www.ifc.org/addressinggbvh)

<sup>44</sup> <https://www.ifc.org/en/insights-reports/2017/publications-handbook-securityforces>

<sup>45</sup> <https://www.ifc.org/en/insights-reports/2017/publications-gpn-escontractormanagement>

*Stakeholders*<sup>46</sup> to provide clients and other private sector companies and their consultants practical guidance for screening, preventing, and responding to reprisals. IFC also has a *Position Statement on Retaliation* that was shared with SRC in 2019.<sup>47</sup> IFC continues to strengthen its capacity in managing the risk of reprisals in its investments.

### A. IFC Responses to CAO Findings

#### **CAO Findings in relation to IFC's Pre-Investment Review**

CAO finds that IFC's pre-investment review based on the 2006 Sustainability Policy was not commensurate to risk and insufficient to adequately determine the E&S risk category of the investment or determine that the project would be able to meet the PS within a reasonable period of time. Consequently, IFC did not assure itself that there was broad community support for the project.

52. IFC takes note that a more robust understanding of the E&S risk together with a better appreciation of the conflict and contextual legacy issues would have helped it better advise the Company on avoidance, mitigation and management of E&S risks. It would also have supported IFC in assessing the impacts and the resources needed by the Company, both financial and in terms of E&S personnel, as well as the necessary commitment required to manage the E&S risks associated with the scale of the Company's operations and expansion plans. Management agrees that the pre-investment appraisal review was not commensurate with potential E&S risks and impacts.

53. Management also agrees that the project should have been categorized as a Category A project at appraisal, which would have triggered more robust E&S planning, supervision and monitoring and reporting requirements. However, as noted in other sections of this report, IFC regularly supervised the project, as the E&S team had identified gaps in SRC's performance and a lack of implementation of SRC's ESAP. The only exception was during the 2014-2016 Ebola outbreak, which prohibited site supervision in Liberia.

54. Management recognizes that the project did not have the benefit of a full ESIA that complied with IFC's requirements. This meant that IFC was not adequately positioned to (i) assess the risks; (ii) determine realistic ESAP timelines; and (iii) have sufficient resources (including capacity) required to meet the requirements of the PS. It should be noted that even in the best case, certain capacity issues would have been difficult for IFC to anticipate, such as the turnover of SRC's management and staff, which created difficulties for the Company in retaining the knowledge and ability to address IFC's E&S requirements and implementation of the ESAP.

55. However, as evidenced by the comprehensive ESAP (disclosed as the Corrective Action Plan at that time), many of the gaps that were later subject of the CAO investigation were identified by IFC and IFC worked with the Company to address the gaps and other ongoing challenges, such as the lack of stakeholder engagement and a weak project-level grievance mechanism.

<sup>46</sup> <https://www.ifc.org/content/dam/ifc/doc/mgrt/idb-invest-and-ifc-reprisals-gpn.pdf>

<sup>47</sup> <https://www.ifc.org/reprisalrisks>

Unfortunately, SRC's limited resources and capacity posed challenges in addressing the issues in a timely and effective manner.

**CAO Findings in relation to IFC's Investment Supervision**

IFC proceeded with the first disbursement, knowing that there were material gaps in the Company's E&S assessment. During the 2008-2014 period, IFC supervision failed to bring the client into compliance. During the 2015-2018 period, IFC's monitoring of the client E&S performance was insufficient.

56. While IFC discussed E&S issues with the Company prior to disbursement, including the need to have a complete ESIA, these discussions were not formally flagged or documented in the disbursement request nor was an E&S waiver memo submitted requiring IFC Management approval. Management notes that at the time it was not established practice to verify whether there were any outstanding ESAP actions prior to disbursement. Since then, IFC's practice has evolved and been formalized in the 2023 Environmental and Social Review Procedure (ESRP).

57. IFC conducted six ESSVs between 2009 and 2014 and engaged with the Company over the course of its supervision of the project. As part of supervision, IFC identified significant delays in ESAP implementation and critical instances of non-compliance, which led IFC to downgrade the project's Environmental and Social Risk Rating (ESRR). Between 2014 and 2016, supervision was limited by the Ebola epidemic spread in Liberia. The Ebola outbreak also severely impacted SRC operations and by the end of 2019, SRC operations had largely ceased due to financial difficulties. In March 2020 SRC made its final loan payment to IFC thus ending the contractual agreement.

58. Significant limitations in SRC's capacity to manage E&S issues during the time of IFC's investment, coupled with the Ebola epidemic in Liberia, led to challenges in ensuring that identified issues and emerging concerns that were identified and adequately managed throughout IFC's supervision of the project.

**CAO Findings in relation to Physical Displacement, Economic Displacement, and Loss of Livelihood:**

IFC's pre-investment review of PS5 and IFC's supervision of the Company's plantation expansion program was not commensurate to the level of E&S risks and impacts. The Company paid compensation at a government-agreed special rate significantly below the 2006 Performance Standard 5 replacement cost standard, resulting in loss of income and livelihoods to affected people. Regarding physical displacement, the available evidence is not conclusive on whether there has been Harm to Complainants.

59. Management notes that IFC's pre-investment review of PS5 was not commensurate with the level of E&S risks and impacts. IFC's approach to assessment of issues related to land acquisition and resettlement was based on an incomplete understanding of the land footprint and the nature and type of land tenure and use and dependencies related thereto. The plantation boundaries for expansion were not fully mapped, as became evident when the Company found that

the southern boundary of the concession was farther south than originally understood when SRC first took possession of the concession. While IFC noted that “various government agencies, such as the Ministry of Finance, Ministry Agriculture and Ministry of Land and Mines, took part in assessment of properties for compensation”, IFC did not assess the rationale for compensation or its adequacy of replacement value, as required under PS5.

60. During the November 2009 ESSV, IFC informed SRC that it was required to compensate for lost crops and that compensation was not in line with PS5 requirements. In several ESSVs between 2010 and 2012, references were made to the need for SRC to complete a baseline and to put in place a RAP and LRP, and a compensation framework that would ensure any future instances of compensation for standing crops or new land meet the requirements of PS5. However, an assessment was never completed and IFC was thus unable to advise the Company on the extent and cost of complying with PS5.

61. IFC’s supervision documentation reported the continued lack of progress in addressing IFC’s PS5 requirements. While IFC continued to advise the Company on steps to bring it into compliance, IFC did not use outstanding disbursement as leverage to ensure the client implemented remedies to address the non-compliances.

**CAO Findings in relation to Historical Land Claims:**

IFC’s pre-investment review did consider whether there were significant historical impacts with respect to land acquisition associated with the Company, including impacts caused by others. The failure to adequately assess whether there were significant historical impacts regarding land acquisition associated with the Company has potentially resulted in a missed opportunity to address Complainant harm.

62. Management agrees that IFC’s pre-investment review could have benefited from a better understanding of historical land claims to determine if there were unmitigated and residual risks. At the time of IFC’s pre-investment review, there was a lack of detailed understanding of the history of land tenure rights and dependencies. However, as noted by CAO, mitigation for historical legacy impacts to the concession agreement between a private sector company and the government of Liberia that dated back to 1959, including those caused by other actors, was and remains not a requirement under IFC’s Sustainability Policy.<sup>48</sup>

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<sup>48</sup> 2006 IFC Policy on Social & Environmental Sustainability and 2012 IFC Policy on Social & Environmental Sustainability

### **Box 1: Land Rights in Liberia**

In the early 19th century all land in Liberia became public land and was allotted to citizens as private land. However, only a few communities in rural Liberia purchased their land from the government as foreseen because most of Liberia's land was already owned and managed by communities under traditional, customary tenure.

Over time, up to 75% of all land was promised through concession contracts to investors for commercial agriculture, mining, or forestry uses--often unbeknownst to the residing communities. This lack of transparency ignited conflict.

Liberia returned to democracy in 2006 following 14 years of civil war. In 2013 the [Liberian Land Rights Policy](#) was introduced. With the support of the government, multiple donors, and civil society organizations, the policy came to life. In 2018, the [Liberian Land Rights Act](#) of 2018 now fully recognizes the rights of communities to customary land in keeping with customs, oral or written history and locally-recognized norms. The Act also recognizes women's land rights.

Finally, in 2022 the [Liberia Land Rights Act Regulations](#) set out the implementation of the land act. They cover confirmation surveys to identify, inventory, map, probate and register community land claims together with best practices for community negotiations over concessions, dispute resolution and judicial review in respect of community land.

While all concessions granted on customary land before the signing of the law remains valid for the agreed period, when concession agreements expire, land goes back to communities or concession companies can renegotiate with the communities for further operations on the customary land. For the first time in Liberia's history, communities can now obtain customary land titles and negotiate agreements with concessionaires that shall include free, prior informed consent of the community.

Sources: FAO, 05/09/2024, Liberia Land Rights Act Regulations 2022, <https://www.fao.org/faolex/results/details/en/c/LEX-FAOC213928//>

World Bank Group, August 22, 2023, Reflecting on a decade: Lessons from Liberia's Land Rights Policy, <https://blogs.worldbank.org/en/sustainablecities/reflecting-decade-lessons-liberias-land-rights-policy>

### **CAO Findings in relation to Stakeholder Engagement, Grievance Handling, and Threats and Reprisals against Complainants:**

IFC's pre-investment review and supervision was not commensurate to the level of E&S risks and impacts. The absence of a community engagement program and community grievance mechanism has resulted in harm to communities as a result of the plantation expansion. CAO further concludes there are indications of harm to Complainants due to the Company's use of private security forces.

63. IFC agrees the Company's community engagement program was not commensurate with the scale and potential impact of its operations. Engagement of a community relationship officer was a priority item in the ESAP. During its project supervision, IFC required the Company to formalize the development of a Stakeholder Engagement Plan (SEP). Despite repeated follow-ups

by IFC, these were not developed and implemented to IFC's satisfaction. However, IFC notes that the IFC Sustainability Framework and PS in 2006 did not explicitly require a SEP.

64. By the time of IFC's ESSV in 2019, the Company had designated seven community clusters and hired two community liaison officers. The community liaison officers met with elders, women and youth representatives from each cluster on a regular basis and focused on strengthening SRC's community engagement approach and grievance mechanism.

65. SRC did have a community grievance mechanism in place by September 2013. IFC reviewed the community grievance mechanism and identified gaps, such as the lack of a process for handling anonymous complaints, which were communicated to the General Manager in 2014. The mechanism was updated in July 2019. However, despite known and recorded complaints on land, compensation and wages, there is evidence that these were handled mostly through ad-hoc responses and not in accordance with the IFC PS.

66. Regarding the issues of threats and reprisals, when IFC visited SRC in September of 2019, after the Bread for All report and the CAO complaint had been received, it raised these concerns with the Company and shared its 2018 *Position Statement on Retaliation* with the Company.

67. Management agrees IFC was non-compliant in its supervision of the Company's implementation of PS4 security related requirements and acknowledges that issues related to security forces were not identified by IFC nor addressed with the Company until Bread for All raised the issue in its report. The ESAP action related to development of a security policy was addressed and a policy was completed in 2011, with the policy being updated in 2014. However, IFC's review did not comment on the adequacy of this policy in relation to the requirements of PS4 nor did IFC monitor its implementation over time. IFC agrees that during its supervision, it could have done more to improve the Company's hiring process, training, and procedures for security forces and its interaction and engagement with communities. Although IFC required the Company to put in place a grievance mechanism that would cover issues with security personnel, this remained lacking. Given the context and known abuses of human rights linked to private or government security agents, IFC's supervision of security-related risk assessment and management could have been more stringent.

68. Guidance for IFC staff and clients has been prepared based on experience from other projects where issues were raised in relation to the use of security forces led to the development of further guidance for IFC clients and staff in the form of a *Handbook on the Use of Security Forces: Assessing and Managing Risks and Impacts*. IFC E&S staff also receive training on security forces, human rights and the importance of assessing risks of Security Forces actions on communities affected by IFC projects. In particular issues around security forces and GBVH were not identified by IFC earlier, nor addressed with the Company until Bread for All raised the issues in its report.



**CAO Findings in relation to Gender-Based Violence and Harassment:**

IFC’s pre-investment review and supervision was not commensurate to the level of E&S risks and impacts, particularly regarding workplace harassment. The absence of key provisions at the Company to prevent instances of GBVH is a harm to the Complainants. Further, there are indications of significant and unaddressed harm to GBVH survivors at the Company’s plantation.

69. IFC’s pre-investment review did not analyze the issue or require the Company to put in place appropriate management measures to address the risk of GBVH associated with the project, in spite of the contextual risk of GBVH present in post-conflict Liberia (see Box 2). At the time in 2008, the WBG had not yet developed risk assessment, tools, or guidance on GBVH, which began in 2016, when the World Bank established the Gender-based Violence Task Force following the Inspection Panel case on the Uganda Transport Development Project. IFC’s practices evolved along the lines of the recommendations of the Task Force on addressing SEAH in projects. At that same time, IFC also began to strengthen its approach to GBVH/SEAH risk assessment and management. IFC hired its first GBVH consultant in 2018 and a full time GBVH specialist joined staff in 2020; since then, staff capacity and a significant range of new GBVH tools, guidance, training and practices have been developed and implemented.

70. Since 2020, IFC has hired GBVH experts and has additional staff on board in each region. IFC has developed new GBVH/SEAH guidance and training for IFC staff and continues to strengthen its capacity and implementation of good international industry practice to manage the risk of child sexual abuse and GBVH in IFC investments.

**Box 2: Liberia Gender-based Violence and Harassment Situational Analysis**

GBVH is widespread in Liberia. According to the World Health Organization (WHO), between 61 to 77 percent of Liberian women and girls were reportedly victims of sexual violence during the war. The lasting impacts of sexual violence experienced during civil war still permeates all levels of society. Perpetrators continue to benefit from a deeply entrenched culture of impunity while survivors suffer with little hope for justice and a lack of support services. This culture combined with the trauma endured by survivors has created a climate of fear that perpetuates a vicious cycle of silence that allows the sexual assault of women and girls to continue.

While vastly under-reported, a stark increase of cases during the Covid-19 pandemic prompted the President of Liberia to declare a national rape emergency in 2020. A special task force was established, a special prosecutor for rape was appointed, and the national Sex Offender Registry was established.

Still, much remains to be done. The prosecution of perpetrators of sexual violence has been hampered due to inadequate court infrastructure, inadequate staffing and technical capacity, and high caseloads. Low accountability for sexual crimes has profound consequences that undermines confidence in the justice system, deprives survivors of the closure they deserve, and discourages reporting of sexual crimes.

Overcrowded prison facilities, overloaded court dockets, expensive and lengthy litigation processes, and limited support for prosecution and rehabilitation of survivors frustrate their quest for justice.

To break the cycle of sexual violence, there must be unwavering support of survivors. Survivors of sexual violence require comprehensive support services to aid in their recovery and reintegration into society. The government and partners must invest in holistic programs that address the physical, psychological,

and social needs of survivors, including accessible, affordable healthcare, trauma-informed counseling, vocational skills training, and educational opportunities. Legal reforms should prioritize survivor-centered justice and increase the prosecution of perpetrators.

Liberia's efforts to end sexual violence requires a multi-faceted approach that prioritizes survivor-centered justice, comprehensive support services, women's social and economic empowerment and social norm change. Collaboration amongst government agencies, civil society organizations, and international partners is crucial in establishing and sustaining vital support networks. Civil Society has worked to raise awareness about sexual violence, provided frontline support to survivors, and advocated for the rights of women and girls at the grass root level.

Source: <https://www.undp.org/liberia/blog/sexual-violence-liberia-end-silent-epidemic>

71. When IFC became aware of SEAH allegations in the project in 2019 with the publication of the Bread for All report, IFC took steps to better understand the allegations. During the 2019 ESSV IFC met with the Company, communities, and NGOs, reviewed the Company's sexual harassment policies and procedures, and employee and community grievance mechanisms, and provided comments for improvement.

72. IFC planned for a GBVH specialist to provide training and capacity building for the Company gender committee in February 2020. However, the delivery was postponed due to the outbreak of the Covid-19 pandemic. After Covid-19 pandemic lifted, a GBVH Specialist completed the review of company policies and procedures and the work of the Company's gender committee. IFC conducted a workshop for the Company and a number of external parties relevant to a GBVH referral pathway (local police, company health clinic and government social workers), building capacity on awareness raising and prevention of SEAH in communities and the workplace.

**CAO Findings in relation to the assessment of risks and impacts to Indigenous People:**

IFC's pre-investment review did not present an adequate assessment of its decision to not trigger Performance Standard.

73. IFC does not agree with CAO's findings and recommendations related to PS7 in its Compliance Investigation Report. IFC's assessment of the applicability of PS7 at the time of investment was adequate, although IFC recognizes that the assessment could have been better documented.

74. PS7 (2006) states that "Ascertaining whether a particular group is considered as Indigenous Peoples for the purpose of this Performance Standard may require technical judgment."<sup>49</sup> IFC's own appraisal due-diligence was led by a senior social specialist, an anthropologist with background and experience on Indigenous Peoples. In considering PS7 applicability, IFC's pre-investment review considered the communities ethnographic and socio-economic profiles, analyzed different settler populations, and the influx of Americo-Liberians in making the judgement on the applicability of PS7 for the project.

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<sup>49</sup> IFC Performance Standard 7, paragraph 6 (2006).

75. As the communities in the area of the project were determined to be part of one of the largest ethnic groups in Liberian society, politics and culture, PS7 was determined not to apply. IFC highlights that its due diligence was validated by an assessment undertaken by a third-party consultant in 2015.

76. Management also notes that IFC's assessment regarding the applicability of PS7 in Liberia was in line with past and current practices of WBG. The World Bank has not applied their Indigenous People's requirements (Operational Directive 4.10) or the 2018 Environmental and Social Standard (ESS) 7 in Liberia.<sup>50</sup> No IFC investment to date has applied PS7 to projects in Liberia.

77. IFC recognizes that its due diligence was insufficiently documented at appraisal. A lack of IFC internal documentation, however, could not have resulted in harm to the Complainants. IFC regrets that the CAO's investigation and recommendation in relation to the applicability of PS7 raised unrealistic expectations among Complainants.

78. It is not Management's intention to question or undermine in any way, the Complainants' sense of identify and self-identification as native to the area or interpret what is considered Indigenous under domestic law. Management also notes that all actions proposed in IFC's MAP will be designed and implemented in a culturally adequate manner taking into account the needs of the affected communities.

**CAO Findings in relation to Destruction of Ancestral Graves and Sacred Sites:**

IFC's pre-investment review and supervision of cultural heritage issues was not appropriate to the nature and scale of the project or commensurate with the level of identified E&S risks and impacts. Considering that the concession area includes areas of cultural heritage (graves and sacred forests), and the expansion program affected a significant area (1,450 ha expanded and 1,442 ha replanted), CAO concludes that there are indications of Harm to Complainants as a result of the expansion program.

79. While IFC required the Company to document all cultural heritage issues, and IFC's review noted that two sites were identified and preserved by the predecessor company and that SRC continued this practice, IFC's E&S review did not benefit from an ESIA, a planning tool that could have provided information on cultural heritage sites within the concession area. Management agrees that IFC could have done more to implement a review commensurate with the level of identified E&S risks and impacts.

80. IFC agrees that it could have done more to ensure that there was sufficient evidence supporting the closure of the ESAP action in 2012, such as maps and associated management measures. This was confirmed in 2015, when a third-party report found that the Company did not have a map of cultural heritage sites and there was no management plan to protect areas of cultural heritage. However, IFC holds that compliance with PS 8 is the responsibility of the Company, and

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<sup>50</sup> <https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf>;  
<https://thedocs.worldbank.org/en/doc/f29eb37605464031f29d8890f1d6f371-0290012023/original/OP-4-10-Annex-C-Indigenous-Peoples-Planning-Framework.pdf>

that IFC is not in a position to ensure compliance, or that paragraphs 11 and 26 of the Sustainability Policy require IFC to ensure such compliance.

**CAO Findings in relation to Water Pollution:**

CAO finds IFC non-compliant in its review of the Company's assessment and monitoring of risks and impacts of its operations on water quality. IFC's failure to ensure that the client conducted adequate water quality monitoring contributed to a lack of information. Without data the possibility of Harm cannot be discounted.

81. IFC's review at appraisal of water quality monitoring focused mainly on wastewater and effluent from the processing factory (which ceased operations in 2012) due to the discharge of effluent into a river upstream of communities. IFC's identified gaps in the Company's wastewater monitoring program especially regarding effluent management at the processing plant. The ESAP that IFC agreed with the Company required actions to address these limitations in effluent management.

82. IFC's review also noted that the Company was using agrochemicals in the plantations to control weeds in areas among young rubber trees, that had known impacts on human health, though not to the natural environment. The Company's water monitoring program did not sufficiently assess the presence of agro-chemicals.

83. Management recognizes that IFC's E&S review did not benefit from an ESIA, a key planning tool for information on the practices employed to control weeds and fungus in the plantations and potential risks and management measures that would be required to mitigate impacts. IFC acknowledged the lack of testing capacity in the country, an impediment to conducting an adequate monitoring program.

**CAO Findings in relation to Employment and Labor Rights Violations:**

CAO finds that IFC supervision provided limited assurance regarding the Company's compliance with PS2 requirements. A 2019 third-party consultant report commissioned by IFC indicated PS2 violations, including salary deductions for work equipment and personal protective equipment (PPE), and instances of workers bringing unpaid family members, including children, to the plantation to work to ensure they met daily targets. The Company issued PPE to workers on an annual basis, which is insufficient in the plantation sector.

84. IFC's review could have benefited from a better understanding of the labor and occupational, health and safety risks associated with the use of contract workers, considering this category of workers made up more than 40 percent of the total workforce. Consequently, there were no actions proposed in the ESAP associated with such workers from a PS2 perspective. IFC's review of the Company's human resources documentation and other information also did not comment on the labor practices and risks associated with contract workers. Nor is there evidence of adequate follow up by IFC following the downsizing of the workforce and the third-party review findings associated with contractor labor practices.

## **B. IFC Response to CAO Recommendations**

85. The CAO Policy defines the process for CAO's investigation, any findings of non-compliance and related harm and the recommendations CAO may make for IFC to consider when developing a MAP.<sup>51</sup> Where an IFC exit has already occurred on a project, CAO recommendations must take into account the implications of such an exit.<sup>52</sup> In this case, IFC's investment was fully repaid on schedule by SRC in March 2020. CAO started their compliance investigation after the project was exited. In its December 2023 Compliance Investigation Report, CAO proposes multiple project-level and systemic recommendations related to harm and indications of harm.

86. CAO's project specific recommendations are extensive and cover the full range of issues covered by the SRC E&S management system. They suggest SRC retroactively develop and implement the full range of tools the IFC PS set out. CAO recommends that IFC work with SRC four years after full repayment of IFC's investment, while IFC does not have any contractual relationship with SRC or its then parent company Socfin.

87. Management notes that IFC continuously supported SRC on E&S management and achieving compliance with the IFC PS during the investment from 2008 and 2020. Independent of the CAO process, SRC is committed to implementing its own action plan in collaboration with an implementation partner (see Section IV) but continues to face operational and resource constraints. IFC discussed all of CAO's recommendations with SRC and its then parent company Socfin and has shaped its response according to the Company's feedback. SRC and Socfin welcomed IFC's offer to support them in the implementation of their own action plan wherever possible.

88. Management notes that given the significant deterioration of safety and security on site following violent protests in June 2024, the implementation of IFC's MAP as foreseen was not feasible. Management will continue to engage with SRC and the Complainant representatives to monitor the security situation and assess feasibility of MAP implementation. Further detail regarding how IFC will continue to assess whether implementation of the MAP is feasible is included in Section VII.

89. CAO recommends grievance redress for the 22 Complainant Communities. However, to manage high contextual risk and avoid further conflict between communities and with the company, particularly given recent events, actions laid out in the MAP aim to benefit over 80 communities living within or in the vicinity of the plantation.

90. To enable sustainability and improve community relations, IFC's response to CAO's recommendations is to seek to work closely with SRC to strengthen its E&S management system and stakeholder engagement program. IFC's support will consider current risks following the violent protests at the plantation that erupted in June 2024. Management notes that for all actions that require IFC to collaborate with SRC, IFC will provide advice and guidance, bearing in mind that SRC is ultimately responsible for the effective implementation and results of such actions. IFC's advice will be aligned with the requirements of the Sustainability Framework and good practice. However, without a contractual relationship, SRC is not obliged to implement actions in

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<sup>51</sup> CAO Policy paragraphs 112-117.

<sup>52</sup> CAO Policy paragraph 120c.

compliance with the IFC PS. Nevertheless, IFC will continue to engage with SRC's shareholders on IFC's guidance to the company.

91. Finally, IFC's response is informed by consultations and ongoing engagement with the 22 affected communities and their representatives (see Section VI).

92. IFC's responses to CAO's recommendations are provided below, including those recommendations that IFC is unable to address in a MAP or IFC has already addressed.<sup>53</sup> The MAP follows in Annex A and is explained in Section VII of the report. Management notes that under current circumstances, IFC has not been able to start the participatory design or implementation of the MAP. IFC will proceed with implementation of MAP actions only if there is a reasonable degree of confidence that project-level actions can proceed without compromising the safety and security of all stakeholders involved.

### **Project-Level Recommendations**

#### **CAO Recommendation 1: Physical Displacement, Economic Displacement, and Loss of Livelihood**

IFC should work with SRC to:

- Retroactively enhance the compensation rates to meet full replacement costs and provide the affected people with the outstanding payments.
- Establish a Retroactive RAP in line with the requirements of PS5. To regain the confidence of the local communities, this Retroactive RAP needs to be highly participatory and include consultations and agreements with the affected people at each stage (ToR, Selection of Contractor, Surveys, Reporting)
- In addition, in consultation with the affected people, define the livelihood restoration measures needed to improve or restore the livelihoods and living conditions of the affected households.

IFC should work with SRC and the representatives from the 22 affected communities and their supporting organizations to identify and secure the technical assistance necessary to supervise the development and implementation of the Retroactive RAP and conduct stakeholder engagement, monitoring, and reporting.

93. IFC notes the generational grievances of the Complainant Communities who have been relocated and lost access to farmland during the foundation and expansion of the plantation. While the CAO investigation received grievances from 22 communities, SRC has received others over the years covering all 80+ communities, going back to the start of the plantation in 1959.

94. Throughout the period of IFC's investment, IFC advised SRC management to address the gap in compensation paid for lost crops per SRC records for cases between 2008 and 2020 to achieve compliance with IFC PS5. IFC will continue to offer advice to SRC and encourage the review of compensation payments on record and additional mitigation measures.

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<sup>53</sup> CAO Policy paragraph 132.

95. In response to CAO's recommendation to define livelihood restoration measures to improve or restore the livelihoods and living conditions of the affected households, IFC proposes to directly fund a community development program focused on livelihood activities for affected communities within and surrounding the SRC plantation in Margibi and Bong counties.

96. IFC's proposed Community Development Program will offer measures to improve or restore the livelihoods and living conditions of affected communities within and surrounding the SRC plantation in the Margibi and Bong counties. The objective is to promote and strengthen family farming to increase productivity, income and social capacity.

97. In consultations with members of Complainant Communities and their representatives, IFC received positive feedback for such a program, which will be designed and implemented in a participatory and culturally appropriate manner and include consultations and agreements with the affected people at each stage. Complainant Communities expressed interest in support for income-generating activities, such as support for agricultural techniques to increase productivity, vocational and literacy training, and access to finance, particularly for women as part of their empowerment.

98. To support the effective implementation and allow for prioritization of the delivery to the 22 affected Complainant Communities, the program will be designed and implemented over a 3-5 year period (See Section VII).

99. Management notes that SRC is working with the Earthworm Foundation to develop and implement a LRP, which includes reviewing and resolving substantiated crop compensation grievances. Where possible, IFC will closely coordinate with SRC and Earthworm Foundation to build upon and coordinate with SRC's own action plan. IFC will also review SRC's established process to receive and assess crop compensation grievances and advise SRC and Earthworm Foundation on improvements in the process going forward.

100. Management notes that at the time of submission of this report, SRC was not considering paying individual financial compensation to the 22 Complainant Communities.

101. Regarding CAO's recommendation to establish a retroactive RAP restricted to the 22 Complainant Communities, IFC does not believe it to be feasible. Seventeen years after investment, it is not possible to recreate a socio-economic baseline. Singling out the 22 Complainant Communities likely would aggravate social conflict and further strain community relations. Further, without a contractual relationship with IFC, SRC is not obliged to implement any actions in compliance with IFC PS5.

**CAO Recommendation 2: Historical Land Claims**

IFC should work with SRC to commission an independent assessment of historical land claims. The selection of a consultant should be discussed with representatives from the 22 affected communities and their supporting organizations.

102. As noted in the CAO Compliance Investigation Report and in Management's response to CAO's findings, attributing historical land claims to SRC and requiring mitigation for historical wrongs and legacy impacts that date back to the foundation of the plantation in 1959, including

those caused by other state and non-state actors is neither feasible nor a requirement under the Sustainability Framework.

103. Hence, IFC is unable to work with SRC to commission an independent assessment of historical land claims. Nevertheless, SRC is interested in receiving IFC support to strengthen its E&S policies and procedures to manage historical land claims.

104. To address CAO's recommendation, IFC will advise SRC to develop a procedure to assess, record and resolve grievances related to historical land claims. The procedure will take into account any identified gender dimensions.

**CAO Recommendation 3: Stakeholder Engagement, Grievance Handling, and Threats and Reprisals against Complainants**

In an effort to deescalate tensions within communities and between the Company and communities, IFC should work with SRC to find a mutually acceptable mediator to restart dialogue and aim for mutually acceptable solutions. The selection of a mediator should be a consultative, inclusive, and participatory process involving the representatives from the 22 affected communities and their supporting organizations.

105. IFC understands from consultations with the 22 communities who filed the complaint with CAO that they have had limited interaction with SRC over the past several years. SRC has indicated to IFC that it is engaging with communities within and surrounding the plantation as part of its ongoing work with Earthworm Foundation and is open to engaging with the 22 Complainant Communities as part of this process.

106. While Complainants were supportive of the selection of a mutually acceptable mediator to facilitate dialogue between the 22 Complainant Communities and SRC, [SRC declined this proposal, as it intends to engage with all 80 surrounding communities as a group, rather than specifically with the complainant communities.

107. IFC will provide support to SRC to strengthen its overall approach to stakeholder engagement and its management of grievances. Specifically, IFC will review SRC's updated stakeholder engagement and grievance mechanism policies, plans and procedures. This includes mainstreaming the handling of reports of GBVH/SEAH by communities, in line with other MAP actions. IFC will also provide guidance on mechanisms to put in place that allow Complainants to raise grievances without fear of threats or retaliation. IFC will train SRC staff in the effective implementation of the updated policies and procedures, including on managing the risk of reprisals.

108. By doing so, IFC aims to help rebuild trust and engagement between SRC and the 22 communities who filed the complaint with CAO. IFC's objective is to help facilitate the effective and sustainable delivery of the other actions included in the MAP which involves working with SRC and Complainant Communities. In consultations with the Complainants and their representatives, IFC's response to this recommendation was welcomed.



109. In providing support and advice to SRC on stakeholder engagement, grievance handling and managing the risk of threats and reprisals, IFC will also consider the impacts of the June 2024 protests on local communities, particularly community members employed by SRC.

#### **CAO Recommendation 4: Gender-Based Violence and Harassment**

IFC should work with SRC on the following measures:

##### Preventative Actions

- SRC should conduct a GBVH risk assessment in its plantations.
- Based on this assessment, SRC should update its sexual harassment policy to ensure the policy aligns to IFC's 2020 Good Practice Note on Addressing Gender-Based Violence and Harassment, Emerging Good Practice for the Private Sector. Importantly, this should include an independent grievance mechanism, and a process for investigating reported incidents of GBVH. These investigations should be conducted by qualified individuals. The policy should stipulate services SRC can provide to GBVH survivors.
- SRC should have a GBVH code of conduct for its staff and contractors. The code of conduct should explain how workers are expected to behave when going about their work and when interacting with service users and community members.
- SRC should publicize the policy, code of conduct, the grievance mechanism to all staff and contractors, and within the local communities.
- SRC should keep confidential records of all GBVH grievances received and any follow-up actions taken upon them.
- SRC should sign agreements with those individuals and organizations that can provide specific services to the Company for training, investigation, expert guidance, and survivor counselling and assistance.
- SRC should conduct periodic worker surveys to collect workers' views on the effectiveness of the Company measures to prevent and respond to GBVH.

##### Remedial Actions

Establish a facility to support a claims process for survivors to receive remedy. The facility should, at a minimum, provide the following for survivors:

- Short-term/long-term counselling for survivors and their families.
- Healthcare support, including sexual and reproductive health services and treatment of sexually transmitted diseases.
- Community and workforce reintegration support.
- Funding and referrals to legal services for survivors seeking legal redress.
- A mechanism that allows survivors to come forward, identify themselves if they wish, and consent to any remedial action that is made available to them.
- Financial compensation, as appropriate.

Remedial measures should safeguard claimants' confidentiality and protect claimants and their families against any risk of threats or reprisals. In developing the facility, CAO encourages IFC to consider partnering with nongovernmental organizations that have the appropriate local knowledge, capacity and community trust to effectively implement the claims process.

Further, SRC should take action to ensure that survivors are not intimidated, including public statements at CRC-organized meetings.

110. IFC proposes to address CAO's recommendation by delivering a Community Development Program directly. The activities will be available to all communities within and around SRC's concession, with an initial focus on the 22 communities that filed the complaint with CAO.

111. IFC's support will seek to align with SRC's own action plan on GBVH that is being implemented with Earthworm Foundation. In late 2023, SRC strengthened its sexual harassment policy, provided training on awareness and prevention, encouraged reporting of incidents, reviewed the hiring process of contractors, considered workstation assignments for female security personnel, hired a local NGO to support the Company's gender committee and strengthen referral pathway/s and services, and developed strategies to increase the representation of women in decision-making roles.

112. In addition, IFC will provide technical advice and guidance to strengthen SRC's GBVH/SEAH risk awareness, prevention and response management in alignment with good practice standards, thus building capacity and strengthening SRC's new policies and procedures.

113. Engaging with affected communities in Liberia, IFC learned about the lack of sexual and reproductive health (SRH) services for women in Margibi and Bong counties. IFC will advise SRC to utilize existing services and establish referral pathways for SEAH, with the aim of enabling access to survivor-centered services such as healthcare, counselling, and legal advice.

114. During consultations in Liberia, SEAH survivors identified economic empowerment as their greatest need. SRH services were identified as health needs facing survivors in the affected communities. To deliver the program, IFC will partner with and build on established SRH services and women's economic development and livelihood support programs led by relevant international agencies and/or reputable international or local NGOs to provide GBVH services and women's economic empowerment activities for survivors in Margibi and Bong counties. Such services will be directly financed by IFC, independently of SRC. A participatory consultation process will allow for prioritizing the 22 Complainant Communities in its implementation. IFC will finance its implementation for a period of 3-5 years (See Section VII). Management notes that at the time of submission of this report, it is not aware that SRC is considering paying individual financial compensation to the 22 Complainant Communities.

**CAO Recommendation 5: Indigenous Peoples Recognition**

IFC should commission a qualified social scientist to conduct a comprehensive assessment of whether the Kpelle possess the characteristics of Indigenous Peoples (PS7, para. 5) in varying degrees and disclose the results.

If the assessment concludes that PS7 should have been applied, IFC should work with SRC to:

- Conduct a participatory mapping of the entire development area to identify customary boundaries between the various Indigenous Peoples' communities in and around SRC's plantation.
- Support the Indigenous Peoples' communities to obtain land titles for this land

by funding the necessary surveys and paperwork.

- Facilitate negotiations to reach an agreement between SRC and the affected people.
- Pay cash compensation at full replacement costs for Indigenous Peoples' land transformed by SRC's extension program since 2008.

115. IFC is unable to respond to this recommendation. IFC's assessment of the applicability of PS7 at the time of investment was, although insufficiently documented, adequate and aligned with past and current World Bank Group practice. A lack of IFC internal documentation confirming the non-applicability of PS7, however, could not have resulted in indications of harm to the Complainants.

116. IFC regrets that the CAO's investigation and recommendation in relation to the applicability of PS7 raised unrealistic expectations among the Complainants. A retroactive assessment of the conditions and characteristics of local communities that have grown and changed since 2008 is not feasible. IFC's renewed confirmation that the 22 Complainant Communities are not considered indigenous under IFC's Sustainability Framework may aggravate social conflict and undermine the Complainants' efforts to obtain customary land rights under national law (see Box 1).

117. It is not Management's intention to question in any way the Complainants' sense of identity and self-identification as native to the area or interpret what is considered indigenous under domestic law. All actions proposed in IFC's MAP will be designed and implemented in a culturally adequate manner taking into account the needs of the affected communities. IFC welcomes the participation of all Complainants during MAP implementation.

**CAO Recommendation 6: Destruction of Ancestral Graves and Sacred Sites**

Together with a qualified and experience expert, IFC should work with SRC to engage with the aggrieved members of sacred societies to assess impacts and agree on the rituals to address any harm caused by the destruction of sacred forests and ancestral burial sites.

118. In consulting with Complainants, IFC recognizes the importance of sacred forests, sacred sites and ancestral burial grounds, and the valued role these play in community as part of rituals around sacred societies and honoring of ancestors. IFC learned that this is one of the priority issues raised by all 22 Complainant Communities. Communities indicated that it would be possible to address the impacts through the reconsecration of sites in new locations following rituals agreed with the communities and the sacred societies.

119. SRC has also identified these issues in its action plan and is committed to reviewing grievances and providing mitigation measures. In IFC's view, addressing these issues would help SRC rebuild trust and support improved engagement with the Complainant Communities.

120. IFC will review and advise on SRC's procedures and processes to assess, avoid and minimize impacts on cultural heritage, including a Chance Finds Procedure and good practice mitigation measures.

121. IFC will also support SRC in developing an inventory of ancestral graves and sacred sites in a participatory manner, including consultations with affected communities when impacts are related to SRC's operations between 2008 and 2020. IFC will advise SRC on the application of its Chance Find Procedure to the inventory, including the agreed upon rituals to reconsecrate or recreate sacred sites in designated locations.

122. IFC's actions will fully address CAO's recommendation. While IFC will advise and support SRC on the design and implementation of processes and procedures, SRC remains responsible for implementing them.

**CAO Recommendation 7: Water Pollution**

IFC should work with SRC to include those water points claimed to be polluted in the 2013 Green Advocates report and 2019 Bread for All report into SRC's annual water testing program, to be conducted by an independent laboratory. The result shall be disclosed to the Liberia Environmental Protection Agency (EPA) and the local communities on a quarterly basis.

SRC should establish at least one secure access point to potable water is operational in each of the settlements in the plantation and all affected communities outside the plantation per the Ministry of Health and Social Welfare Standards and environmental permit.

123. IFC acknowledges that access to potable water is a critical need for affected communities and that limited access to clean water can be a source of disease and pose challenges to the well-being of communities. IFC recognizes the challenges associated with access and maintenance of potable water sources, considering some are in poor condition, or not working consistently or at all.

124. To address this situation, IFC will advise SRC in the development of a Participatory Surface Water Monitoring Program (PSWMP), a Potable Water Access Plan with communities within and surrounding the SRC plantation in Margibi and Bong counties, and the establishment of Water Management Committees (WMC), to access, manage and maintain adequate water sources in communities.

125. IFC will share experience from good practice in other investments to set up community-level monitoring committees and deliver training for SRC staff in the effective implementation of the PSWMP and WMC. Where possible, IFC will advise SRC on engaging women in the WMCs.

**CAO Recommendation 8: Poor Employment Conditions and Labor Rights Violations**

IFC should commission a PS2 review of SRC operations to confirm compliance with PS2/international core labor standards.

IFC should work with SRC directly or commission an audit firm to review Company documentation with workers to understand instances where workers had their salary deducted for personal protective equipment and ensure that such workers are refunded these deductions.

126. Management notes that, after investment closure, SRC is not required to apply IFC PS or agree to a labor audit. However, SRC is open to working with IFC on this recommendation as it aligns with SRC's own action plan.

127. IFC will review and advise on SRC labor and working conditions policies. These policies include but are not limited to: SRC's employee grievance mechanism, wages and benefits for contractors and laborers, use and handling of PPE as well as adequate facilities for women employees and a general Contractor Management Plan.

128. Activities will align with other measures presented in IFC's MAP. For example, the employee grievance mechanism will also include GBVH procedures, processes for using and washing PPE are relevant to avoid water pollution and many contractors and day laborers are themselves members of local communities who also participate in stakeholder engagements.

129. In providing support and advice to SRC, IFC will also consider the risks and impacts stemming from the workers' protests that took place in June 2024 and will tailor its advice to SRC with the aim to minimize potential tensions with workers at the plantation. This includes managing the risk of reprisals against workers and good practice in the employment of security forces on site.

### **Institutional-Level Recommendations**

130. The institutional-level recommendations from CAO are based on the 2006 IFC Sustainability Policy and related procedures that were in effect at the time of IFC's investment in SRC in 2008.

131. Since 2008, however, the IFC's E&S risk management framework and internal governance structure have significantly evolved and strengthened. E&S risk management at IFC is now governed by the 2012 IFC's Sustainability Framework. The 2012 framework includes the Sustainability Policy<sup>54</sup> that defines requirements for IFC, and the PS<sup>55</sup> which set out the requirements for clients.

132. Since 2019, the responsibility for E&S oversight and risk management within IFC has been assigned to the E&S Policy and Risk Department (CES) and regional Environmental Social and Governance (ESG) teams. CES and the regional ESG teams are designed to work closely together to support the implementation of the Sustainability Framework across IFC investments. The tasks and responsibilities to achieve IFC and client compliance with the Sustainability Policy and PS are defined in the ESRP), which was most recently updated in July 2024.

133. The IFC's ESRP is a living document that is maintained up to date to reflect changes in institutional structure and lessons learned from IFC's operations. IFC welcomes CAO's feedback from their complaint portfolio. The most recent update of the ESRP incorporates CAO's similar systemic recommendations from other CAO cases.<sup>56</sup>

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<sup>54</sup> IFC Sustainability Policy (2012) <https://www.ifc.org/content/dam/ifc/doc/mgrt/sp-english-2012.pdf>

<sup>55</sup> Performance Standards (2012) <https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-performance-standards-en.pdf>

<sup>56</sup> The July 2024 ESRP incorporated changes suggested by the CAO on similar recommendations in the following cases: Bridge 01, Kenya; Bridge 04, Kenya; Awba, Myanmar; Lonmin, South Africa; Titan 02 and 03, Egypt.

134. In July 2024 IFC further strengthened its E&S function by empowering frontline operations and risk management. These changes further strengthen the ownership and accountability of regional leadership for managing E&S risks throughout the project cycle, responding to issues raised by affected communities. The E&S Policy and Risk Department continues to serve as the guardian of E&S policies and standards, ensure compliance with the standards, validate E&S risk categorization for investments, provide guidance on projects, coordinate E&S knowledge and learning products, and ensure consistency of management responses to CAO reports.

135. Annex A provides an overview of actions and deliverables that have been completed over the past decade as part of the evolution of IFC's E&S risk management framework and internal governance. These actions address CAO's recommendations to strengthen internal controls following the investigation of the SRC investigation and other CAO legacy cases.<sup>57</sup>

**CAO Recommendation 9:** IFC should not proceed with Board approval where client environmental and social (E&S) assessments of project risks and impacts, including as relevant ESIA's, have not been reviewed by IFC and where IFC have confirmed they are adequate.

136. According to the 2012 Sustainability Policy, IFC integrates E&S due diligence into its overall due diligence process and presents it to the Board of Directors when the investment activity is presented for approval (paragraph 21 of the Sustainability Policy). IFC will only finance investment activities that are expected to meet the requirements of the PS within a reasonable period of time (paragraph 22). The section on ESDD (paragraphs 20 – 25 of the Sustainability Policy) provides a clear description of the process, which includes a thorough assessment of the E&S risks and impacts of the proposed investment before it is presented to the Board.

137. In relation to the Company's E&S assessments, IFC PS1 (2012) defines client requirements to establish and maintain a process for identifying the E&S risks and impacts of the project (paragraphs 7-12 of PS1).

138. The ESRP defines the E&S requirements and process for Board approval. The objective of IFC's E&S review is to provide the Board of Directors and IFC Management with information on the key E&S risks and impacts of the project. This includes details on mitigation measures and any remaining residual risks. It also includes details on the Client's capacity and commitment to fulfill any gaps identified to meet the PS. The E&S considerations for the Board Paper include: setting out the project E&S risk category and rationale; summary of significant E&S risks and issues identified during appraisal, including contextual risk and policy-exceptions if any; the Client's existing ESMS if any; identified gaps with PSs and their significance to the Client's achievement of PS objectives; any E&S risk management implementation risks identified at appraisal which could result in lack of compliance with PS; any pending supplemental studies, their completion timeline and underlying risks these studies will address; the Client's capacity and commitment; and the Client's historical E&S performance in case of repeat transactions.

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<sup>57</sup> CAO made similar recommendations and IFC responded with Management Action Plans in the following cases: Bridge 01, Kenya; Bridge 04, Kenya; Awba, Myanmar; Lonmin, South Africa; Titan 02 and 03, Egypt. CAO is currently monitoring 19 systemic actions the IFC committed to across cases in compliance monitoring.

139. In addition, the Access to Information Policy<sup>58</sup> (2012) requires IFC to disclose E&S information including any relevant E&S assessments once IFC has assured itself that the client can be expected to undertake the project in a manner consistent with the PS.

140. Management concludes that IFC's current policies and procedures address the legacy issues identified by the CAO in the context of its investigation. CAO made similar recommendations on recent CAO cases and IFC understands the most recent ESRP update from July 2024 reflects improvements to the satisfaction of CAO.

**CAO Recommendation 10:** IFC should implement controls to ensure that it does not disburse funds to projects where material risk mitigation frameworks have yet to be developed and reviewed by IFC.

141. IFC PS (2012) are based on progressive implementation of measures to address E&S risks and impacts.

142. As defined in the ESRP, the Lead E&S Specialist (LESS) provides input on conditions that need to be met to proceed to Board, Commitment and ultimately Disbursement. For high-risk projects, the E&S Risk Officer (ESRO), who is a member of the Investment Review Committee, reviews and clears such conditions. Two levels of control are established to clear disbursement requirements depending on the level of risk and the materiality of the issue. Confirmation of E&S covenants and Conditions of Disbursement (COD) in the legal agreement(s) is done by the LESS and clearance is provided by the ESG Regional Manager or by the ESRO for high-risk projects. The LESS defines the need for future E&S workflow clearances for Disbursements, which the ESRO clears for high-risk projects. These controls are specifically designed around the implementation of the client's risk mitigation requirements agreed in the ESAP. The ESAP, which includes specific timebound actions, is enforced as part of the Legal Agreement.

143. CAO made similar recommendation on another recent case.<sup>59</sup> The most recent ESRP update in July 2024 incorporated specific suggestions received by CAO's recommendation.

**CAO Recommendation 11:** IFC should implement controls to ensure that IFC clients with non-compliant ratings (rating of Partly Unsatisfactory or Unsatisfactory) are supervised at least once per year as per IFC's environmental and social review procedure.

144. As part of the ESRP, IFC implements monitoring and internal oversight for projects rated as partly unsatisfactory and unsatisfactory in terms of their E&S performance.

145. The frequency of the supervision activities is based on several risk-based factors such as project E&S categorization, CAO or other complaints, change in contextual risk and E&S performance history. Annually, the E&S Policy and Risk department defines a site supervision visit (SSV) target that informs the Regional Supervision Plans. For those high-risk projects, SSVs

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<sup>58</sup> Access to Information Policy (2012) <https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-access-to-information-policy-en.pdf>

<sup>59</sup> The Board approved IFC's Management Action Plan in response to the CAO case on Awba Group in Myanmar on June 13<sup>th</sup> 2024, <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=28228>.

are usually conducted at least annually: additional supervision activities may be undertaken according to E&S risk. Following approval of the Regional Supervision Plan by ESG Regional Managers and ESRO (for high-risk projects), any variation to the SSV frequency is proposed by the LESS and cleared by the ESG Regional Manager and ESRO, respectively. Projects which are not high risk are normally visited on a triennial basis.

146. Management concludes that current IFC's policies and procedures address the legacy issues identified by CAO in the context of its investigation.

**CAO Recommendation 12:** IFC should develop and implement clear procedures, with timeframes, for when and how IFC should exercise remedies for E&S non-compliance.

Where there is material deviations from client E&S requirements, including amending an ESAP, this should be approved by IFC management and legally agreed with the Client.

Beyond legal divestment, IFC should develop other interim remedial measures (in reference to IFC Sustainability Policy 2006 and 2012, paragraphs 26 and 45).

147. Paragraph 45 of the IFC Sustainability Policy lays out that *“If the client fails to comply with its environmental and social commitments, as expressed in the environmental and social conditions for investment, IFC will work with the client to bring it back into compliance to the extent feasible, and if the client fails to reestablish compliance, IFC will exercise remedies as appropriate.”*<sup>60</sup> Management notes that exercising remedies in this context refer to exercising appropriate actions to bring the client back into compliance (including legal actions).

148. Cases of material deviations from client E&S requirements, including amending an ESAP, are addressed through IFC's provisions in the legal agreement, which include specific covenants on non-compliance with the IFC PS and relevant procedures are included in the ESRP and the Operational Procedures of IFC. The ESRP define the procedure at commitment and first disbursement establishing effective controls for IFC to identify risks and to work with the clients to mitigate those risks and implement corrective actions. The ESRP also define the process to follow when contractual obligations are not met or ESAP actions are incomplete or overdue. The 2023 ESRP defines clear procedures for the review and approval of corrective actions to address material deviation from E&S requirements. For high-risk projects, the ESRO. clears the proposed corrective actions. Material deviation approvals involve management, according to the Accountability and Decision-Making Framework.

149. Management concludes that IFC's current policies and procedures address the gap identified by the CAO in the context of its investigation.

## VI. CONSULTATIONS WITH THE COMPANY AND COMPLAINANTS

150. As per the CAO Policy and CAO Transitional Arrangements, IFC consulted on the draft MAP with the representative organizations of the Complainants (“The Representatives”), as

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<sup>60</sup> IFC Sustainability Policy, paragraph 45.



provided by CAO, members of Complainant Communities and SRC. IFC also engaged with both SRC and the Complainants' representatives after becoming aware of the violent protests that took place in June 2024 at the SRC plantation to understand how the events have impacted safety and security at the site and potential implications for implementation of the proposed MAP.

### **Consultation with Complainants**

151. IFC conducted three virtual consultations with the Representatives and Complainants in March and April 2024. IFC also met in person with the GAI representative in Washington, DC in April 2024 and conducted an in-person visit to Liberia on April 15-18, 2024.

152. During these consultations, IFC summarized key findings and recommendations of CAO's Compliance Investigation Report and shared IFC's proposed MAP. IFC presented its response to CAO's findings and recommendations as outlined in Section IV and V of this Report. IFC solicited the perspectives of the representatives and the Complainants on the proposed MAP. IFC received both verbal and written feedback on the proposed MAP, which helped inform how IFC further developed the actions proposed, the deliverables and timelines for implementation, and IFC's engagement with SRC on project-level actions.

153. During the site visit to Liberia, IFC met with members from approximately 15 communities who submitted the complaint to CAO. In each meeting, IFC engaged with members of the community to discuss IFC's proposed MAP actions and hear directly from community members about priority needs. To ensure the voices of women were heard, separate meetings for women were held in all the communities visited. In all communities, IFC sought input from both female and male members of the communities, holding separate meetings where possible.

154. All communities expressed grievances towards the company in respect to ownership, use and access to land as well as lost crops and the destruction of sacred and cultural sites when the plantation was founded and expanded. Communities would like to obtain customary titles to formerly held lands and receive financial compensation from the company for their losses. Many would welcome the relocation of ancestral gravesites.

155. Several communities prioritized access to safe drinking water and expressed their interest in working on the plantation. All communities expressed strong interest in participation in community development programs, highlighting agricultural skills training and potential opportunities for access to microfinance.

156. Complainant representatives facilitated a separate meeting between IFC and a group of GBVH survivors, who had provided informed consent to participate in the consultation. The consultation was facilitated by two IFC GBVH specialists and in accordance with safe and ethical principles for consultations with survivors. The meeting focused on understanding the impacts experienced by survivors and current needs that IFC can address through GBVH response actions in its MAP. In addition, in all the general consultations with women in the communities, women voluntarily raised the topic of sexual exploitation and abuse. Across the board, women survivors clearly voiced their desire for remediation in the form of women's empowerment activities -in particular, livelihood activities - as their survivor needs' priority.

157. IFC is grateful for the willingness and openness of the Complainants to engage with IFC and the hospitality that communities offered to the IFC team during the visit to Liberia.

158. Following the protests that erupted in June 2024, IFC engaged with the Complainants' representatives to understand how they and Complainant Communities have been impacted by the events. Given the circumstances, IFC could not assure the safety and security of stakeholders in the project area and determine with confidence the feasibility of implementing the proposed project-level actions, particularly given many communities live within the plantation themselves. IFC considers the safety and security of the Complainant Communities and their representatives as paramount for the successful implementation of the MAP and welcomes their continuous engagement as Management assesses feasibility of MAP implementation.

### **Consultation with IFC's SRC**

159. Engagements to use all available leverage after the full repayment of IFC's investment in 2020 are structured at three levels: Socfin management based in Luxembourg, SRC management in Liberia, and Earthworm Foundation as SRC's implementing partner.

160. Between December 2023 and July 2024, IFC actively engaged SRC and Socfin to discuss the CAO Report, its recommendations and IFC's proposed MAP actions in response to project-level recommendations. Meetings took place virtually with SRC and Socfin representatives, and in person with SRC in Liberia.

161. Engagements with SRC and Socfin focused on understanding existing activities being planned and implemented by SRC in partnership with Earthworm Foundation. There have been several calls and numerous exchanges. In addition, SRC and Socfin have identified synergies and opportunities to collaborate on the implementation of SRC's own action plan, specifically on GBVH springing from a report by Earthworm Foundation and IFC's proposed MAP in response to the CAO investigation.

162. Following the violent protests that erupted at SRC's plantation in June 2024, IFC engaged SRC and Socfin to further understand how SRC's operations have been impacted. While operations were suspended, SRC informed IFC that they resumed in November 2024. IFC continues to monitor the security situation and assess feasibility of MAP implementation. This includes engaging with SRC and Socfin to understand whether the plantation and surrounding area are safe and accessible to all stakeholders, and SRC staff available on site to support the implementation of the project-level actions that require working with SRC and their implementing partner.

163. Once MAP implementation becomes feasible, IFC will continue to engage with SRC and their current owner Jeety to further design the proposed activities and ensure effective coordination, collaboration and resourcing.

### **Engagement with the CAO**

164. Prior to submission of this report, Management regularly engaged with CAO on IFC's proposed response to CAO's recommendations. IFC answered detailed technical questions on the proposed MAP and adjusted its proposal accordingly.

## **Managing the Risk of Reprisals**

165. As outlined in IFC’s statement on retaliation against civil society and project stakeholders, IFC does not tolerate any action by an IFC client that amounts to retaliation.<sup>61</sup> In engaging with clients, project stakeholders, or the Complainants, IFC assesses the risk of reprisals as part of its engagement methodology and takes necessary precautions.

## **VII. MANAGEMENT ACTION PLAN (MAP)**

166. The MAP presented in Annex A reflects the actions and limitations described in the section above. It is divided into two sections: IFC’s response to project specific recommendations and systemic recommendations.

167. It presents actions that have been agreed upon with SRC and its then parent company Socfin as well as the objective, scope and components of an IFC Community Development Program. The level of detail presented below is commensurate with the timelines set out by the CAO Policy for IFC to present a response to a CAO investigation.<sup>62</sup>

### **Considerations for the implementation of the Management Action Plan**

168. Management will continue to engage with SRC, CAO and the Complainant representatives to monitor the security situation, including through quarterly rapid security assessments, and assess the feasibility of MAP implementation on the basis of the following considerations:

- SRC operations have stably resumed. Company staff is present and available on site to support the implementation of the actions.
- Plantation and surrounding communities are safe and secure mission travel to the area of the plantation is cleared by the United Nations (UN).

### **IFC’s Project Specific Management Action Plan**

169. The MAP actions are designed considering IFC’s role as a financial institution and the absence of a contractual relationship with SRC, which gives IFC no influence over the project-affected area. The actions materially cover CAO’s recommendations, however, they are structured and formulated along the lines of the interests and priorities expressed by the affected communities during IFC’s MAP consultations as well as SRC’s own E&S action plan for which SRC has contracted an implementing partner.

170. Many of the affected communities live within SRC’s concession where public services are extremely limited and SRC is the only employer. While many expressed strong resentments

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<sup>61</sup> <https://www.ifc.org/content/dam/ifc/doc/2023/201810-ifc-position-statement-on-reprisals-en.pdf>

<sup>62</sup> In order to allow for sufficient time to a) rebuild relationships with former clients after to promote any potential project-specific actions in a Management Action Plan (MAP), b) allow for meaningful consultation with complainants after many years of compliance investigation, and c) engage with CAO on the proposed MAP prior to submission, Management is requesting that the deadline for the preparation of these Management Reports and Management Action Plans be extended to May 15, 2024. Management has informed the CAO on this request for postponement.

towards the company, others look to SRC for work and access to education and health. To manage high contextual risk, avoid further conflict, and enable sustainability, IFC actions aim to collaborate closely with SRC to strengthen the Company's E&S management system, improve community relations and prevent further conflict.

171. CAO recommendations target the 22 Complainant Communities. IFC and SRC agree that such an approach would aggravate strained community relations and conflict between communities. Aligned with the Company's commitments, all proposed MAP actions will be applied to benefit all 80+ communities in the project-affected area. Where further conflict can be avoided, IFC's collaboration with SRC will allow for prioritizing the 22 Complainant Communities.

172. IFC's investment was fully repaid in 2020, therefore IFC can only offer advice and support to SRC. IFC has no control or leverage over the effective implementation and results of SRC's actions. This specifically applies to CAO's recommendation for SRC to pay financial compensation in response to multiple Complainant issues.

173. In addition, acknowledging the marginalization of project affected communities and harm that Complainants experienced, IFC proposes a Community Development Program to be directly financed by IFC, independently of SRC.

### **Box 3. Interests of Community Members**

In Liberia, the IFC team visited 8 villages meeting members of 15 communities and asked about their preferences for a community development program: Women and girls want to buy and sell agricultural produce at the local, weekly market. They want to be able to read, write and calculate. Men and women welcomed agricultural skills training to improve yields in share cropping, especially for cassava. they need agricultural inputs to scale up their production. Youth are interested in vocational training to learn masonry, carpentry, tailoring or other trades. During the Planning Phase of the Community Development Plan, IFC will reach out to more communities and learn about their interests and design community services in a participatory manner.

### **IFC Community Development Program**

174. The program will be offered to over 80 communities, though the prioritizing of the 22 Complainant Communities will be prioritized during the program's implementation. The Community Development Program responds to CAO's recommendations on GBVH and livelihood restoration.

175. The Community Development Program will be designed and implemented in a participatory and culturally appropriate manner over a 3-5year period. It offers three components: (a) SRH services for survivors of GBVH/SEAH in the affected communities, (b) women's economic empowerment activities for survivors and their families and (c) general community development activities focused on livelihoods for all affected communities. Where possible, IFC will closely coordinate and harmonize activities with SRC and its implementing partner.

176. Sexual and Reproductive Health. This component will build on established service delivery programs, led by relevant international agencies and/or reputable international or local NGOs with a solid track record and relevant GBVH expertise in delivery of survivor-centered prevention and response services. The activities will aim to primarily support the psychosocial needs of survivors and will be firmly rooted in gender analysis and apply a rights-based and survivor-centered approach. Services will be open to all genders, while prevention activities will focus on women and girls who seek employment at the plantation.

177. Women's Economic Empowerment. During consultations in Liberia with the 22 Complainant Communities, IFC learned that the majority of women and girls who experienced GBVH would like to receive support for be economically empowered and receive skills training to avoid having to work for SRC, the only formal employer in the area. The activities offered will be offered in coordination with the general community livelihood component, but the services offered will provide direct support services for SEAH survivors according to a survivor-centered, informed approach, and which are foremost consistent with good GBVH practices, safe and ethical protocols and expert technical guidance.

178. Community Livelihoods. This component will offer livelihood restoration measures to improve or restore the livelihoods and living conditions of affected communities within and surrounding the SRC plantation in the Margibi and Bong counties. The objective is to promote and strengthen family farming to increase productivity, income and social capacity. Modalities to be explored during the planning phase (for informed decision making at such time) may include agricultural and vocational skills training, literacy training and opportunities to access finance through Village Savings and Loan Associations (VSLAs) or other microfinance programs offered in Margibi and Bong counties.

179. The Community Development Program will be implemented in three phases over a period of 3-5 years. During a Planning Phase (max 1 year) IFC will complete a full demographic assessment and situational analysis of the operating environment and beneficiary communities. The planning phase of the project will confirm the length of the program considering for example seasonal agricultural production, and define budget and logistics based on informed assessment and consultations. In this phase, IFC will also procure an implementing partner.<sup>63</sup> the implementation phase will offer all community services for a period of two years at a minimum. This will allow survivors of GBVH to come forward and strengthen community relationships. It also provides for skills training and support during at least two agricultural seasons to ensure continuous learning. During this phase, IFC will work with its implementing partner and ensure close coordination with SRC wherever possible. In a Transition and Exit Phase (max 2 years), IFC will design an exit strategy to enable the sustainability of some or all services after IFC concludes its program.

180. The proposed activities of the components are subject to verification and consultation with affected communities. The financial implications of the IFC Community Development Program will be fully defined and budgeted during the planning phase.

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<sup>63</sup> The CAO investigation did not provide any demographic data of the 22 Complainant Communities or the population of the project-affected area.

181. Finally, all MAP actions are to be implemented following core principles:

- **Community Participation.** Where possible, actions will be developed and implemented in a participatory manner allowing for continuous engagement and feedback of communities and their representatives. IFC welcomes the Complainants' continuous engagement during MAP implementation.
- **Respect for Culture and Custom.** Where possible, actions will be developed and implemented in a culturally adequate manner, build on local knowledge and participatory processes, and reflect diversity in culture and values.
- **Do No Harm.** No action should create or aggravate conflict between communities, with the company and its employees, or other stakeholders. No action should exacerbate, enable or tolerate violence against women and children. No action should enable or tolerate harmful cultural practices like female genital mutilation.
- **Reprisals.** Community members, SRC employees and other stakeholders should be able to participate in actions free of fear of reprisals, aligned with the *IFC Position Statement on Retaliation Against Civil Society and Project Stakeholders*.<sup>64</sup>
- **Transparency.** Where possible, and with respect to the privacy and confidentiality of individuals, IFC makes available information concerning MAP implementation that enable SRC, affected communities and other stakeholders to understand better, and to engage in informed discussion about the implementation of the MAP.

#### IFC's completed systemic Management Action Plan

182. The institutional-level recommendations from the CAO are based on the 2006 IFC Sustainability Policy and related procedures that were in effect at the time of IFC's investment in SRC in 2008. Since that time, IFC's E&S risk management framework and internal governance structure have significantly evolved and strengthened. The E&S risk management at IFC is now governed by the 2012 IFC's Sustainability Framework. Since 2019, the responsibility for E&S oversight and risk management within IFC has been assigned to CES and regional ESG teams. CES and the regional ESG teams are designed to work closely together to support the implementation of the Sustainability Framework across IFC investments. The tasks and responsibilities to achieve IFC and client compliance with the Sustainability Policy and PS are defined in the ESRP, which was most recently updated in July 2024. Recent updates include improvements to reflect similar systemic recommendations from other CAO cases. The MAP indicates actions and deliverables that have been completed by the IFC since the investment in Salala.

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<sup>64</sup> <https://www.ifc.org/content/dam/ifc/doc/2023/201810-ifc-position-statement-on-reprisals-en.pdf>

## VIII. CONCLUSION

183. Management appreciates CAO's constructive engagement and the detailed assessment in CAO's Compliance Investigation Report. CAO's findings underscore the significant risks of investing in post-conflict and IDA contexts and acknowledge IFC's continuous support to SRC during the life of the investment.

184. Management acknowledges that harm related to sexual exploitation is particularly sensitive and deeply troubling. Any form of violence against women and children is unacceptable and contrary to IFC's values and mission.

185. Over the past two decades, IFC has significantly strengthened its E&S management architecture. IFC has addressed all of the CAO systemic recommendations, as they pertain to the 2006 Sustainability Policy and PS. In addition, IFC has strengthened its approach to addressing the risks and impacts associated with GBVH/SEAH. IFC continues to improve its method to better identify and manage such risks in projects.

186. In response to CAO's project specific recommendations, IFC proposes a direct Community Development Program focusing on women's economic empowerment and access to reproductive health services as well as general community development support that will be offered to all communities within or in the surroundings of SRC.

187. IFC highlights Socfin and Jeety's support of SRC's own action plan that aligns with most of CAO's recommendations. IFC's investment was fully repaid in 2020, therefore IFC can only offer advice and support to SRC. IFC has no control or leverage over the effective implementation and results of the SRC's actions.

188. In light of recent security challenges at the plantation, the implementation of IFC's MAP as foreseen has not been feasible to date. IFC is committed to regularly monitoring the security situation and will continue to engage with all stakeholders, including SRC, their implementing partner, the Complainants and their representatives to assess the feasibility of implementation of the Community Development Program and advice and support to SRC as defined in the MAP.

189. Management thanks the Complainants and their representatives and the survivors of GBVH/SEAH for sharing their experience and opinions in the development of the IFC MAP and looks forward to their continued engagement and participation in MAP implementation as soon as conditions at the site allow for the safety and security of all stakeholders to deliver planned activities under the MAP.

## ANNEX A: MANAGEMENT ACTION PLAN (MAP)

The tables below present IFC’s proposed Management Action Plan (MAP) in response to CAO’s project-specific and systemic recommendations that IFC is able to address.

Each activity, deliverable and timeline included in the MAP may be updated as IFC continues to assess the feasibility of MAP implementation in light of security risks at the plantation area and the surrounding area.

Project-Level Recommendations/Actions			
CAO RECOMMENDATION	ACTION/ACTIVITY	RESPONSIBLE ENTITY	DELIVERABLES / TIMELINE
<b>A. Gender-based Violence and Harassment</b>			
<p>CAO Recommendation 4: IFC should <u>work with SRC</u> on the following measures:</p> <p><b>Preventative Actions</b></p> <ul style="list-style-type: none"> <li>• Salala should conduct a GBVH risk assessment in its plantations.</li> <li>• Based on this assessment, Salala should update its sexual harassment policy to ensure the policy aligns to IFC’s 2020 Good Practice Note on Addressing Gender-Based Violence and Harassment, Emerging Good Practice for the Private Sector. Importantly, this should include an independent grievance mechanism, and a process for investigating reported incidents of GBVH. These investigations should be conducted by qualified individuals. The policy should stipulate services SRC can refer to GBVH survivors.</li> <li>• Salala should have a GBVH code of conduct for its staff and contractors. The code of conduct should explain how workers are expected to behave when going about their work and when interacting with service users and community members.</li> <li>• Salala should publicize the policy, code of conduct, the grievance mechanism to all staff and contractors, and within the local communities.</li> </ul>	<p><b>Preventive Actions</b></p> <p><b>A1. SRC Policies and Procedures</b></p> <ol style="list-style-type: none"> <li>1. IFC reviews SRC’s updated policies, procedures and practices for managing risks of SEAH, including a Code of Conduct for all workers and Zero Tolerance Statement towards Reprisals, in its operations and recommends improvements and good practices.</li> <li>2. IFC reviews SRC’s updated grievance mechanism and process for investigating reported incidents of GBVH and recommends improvements and good practices.</li> <li>3. IFC provides recommendations to SRC on the development of a referral pathway for communities to enable access to survivor-centered services such as healthcare, counselling and legal advice.</li> <li>4. IFC provides recommendations to SRC on the development of an integrated GBVH awareness and prevention program. See also Action B1.</li> <li>5. IFC provides recommendations to SRC on the development of an E&amp;S Capacity Action Plan. The plan will include IFC trainings for SRC staff on GBVH, stakeholder engagement and grievance response, aligned with GBVH good practices and other MAP actions (B3).</li> </ol>	<p>SRC, SRC Implementing Partner</p>	<ol style="list-style-type: none"> <li>1. Summaries of IFC reviews and recommendations</li> <li>2. Revised SRC GBVH Policy and Procedures applicable to all SRC workers (employees and contractors) / March 2025</li> <li>3. SRC GBVH Grievance Mechanism and Referral Procedure / March 2025</li> <li>4. SRC E&amp;S Capacity Action Plan / March 2025.</li> <li>5. SRC GBVH Awareness and Prevention Program / March 2025</li> <li>6. Anonymized and aggregated records of IFC training to SRC workers.</li> </ol>
	<p><b>Remedial Actions</b></p> <p><b>A3. IFC Community Development Program for GBVH</b></p>		



<ul style="list-style-type: none"> <li>• Salala should keep confidential records of all GBVH grievances received and any follow-up actions taken upon them.</li> <li>• Salala should sign agreements with those individuals and organizations that can provide specific services to the company for training, investigation, expert guidance, and survivor counselling and assistance.</li> <li>• Salala should conduct periodic worker surveys to collect workers' views on the effectiveness of the company measures to prevent and respond to GBVH.</li> </ul> <p><b>Remedial Actions</b></p> <p>Establish a facility to support a claims process for survivors to receive remedy. The facility should, at a minimum, provide the following for survivors:</p> <ul style="list-style-type: none"> <li>• Short-term/long-term counselling for survivors and their families</li> <li>• Healthcare support, including sexual and reproductive health services and treatment of sexually transmitted diseases</li> <li>• Community and workforce reintegration support</li> <li>• Funding and referrals to legal services for survivors seeking legal redress</li> <li>• A mechanism that allows survivors come forward, identify themselves if they wish, and consent to any remedial action that is made available to them</li> <li>• Financial compensation, as appropriate.</li> </ul> <p>Remedial measures should safeguard claimants' confidentiality and protect claimants and their families against any risk of threats or reprisals. In developing the facility, CAO encourages IFC to consider partnering with nongovernmental organizations that have the appropriate local</p>	<p>1. IFC directly funds timebound community services for priority needs for survivors of sexual exploitation and abuse (SEA) in the communities within and surrounding the Salala plantation in the Margibi and Bong counties. IFC will explore and support the delivery of the following components:</p> <ul style="list-style-type: none"> <li>• women's economic empowerment activities for survivors and their families. This includes women and girls' livelihood support activities, financial and numeric literacy and psychosocial activities.</li> <li>• sexual and reproductive health (SRH) services, as the greatest health needs facing survivors in the affected communities.</li> </ul> <p>The program will be designed and implemented in a participatory and culturally appropriate manner over a 3-5 year period. Where possible, IFC closely coordinates and harmonizes activities with SRC and its implementing partner.</p>	<p>and build on established SRH and women's economic development programs led by relevant international agencies and/or reputable international or local NGOs.</p>	<ol style="list-style-type: none"> <li>1. Situational analysis</li> <li>2. Selection of local implementation partner/s</li> <li>3. Inception report including participatory processes with communities.</li> <li>4. Community Services Implementation Plan</li> </ol> <p><u>Implementation phase: June 2027</u></p> <ol style="list-style-type: none"> <li>5. Definition of measurable targets for service delivery</li> <li>6. Safe and Ethical Service protocols</li> </ol> <p><u>Transfer and Exit Phase: June 2027</u></p> <ol style="list-style-type: none"> <li>7. Transition and Exit Plan</li> </ol>
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<p>knowledge, capacity and community trust to effectively implement the claims process.</p> <p>Further, Salala should take action to ensure that survivors are not intimidated, including public statements at CRC-organized meetings.</p>			
<b>B. Stakeholder Engagement, Grievance Handling, and Threats and Reprisals against Complainants</b>			
<p>CAO Recommendation 3. In an effort to deescalate tensions within communities and between the company and communities, <u>IFC should work with SRC</u> to find a mutually acceptable mediator to restart dialogue and aim for mutually acceptable solutions.</p> <p>The selection of a mediator should be a consultative, inclusive, and participatory process involving the representatives from the 22 affected communities and their supporting organizations.</p>	<p><b>B1. Stakeholder Engagement</b></p> <ol style="list-style-type: none"> <li>1. IFC reviews SRC's updated stakeholder engagement and grievance mechanism policies, plans and procedures and recommends improvements to SRC. This includes harmonization with GBVH processes, as laid out in MAP Actions A1, where appropriate.</li> <li>2. IFC shares its zero-tolerance statement against reprisals and provides recommendations to SRC on processes to put in place that allow Complainants to raise grievances without fear of threats or retaliation.</li> <li>3. IFC trains SRC's staff in the effective implementation of the companies updated policies and procedures, including on managing the risk of reprisals.</li> </ol>	<p>SRC, SRC Implementing Partner</p>	<ol style="list-style-type: none"> <li>1. Summaries of IFC reviews and recommendations</li> <li>2. Updated SRC Stakeholder Engagement and Grievance Mechanism Policies, Plans and Procedures</li> <li>3. Grievance Mechanism procedures that allow complainants to raise grievances without fear of retaliation (anonymous and confidential).</li> <li>4. Anonymized and aggregated records of IFC training to SRC workers.</li> </ol>
<b>C. Physical Displacement, Economic Displacement, and Loss of Livelihood</b>			
<p>CAO Recommendation 1: <u>IFC should work with SRC</u> to:</p> <ul style="list-style-type: none"> <li>• Retroactively enhance the compensation rates to meet full replacement costs and provide the affected people with the outstanding payments.</li> <li>• Establish a Retroactive Resettlement Action Plan (RAP) in line with the requirements of PS5. To regain the confidence of the local communities, this Retroactive RAP needs to be highly participatory and include consultations and agreements with the affected people at each</li> </ul>	<p><b>Retroactive Actions</b></p> <p><b>C1. Retroactive Crop Compensation</b></p> <ol style="list-style-type: none"> <li>1. IFC reviews SRC's established process to receive and assess crop compensation grievances and provides recommendations to SRC and its implementing partner on the process going forward.</li> </ol>	<p>SRC, SRC Implementing Partner</p>	<ol style="list-style-type: none"> <li>1. Summaries of IFC reviews and recommendations</li> <li>2. Updated SRC Grievance Mechanism Policies, Plans and Procedures for Crop claims.</li> </ol>
	<p><b>Livelihood Restoration Actions</b></p> <p><b>C2. IFC Community Development Program</b></p> <ol style="list-style-type: none"> <li>1. IFC directly funds a community development</li> </ol>	<p>IFC, IFC Implementing</p>	<ol style="list-style-type: none"> <li>1. See Deliverables A.3.</li> </ol>

<p>stage (ToR, Selection of Contractor, Surveys, Reporting)</p> <ul style="list-style-type: none"> <li>• In addition, in consultation with the affected people, define the livelihood restoration measures needed to improve or restore the livelihoods and living conditions of the affected households.</li> </ul> <p><u>IFC should work with SRC</u> and the representatives from the 22 affected communities and their supporting organizations to identify and secure the technical assistance necessary to supervise the development and implementation of the Retroactive RAP and conduct stakeholder engagement, monitoring, and reporting.</p>	<p>program focused on livelihood activities for affected communities within and surrounding the Salala plantation in the Margibi and Bong counties. IFC will support the delivery of a Community Development Program providing for example, improved agricultural techniques, skills training, financial and numeric literacy.</p> <p>The program will be designed and implemented in a participatory and culturally appropriate manner over a 3-5year period. Where possible, IFC closely coordinates and harmonizes activities with SRC and its implementing partners.</p>	<p>Partner (see A.3)</p>	
<b>D. Historical Land Claims</b>			
<p><u>IFC should work with SRC</u> to commission an independent assessment of historical land claims. The selection of a consultant should be discussed with representatives from the 22 affected communities and their supporting organizations.</p>	<p><b>D1 SRC Policies and Procedures</b></p> <ol style="list-style-type: none"> <li>1. IFC provides recommendations to SRC on the development of a procedure to assess, record and resolve grievances related to historical land claims. The procedure will take into account any identified gender dimensions.</li> </ol>	<p>SRC, SRC Implementing Partner</p>	<ol style="list-style-type: none"> <li>1. Summaries of IFC reviews and recommendations</li> </ol> <p>New or updated SRC Historical Land Claims Procedure / December 2025.</p>
<b>E. Destruction of Ancestral Graves and Sacred Sites</b>			
<p>CAO Recommendation 6. Together with a qualified and experience expert, <u>IFC should work with SRC</u> to engage with the aggrieved members of sacred societies to assess impacts and agree on the rituals to address any harm caused by the destruction of sacred sites and ancestral burial sites.</p>	<p><b>E1. SRC Policies and Procedures</b></p> <ol style="list-style-type: none"> <li>1. IFC reviews SRC’s procedures and processes to assess, avoid, minimize and mitigate impacts on cultural heritage, including a Chance Finds procedure.</li> <li>2. IFC provides recommendations to SRC on the development of an inventory of impacted ancestral graves and sacred sites in a participatory manner, through consultations with affected communities (when impacts are related to SRC’s operations between 2008 and 2020). IFC provides recommendations to SRC on the development and implementation of a plan to mitigate past impacts on cultural heritage. Chance Finds Procedure will be used going forward on any new expansion, if mapping does not identify a site.</li> </ol>	<p>SRC, SRC Implementing partner</p>	<ol style="list-style-type: none"> <li>1. Summaries of IFC reviews and recommendations</li> <li>2. New or updated SRC procedure on Cultural Heritage / June 2025</li> <li>3. SRC Inventory of impacts between 2008 and 2020. / December 2025</li> <li>4. Implementation Plan with mitigation actions, timeline and budget.</li> </ol>
<b>F. Water Supply and Pollution</b>			

<p>CAO Recommendation 7. <u>IFC should work with SRC</u> to include those water points claimed to be polluted in the 2013 Green Advocates report and 2019 Bread for All report into SRC’s annual water testing program, to be conducted by an independent laboratory. The result shall be disclosed to the Liberia Environmental Protection Agency (EPA) and the local communities on a quarterly basis.</p> <p>SRC should ensure that at least one secure access point to potable water is operational in each of the settlements in the plantation and all affected communities outside the plantation per the Ministry of Health and Social Welfare Standards and environmental permit.</p>	<p><b>F1. Water Supply and Pollution</b></p> <ol style="list-style-type: none"> <li>1. IFC provides recommendations to SRC on the development of a Participatory Surface Water Monitoring Program (PSWMP), a Potable Water Access Plan with communities within and surrounding the Salala plantation in the Margibi and Bong counties, and the establishment of Water Management Committees (WMC), with a gender focus, to access, manage and maintain adequate water sources in communities.</li> <li>2. IFC trains SRC’s staff in the effective implementation of the PSWMP and WMC.</li> </ol>	<p>SRC, SRC Implementing partner</p>	<ol style="list-style-type: none"> <li>1. Summaries of IFC reviews and recommendations</li> <li>2. SRC Participatory Surface Water Monitoring Program Plan / June 2025</li> <li>3. SRC Potable Water Access Plan / June 2025</li> <li>4. SRC Guidelines for Water Management Committees / December 2025</li> <li>5. Anonymized and aggregated records of IFC training to SRC staff.</li> </ol>
<p><b>G. Poor Employment Conditions and Labor Rights Violations</b></p>			
<p>CAO Recommendation 8. IFC should commission a PS2 review of SRC operations to confirm compliance with PS2/international core labor standards. <u>IFC should work with SRC</u> directly or commission an audit firm to review company documentation and hold engagements with workers to understand instances where workers had their salary deducted for personal protective equipment and ensure that such workers are refunded these deductions.</p>	<p><b>G1. SRC Policies and Procedures</b></p> <ol style="list-style-type: none"> <li>1. IFC reviews SRC Labor and Working Conditions Policies, including employee grievance mechanism, wages and benefits, contractor management, use and handling of personal protective equipment (PPE) as well as adequate facilities for women employees, and provides recommendations on improvements to SRC. This action also supports the delivery of A1, B1, F1 MAP actions.</li> </ol>	<p>SRC, SRC Implementing partner</p>	<ol style="list-style-type: none"> <li>6. Summary of IFC Reviews and Recommendations / continuous</li> <li>7. New or updated SRC Labor and Working conditions / June 2025</li> </ol>

Institutional-Level Recommendations /Actions		
CAO RECOMMENDATION	COMPLETED ACTION	DELIVERABLE
<p><b>Rec 9:</b> IFC should not proceed with Board approval where client environmental and social (E&amp;S) assessments of project risks and impacts, including as relevant ESIA's, have not been reviewed by IFC and where IFC have confirmed they are adequate.</p>	<p>According to the 2012 Sustainability Policy, IFC integrates E&amp;S due diligence into its overall due diligence process and presents it to the Board of Directors when the investment activity is presented for approval (paragraph 21 of the Sustainability Policy). IFC will only finance investment activities that are expected to meet the requirements of the PS within a reasonable period of time (paragraph 22). The section on ESDD (paragraphs 20 – 25 of the Sustainability Policy) provides a clear description of the process, which includes a thorough assessment of the E&amp;S risks and impacts of the proposed investment before it is presented to the Board.</p> <p>In relation to the Company's E&amp;S assessments, IFC PS1 (2012) defines client requirements to establish and maintain a process for identifying the E&amp;S risks and impacts of the project (paragraphs 7-12 of PS1).</p> <p>The ESRP defines the E&amp;S requirements and process for Board approval. The objective of IFC's E&amp;S review is to provide the Board of Directors and IFC Management with information on the key E&amp;S risks and impacts of the project. This includes details on mitigation measures and any remaining residual risks. It also includes details on the Client's capacity and commitment to fulfill any gaps identified to meet the PS. The E&amp;S considerations for the Board Paper include: setting out the project E&amp;S risk category and rationale; summary of significant E&amp;S risks and issues identified during appraisal, including contextual risk and policy-exceptions if any; the Client's existing ESMS if any; identified gaps with PSs and their significance to the Client's achievement of Performance Standards (PS) objectives; any E&amp;S risk management implementation risks identified at appraisal which could result in lack of compliance with PS; any pending supplemental studies, their completion timeline and underlying risks these studies will address; the Client's capacity and commitment; and the Client's historical E&amp;S performance in case of repeat transactions.</p> <p>In addition, the Access to Information Policy (2012) requires IFC to disclose E&amp;S information including any relevant E&amp;S assessments once IFC has assured itself that the client can be expected to undertake the project in a manner consistent with the PS.</p>	<p>COMPLETED</p> <p>2012 <a href="#">Sustainability Policy</a></p> <p>2012 <a href="#">Performance Standard 1</a></p> <p>2012 <a href="#">Access to Information Policy</a></p> <p>2024 ESRP</p>

	<p>Management concludes that IFC’s current policies and procedures address the legacy issues identified by the CAO in the context of its investigation. CAO made similar recommendations on recent CAO cases and IFC understands the most recent ESRP update from July 2024 reflects improvements to the satisfaction of CAO.</p>	
<p><b>Rec 10:</b> IFC should implement controls to ensure that it does not disburse funds to projects where material risk mitigation frameworks have yet to be developed and reviewed by IFC.</p>	<p>IFC PS (2012) are based on progressive implementation of measures to address E&amp;S risks and impacts.</p> <p>As defined in the ESRP, the Lead E&amp;S Specialist (LESS) provides input on conditions that need to be met to proceed to Board, Commitment and ultimately Disbursement. For high-risk projects, the E&amp;S Risk Officer (ESRO), who is a member of the Investment Review Committee, reviews and clears such conditions. Two levels of control are established to clear disbursement requirements depending on the level of risk and the materiality of the issue. Confirmation of E&amp;S covenants and Conditions of Disbursement (COD) in the legal agreement(s) is done by the LESS and clearance is provided by the ESG Regional Manager or by the ESRO for high-risk projects. The LESS defines the need for future E&amp;S workflow clearances for Disbursements, which the ESRO clears for high-risk projects. These controls are specifically designed around the implementation of the client’s risk mitigation requirements agreed in the ESAP. The ESAP, which includes specific timebound actions, is enforced as part of the Legal Agreement.</p> <p>CAO made a similar recommendation on another recent case. The most recent ESRP update in July 2024 incorporated specific suggestions received by CAO’s recommendation.</p>	<p>COMPLETED 2024 ESRP</p>
<p><b>Rec 11:</b> IFC should implement controls to ensure that IFC clients with non-compliant ratings (rating of Partly Unsatisfactory or Unsatisfactory) are supervised at least once per year as per IFC’s environmental and social review procedure.</p>	<p>As part of the ESRP, IFC implements monitoring and internal oversight for projects rated as partly unsatisfactory and unsatisfactory in terms of their E&amp;S performance.</p> <p>The frequency of the supervision activities is based on several risk-based factors such as project E&amp;S categorization, CAO or other complaints, change in contextual risk and E&amp;S performance history. Annually, the E&amp;S Policy and Risk department defines a site supervision visit (SSV) target that informs the Regional Supervision Plans. For those high-risk projects, SSVs are usually conducted at</p>	<p>COMPLETED 2024 ESRP</p>

	<p>least annually: additional supervision activities may be undertaken according to E&amp;S risk. Following approval of the Regional Supervision Plan by the ESG Regional Managers and ESRO (for high-risk projects), any variation to the SSV frequency is proposed by the LESS and cleared by the ESG Regional Manager and ESRO, respectively. Projects which are not high risk are normally visited on a triennial basis.</p> <p>Management concludes that current IFC's policies and procedures address the legacy issues identified by CAO in the context of its investigation.</p>	
<p><b>Rec 12:</b> IFC should develop and implement clear procedures, with timeframes, for when and how IFC should exercise remedies for E&amp;S non-compliance.</p> <p>Where there is material deviations from client E&amp;S requirements, including amending an ESAP, this should be approved by IFC management and legally agreed with the client.</p> <p>Beyond legal divestment, IFC should develop other interim remedial measures (in reference to IFC Sustainability Policy 2006 and 2012, paragraphs 26 and 45).</p>	<p>Paragraph 45 of the IFC Sustainability Policy lays out that ...If the client fails to comply with its environmental and social commitments, as expressed in the environmental and social conditions for investment, IFC will work with the client to bring it back into compliance to the extent feasible, and if the client fails to reestablish compliance, IFC will exercise remedies as appropriate. 65 Management notes that exercising remedies in this context refer to exercising appropriate actions to bring the client back into compliance (including legal actions).</p> <p>Cases of material deviations from client E&amp;S requirements, including amending an ESAP, are addressed through IFC's provisions in the legal agreement, which include specific covenants on non-compliance with the IFC PS and relevant procedures are included in the ESRP and the Operational Procedures of IFC. The ESRP define the procedure at commitment and first disbursement establishing effective controls for IFC to identify risks and to work with the clients to mitigate those risks and implement corrective actions. The ESRP also define the process to follow when contractual obligations are not met or ESAP actions are incomplete or overdue. The 2023 ESRP defines clear procedures for the review and approval of corrective actions to address material deviation from E&amp;S requirements. For high-risk projects, the ESRO clears the proposed corrective actions. Material deviation approvals involve management, according to the Accountability and Decision-Making Framework.</p> <p>Management concludes that IFC's current policies and procedures address the gap identified by the CAO in the context of its investigation.</p>	<p>COMPLETED 2012 IFC Sustainability Policy 2024 ESRP</p>

<sup>65</sup> IFC Sustainability Policy, paragraph 45.

## **Disclaimer**

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