



The Independent Accountability Mechanism for IFC & MIGA

CAO ASSESSMENT REPORT

**Regarding Concerns in Relation to
IFC's Investment in Eleme Fertilizer-02/Port Harcourt
in the Federal Republic of Nigeria
(IFC 47723, 40420, 30967)**

May 2024

Office of the Compliance Advisor Ombudsman
for
the International Finance Corporation and the
Multilateral Investment Guarantee Agency
www.cao-ombudsman.org

About the Compliance Advisor Ombudsman (CAO)

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see www.cao-ombudsman.org

About CAO Assessments

Any person who believes they may be harmed by an IFC or MIGA project can lodge a complaint to CAO. We apply three simple eligibility criteria to accept a complaint. For eligible complaints, we assess the concerns with the complainant(s), project sponsor, and other relevant stakeholders.

Once a complaint is determined to be eligible, we review the concerns raised in it. This assessment is conducted in consultation with the complainant, IFC and MIGA client and project teams, and other relevant stakeholders.

Purpose

The objective of the CAO assessment process is to develop a thorough understanding of the issues the complaint raises, work to understand all perspectives, engage with all key stakeholders to the complaint, consult with them to determine the process they choose to address the complaint, and consider the status of other grievance resolution efforts made to resolve the issues raised.

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ACRONYMS

CAO	Office of the Compliance Advisor Ombudsman
CBA	Collective Bargaining Agreement
CDC	Company Disciplinary Committee
CMC	Contract Management Cell
EEO	Equal Employment Opportunity
EHS	Environment, Health, and Safety
EIA	Environmental Impact Assessment
ERM	Environmental Resources Management
E&S	Environment and Social
HSEF	Health, Safety, Environment and Fire
HMO	Health Maintenance Organization
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
NHIA	Nigeria Health Insurance Authority
NUCFRLANMPE	National Union of Chemical, Footwear, Rubber, Leather, and Non-Metallic Employees
PS	Performance Standard
RSA	Retirement Savings Account
SGR	Stakeholder Grievance Response

OVERVIEW

On November 17, 2023, a complaint was lodged with CAO on behalf of several contract workers of Indorama Eleme Fertilizer and Chemicals Ltd (“Indorama”) by the chair of the National Union of Chemical, Footwear, Rubber, Leather, and Non-Metallic Products Employees (“NUCFRLANMPE”) branch union.

Indorama Corporation has been a longstanding IFC client in several countries, with global business presence in 35 countries in Asia, Africa, Europe, and the Americas. Indorama has two urea fertilizer facilities in Port Harcourt, Nigeria, and is currently planning construction of a third.

The complainants alleged a number of labor violations regarding working conditions of contract workers, inadequate health and safety measures, unfair termination of employment, and non-adherence of the Collective Bargaining Agreement (CBA). CAO found the complaint eligible on January 1, 2024, and began its assessment process.

The complainants opted for the dispute resolution process, while Indorama expressed their desire for the complaint to progress to CAO’s Compliance function. As a result, the case is being transferred to CAO’s Compliance function for appraisal of IFC’s environmental and social performance related to the project.

CAO’s compliance appraisal will determine whether further investigation of IFC is warranted or whether CAO closes the case.

BACKGROUND

2.1 The Project

The Project consists of the construction of a nitrogenous fertilizer complex at the existing Eleme Petrochemicals site in Port-Harcourt, Nigeria. Indorama is owned 26% by Indorama Eleme Petrochemicals Limited and 74% by the Indorama Corporation. The Indorama Corporation, a Singapore-based holding company, is a long-standing, repeat IFC client. Over the last three decades, IFC has supported Indorama Corporation’s entry into high-risk markets, helping it grow from a mid-sized, domestically focused business into one of the world’s fastest growing petrochemical and fiber companies.¹

In June 2016, Indorama successfully completed a 1.4 million metric ton per annum (MMTPA) urea fertilizer facility, referred to as “Line 1” (IFC #30967).² In 2021, Indorama constructed a second urea fertilizer line located at the same site, referred to as “Line 2” (IFC #40420),³ which increased capacity from 1.4 MMTPA to 2.8 MMTPA. Indorama is now planning the construction of a third urea fertilizer line, referred to as “Line 3,” within the same complex as Lines 1 and 2, that will increase current capacity from 2.8 MMTPA to 4.2 MMTPA (IFC #47723).⁴ The project cost is estimated at US\$1.25 billion. IFC is leading the debt financing package comprised of (i) a US\$215.5 million IFC A loan; (ii) up to US\$940 million in mobilization of B/parallel loans from commercial banks/development finance institutions, including available Trust Loans; and (iii) IFC B2 loans provided under IFC’s Managed Co-Lending Portfolio Program (“MCP”) of up to US\$94.5 million.⁵

¹ <https://disclosures.ifc.org/project-detail/SII/47723/indorama-eleme-fertilizer-iii>

² <https://disclosures.ifc.org/project-detail/SPI/30967/eleme-fertilizer>

³ <https://disclosures.ifc.org/project-detail/SII/40420/eleme-fertilizer-ii>

⁴ Id, 2.

⁵ Idem.

All projects are classified as Category B according to IFC’s policy on Environmental and Social Sustainability.

2.2 The Complaint

The complaint was lodged with CAO on November 17, 2023, by the branch chair of the NUCFRLANMPE branch union (lead complainant). The lead complainant filed the complaint on behalf of several current and former contract workers (complainants) of Indorama. All complainants are/were employed at Indorama through third-party subcontractors.

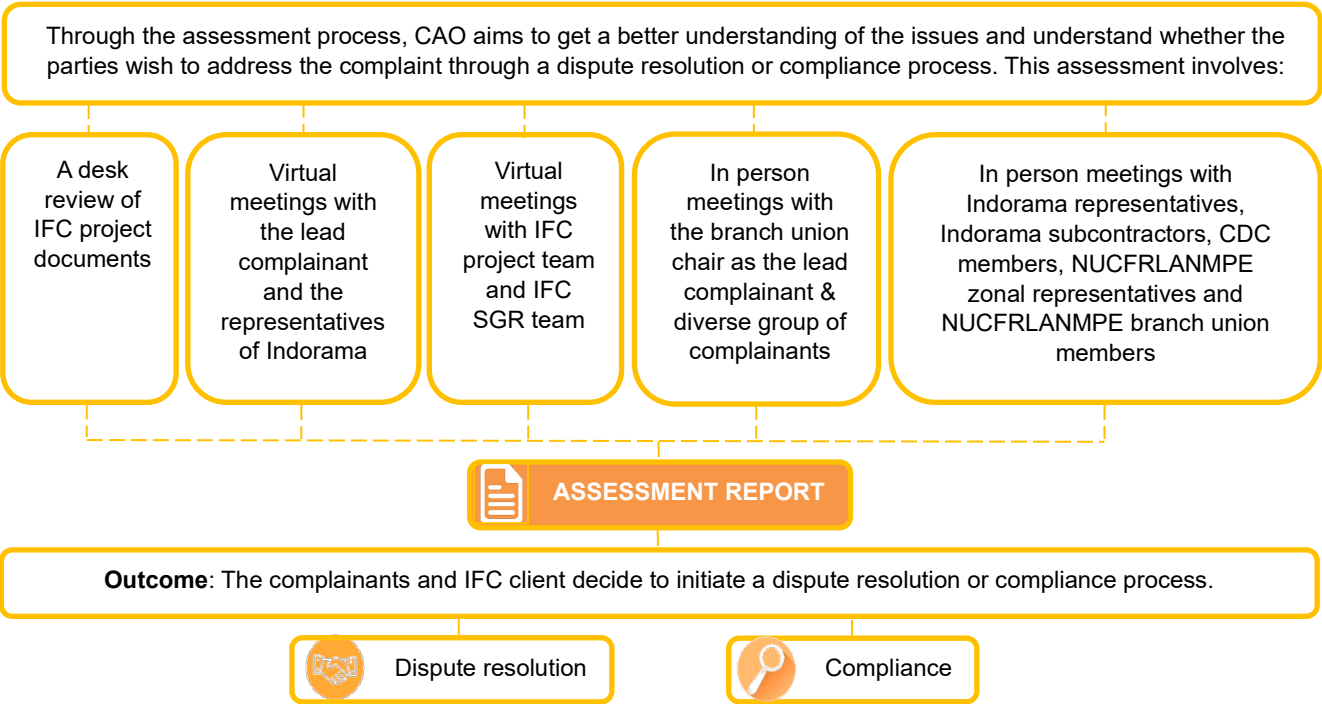
The complainants raised several concerns about labor and working conditions related to the operations of Indorama. These issues include: (i) working conditions (salary, pension, housing, working hours, promotion, employment letters, intimidation, and retaliation); (ii) health and safety (safety, medical coverage, dry rations); and (iii) unfair termination.

ASSESSMENT SUMMARY

3.1 Methodology

Figure 1 shows the approach and methodology to be applied in CAO’s assessment process.

Figure 1. CAO Assessment Process



The CAO assessment process does not entail a judgement on the merits of the complaint; rather, it seeks to understand the facts and empower those involved to make informed decisions on how to address the issues raised. The issues raised in the complaint and during assessment by the complainants and IFC’s client are described below.

3.2 Summary of Views

Complainants' perspective

The complainants claim that there are a number of issues that the contract workers are facing due to Indorama's non-compliance with the CBA and IFC's Performance Standard on Labor and Working Conditions (PS2). These issues are further explained below.

I. Working conditions

Salary

The complainants raised multiple concerns about the salaries they receive and expressed concerns regarding the fairness of their current wages in the Nigerian economy. They noted discrepancies in the payment process regarding provisions outlined in the CBA, which according to complainants, mandates salary disbursement before the 31st of each month. However, the complainants claimed that delays occur as salaries are initially allocated to subcontractors for distribution, leading to inefficiencies in payment timelines. They further mentioned that while their salaries are deducted at 4% for union dues since the branch union was formed two years ago, those funds have not been given to the branch union since its inception.

Additionally, the complainants claimed instances where subcontractors deduct portions of their salaries, alleging instructions from Indorama for the deductions. Despite raising objections with Indorama, complainants stated that they are directed back to the subcontractors for resolution, which according to the complainants, is perpetuating a cycle of frustration. Considering these challenges, the complainants advocate for direct salary disbursement from Indorama to mitigate issues arising from sub-contractors as an intermediary entity.

Furthermore, the complainants expressed dissatisfaction with the inclusion of benefits such as housing, transport, dry rations, and overtime in their salary slips. They highlighted the discrepancy between these benefits, particularly overtime, and Nigerian tax laws, which according to the complainants, stipulate non-taxable status for such allowances. However, they expressed that amalgamating these benefits into their monthly salaries subjects them to higher taxation rates than is legally permissible, resulting in significant deductions and diminished take-home pay.

Pension

The issue of pension contributions was raised by the complainants, who emphasized their entitlement to monthly deposits into their retirement savings accounts (RSAs), as outlined in the CBA. Under this agreement, the complainants stated that both the contract workers and Indorama are mandated to contribute 8% and 10% of the workers' salaries, respectively, toward their pension funds.

However, some complainants reported irregularities in the implementation of this policy, claiming that many do not receive their rightful pension contributions. Some complainants have

reportedly experienced extended periods without any deposits into their accounts, despite multiple years of service to Indorama and numerous attempts to resolve the issue.

Housing

The complainants expressed concerns regarding the provision of housing benefits, noting challenges associated with the current system. While housing is included as part of their monthly benefits, the complainants shared that the practicality of this arrangement presents difficulties in the Nigerian context, where rent payments typically require a lump sum for the entire year upfront.

According to the complainants, this monthly disbursement model requires them to incur debt to meet their annual rent obligations while awaiting housing benefits throughout the year. Additionally, the complainants have reportedly observed disparities in the amount allocated for housing, with them receiving significantly less than regular staff, who are directly employed with Indorama.

Working hours

The complainants raised grievances regarding working hours at Indorama, alleging non-compliance with both Nigerian labor laws and the terms outlined in the CBA. Specifically, they claimed being compelled to work 12-hour shifts for five consecutive days, contrary to regulations stipulating two days of rest for every two days of 12-hour shifts worked.

Moreover, the complainants asserted that the scheduling of 12-hour shifts is mandatory rather than optional, depriving them of the choice to adhere to standard eight-hour workdays with additional overtime hours, as per their preference. They noted that while overtime is supposed to be voluntary, they are reportedly coerced into extended shifts as the only available option. The complainants claimed that failure to comply with these mandated schedules results in unjust penalties, such as being marked as absent for the day.

Additionally, the complainants expressed confusion and dissatisfaction regarding the calculation of overtime hours, citing inconsistencies in the application of overtime pay across different months. Despite working identical schedules, they claimed fluctuations in overtime compensation, raising suspicions of underpayment by subcontractors in violation of the CBA.

Promotion

The complainants voiced their concerns regarding perceived lack of opportunities for promotion from contract worker status to regular staff positions within Indorama. Despite years of service, they asserted that they have not been provided with a pathway for advancement within Indorama. Additionally, the complainants claimed that promotions are sometimes awarded to younger and less-qualified individuals, further exacerbating feelings of unfair treatment and discouragement among long-serving employees.

Furthermore, the complainants claimed that they possess qualifications and technical expertise suitable for more challenging roles within Indorama. However, they expressed uncertainty about the criteria and processes necessary for transitioning into regular staff positions.

Additionally, the complainants cite Nigerian labor laws stipulating that contract workers must be regularized after a certain period of continuous employment. They allege non-compliance with this regulation, as they have remained in contract positions for extended periods without progression or formalization.

Employment letters

The complainants raised concerns regarding the reported absence of formal employment documentation, particularly employment letters, which leaves them vulnerable without the protections afforded by a contract. Many complainants reported not having signed any employment contract and thus lack official documentation confirming their employment status at Indorama.

In response to demands for employment letters, some complainants have received documents from subcontractors who initially hired them. However, the complainants reported that these letters do not serve as proof of employment directly under Indorama, which in their view leaves them without official acknowledgment of their status within Indorama. Moreover, they stated that some of these employment letters have recent dates and fail to accurately reflect the duration of their tenure at Indorama.

Many complainants shared that they continue to operate without any form of employment letter, either from subcontractors or directly from Indorama. They stated that this lack of documentation not only undermines their sense of job security, but also impedes their ability to ascertain their official job grade and corresponding salary, as these details are typically outlined in employment contracts. The complainants stated they are left relying on the discretion of subcontractors regarding their employment terms and compensation.

Intimidation and retaliation

The complainants expressed concerns regarding a pervasive atmosphere of intimidation and retaliation within the workplace by both Indorama and subcontractors. They shared that any attempts to raise grievances to Indorama or subcontractors are met with threats and reprisals, which in their view fosters an environment of fear and uncertainty among the workforce.

The complainants reported that raising complaints often results in being labeled as troublemakers, leading to potential repercussions such as being assigned more difficult tasks or facing threats of termination. One complainant recounted being informed that their position could easily be filled by numerous replacements. In their view, such reported actions effectively silence dissent and discourage the complainants from making further complaints.

Additionally, the complainants claimed that punitive measures are imposed by subcontractors in response to missed workdays, wherein deductions from wages exceed the amount corresponding to the absence. They claimed this practice serves as a form of punishment, exacerbating financial strain and further deterring them from taking leave, even when necessary.

Furthermore, the complainants alleged coercion and intimidation tactics aimed at preventing them from joining the union, with reportedly only a select few being permitted membership, while others are actively discouraged or threatened. They also mentioned that there's been a creation of a separate union specifically for contract workers employed as drivers. They expressed concern over the legality of this action, as they understand that labor regulations

generally allow for only one union within a workplace. The creation of this second union has been perceived by some complainants as a tactic to fragment and exert control over the workforce.

Grievance mechanism

The complainants shared their frustration with the existing grievance procedure, reporting that, despite utilizing available channels – including the union and other grievance mechanisms – their concerns remain unaddressed. The process is described by complainants as convoluted and ineffective, with obstacles at every turn.

The complainants shared that when they attempt to raise issues with their subcontractor, they are redirected to Indorama for resolution. Conversely, when approaching Indorama directly, they are referred back to their subcontractor. The complainants expressed that this back-and-forth results in a cycle of confusion and frustration, leaving them feeling unheard and their concerns unresolved.

II. Health and safety

Safety

The complainants shared their concerns regarding safety conditions within the workplace. They expressed that they handle hazardous materials without adequate safety measures in place. Specifically, they highlighted the limited provision of personal protective equipment (PPE), which they are supposed to receive twice a year. Due to the nature of their work, the PPE provided reportedly quickly wears out, resulting in prolonged use of damaged equipment.

The complainants reported instances of ammonia leakages and urea spillages, which they say compromise the integrity of their PPE. Additionally, the complainants claimed the inadequacy of standard masks provided for working with gaseous ammonia, exposing them to potential inhalation risks. The complainants reported that they find themselves in harmful situations due to the absence of proper respiratory masks. To mitigate these safety concerns, the complainants stated that many of them resort to purchasing their own PPE, incurring personal expenses to ensure their own protection.

Medical coverage

The complainants shared their concerns regarding the adequacy of medical benefits provided to them and alleged disparities between the coverage received by contract workers and regular staff. They expressed that the medical provisions afforded to contract workers are minimal, failing to adequately address the costs associated with basic medical treatments. In contrast, the complainants reported that regular staff enjoy more comprehensive coverage, which in their view exacerbates feelings of inequity among the workforce. While acknowledging that differences in benefits may exist between various categories of employees, the complainants advocate for an increase in medical coverage for contract workers.

Dry rations

The complainants voiced their concerns regarding the provision of dry food rations, which they state are intended to bolster their immune systems against the hazards inherent in factory work. However, instead of receiving actual dry ration products, Indorama provides a monetary

allowance of 2,500 Naira per month. This amount, according to the complainants, falls significantly short of covering even a few days' worth of dry rations, let alone sustaining them for an entire month.

The complainants claimed a disparity in treatment, highlighting that while Indorama regular staff receive actual dry food ration products, it is the complainants – who reportedly endure longer hours in the factory – who receive monetary compensation instead. Considering this, the complainants request that dry food rations be provided not in monetary form but rather in the form of actual products, like the provision for regular staff members.

III. Unfair termination

Termination of union chair

The lead complainant alleged that his termination from Indorama was an act of retaliation for fulfilling his duties as the union chair. He asserted that he had been in communication with Indorama's Human Resources (HR) management regarding non-compliance with the terms of the CBA and the challenging working conditions faced by contract workers.

When he felt his attempts to address these issues through Indorama management were unsuccessful, the lead complainant recorded a video illustrating the working conditions endured by contract workers on site and shared it with Indorama HR via WhatsApp. Despite his claim that this action did not violate the company social media policy, he was accused of such by Indorama.

Moreover, the complainant contended that the hearing process leading to his termination was flawed, as the elected Company Disciplinary Committee (CDC) representatives of the workers were not invited to participate in the proceedings. He maintains that his termination was unjust and solely motivated by his efforts to advocate for workers' rights as their union chair.

Company's perspective

Indorama expressed its commitment to complying with labor regulations to foster a safe and equitable workplace environment and contends that it has been operating in compliance with the conditions agreed within the CBA. Its response to the complainants' issues is detailed below.

I. Working conditions

Salary

In response to concerns raised about salary issues, Indorama has stated that their Contract Management Cell (CMC)⁶ is responsible for ensuring timely processing of invoices, preparation of salaries, pension schedules, union check off dues, and general welfare supervision. They shared that the CMC also address specific grievances related to salaries and payment from contract workers.

⁶ According to Indorama, the CMC also oversees compliance with labor laws and IFC performance standards, including principles and policies related to human rights, discrimination, sexual harassment, anti-retaliation, protection of vulnerable groups, child labor, and forced labor. Additionally, the CMC enforces the establishment of workers' organizations, grievance management procedures, collective bargaining agreements, and occupational health and safety measures.

Regarding delays in salary payments, Indorama stated that it has always adhered to the payment timelines outlined in the CBA and has implemented measures to ensure that subcontractors make timely payments to their workers. Indorama shared that its internal investigation found no evidence of undue deductions or withholding of salaries by subcontractors. Indorama disagreed with the assertion that they have instructed subcontractors to make such deductions as it would amount to a breach of contract and would incur penalties. Indorama further claimed that making direct payments to workers of third-party subcontractors would be legally untenable and would breach the privity of contract.

Indorama stated that various forms of personal income, including housing allowance, transport allowance, and overtime earnings, are fully taxable under the Personal Income Tax Act 2004 (As Amended). They find the claim made by complainants suggesting they face higher taxation to be inaccurate. Regarding union check off dues, they state that the deduction of union checkoff dues and the distribution of rebates are both regulated by the union's constitution. They claimed that it is the subcontractors who are responsible for remitting checkoff dues to the national secretariat of the union in accordance with the CBA. Furthermore, the allocation and administration of rebate payments among the National, Zonal, and Branch Secretariats are governed by the union's constitution.

Pension

Indorama responded to concerns regarding pension deposits, denying intentional withholding of workers' pension contributions. It asserted that the CMC prepares a monthly schedule of all contract workers for every subcontractor to remit to their respective pension fund administrator for deposit in their RSAs. They contend that it is untrue that some contract workers have experienced extended periods without any deposits into their RSAs.

Indorama also noted that in Nigeria, pension affairs are regulated by the Pension Reforms Act 2005 (As Amended), and its pertinent stipulations are incorporated into the existing CBA. They claimed to have implemented mechanisms to oversee and ensure adherence to statutory remittances into the RSAs of contract workers by their respective contractors.

Subcontractors involved in pension contributions shared that this matter is closely monitored by Indorama. They further stated that they are required to provide proof of deposit receipts to Indorama every time pension contributions are made into workers' accounts. Indorama claimed that their supervision underscores their commitment to ensuring the timely and accurate disbursement of pension funds to its contract workers.

Housing

Indorama shared that they addressed concerns relating rental allowance by indicating that they abide by Article 17 of the CBA, which stipulates that the rental allowance shall be part of the total monthly emolument.

Working hours

Indorama stated that the two days of rest after two days of 12-hour shift system is not specified in the CBA, and that the parameters of working hours and shift duty, as defined in the CBA, are being implemented to the letter. They shared that such proposal was discussed in 2023, but it was resolved that the status quo be maintained pending the forthcoming CBA negotiation. Indorama emphasized that matters provided in the CBA can only be altered by an amended CBA.

Indorama further stated that shift schedules and applicable allowances for shift duties as provided under the CBA apply to all contract workers. They disagree that shift schedules are coerced upon contract workers. Indorama further added the claims relating to confusion of calculations of overtime have not been brought to the attention of subcontractors or Indorama.

Promotion

Indorama shared that they have an Equal Employment Opportunity (EEO) policy. They indicated that vacancies are advertised in accordance with the EEO policy, and a contract worker may apply to such vacancies if they meet the qualifications. They also stated that contract workers are not employees of Indorama but instead of the subcontractors that hired them.

Additionally, Indorama stated that they offer vocational training programs to support workers in upgrading their skills and qualifications. Workers with the requisite degree and qualifications are provided with refresher courses to update their knowledge and undergo technical tests to qualify for technical positions as part of corporate social responsibility.

Indorama also indicated that they provide opportunities for career advancement and skill development by offering vocational training in areas such as scaffolding and HVAC to enable workers to enhance their career prospects. Subcontractors also shared their experience with these practices, citing numerous instances where dedicated and committed workers were hired for staff positions based on merit and qualifications. They stated that all contract workers can apply for positions advertised by Indorama if they meet the requisite qualifications.

Employment letters

Indorama stated that it is mandatory for subcontractors to issue appointment letters to their contract workers as per the labor laws in Nigeria. Indorama shared that if a worker does not have an employment letter, they encourage them to utilize the grievance mechanism channels to inform them. Indorama stated that they are committed to enforcing labor laws in Nigeria and that they have carried out training programs for all sub-contractors to create awareness and ensure compliance with national labor laws and IFC Performance Standards.

Intimidation and retaliation

Indorama stated that they are committed to addressing issues of intimidation and retaliation. Per Indorama, matters of intimidation and retaliation are taken seriously and various measures have been implemented to foster a safe and inclusive work environment.

Indorama shared that they have an anti-retaliatory policy in place and that guidelines regarding anti-retaliatory/reprisal policies have been disseminated to all subcontractors providing services at Indorama. They further stated that training programs have been conducted for their various internal and external stakeholders about their anti-retaliation policy. Furthermore, Indorama stated that the CBA outlines grievance mechanisms available to all contract workers which they have utilized for redressal of their claims.

They further claimed that labor practices are governed by the principle of "no work, no pay," as documented in the CBA. Based on their available records, Indorama shared that no contractor is enforcing this principle beyond what is required or stated in the CBA.

In relation to the claim of multiple unions, Indorama noted that there are three contract branch unions under NUCFRLANMPE. They stated that all employees have the right and autonomy to organize into these unions based on the nature of their contracts, in accordance with the Trade Union Act. They shared that Nigerian labor laws prohibit employers from interfering in

the membership of labor unions, which they claim Indorama and their subcontractors comply with.

Grievance mechanism

Indorama stated that workers are encouraged to raise complaints through various avenues, including direct communication with subcontractors or Indorama, utilization of grievance boxes placed around the complex for anonymous submissions, or through established HR channels and procedures outlined in the CBA.

Indorama provided a log of complaints received through their grievance mechanism since 2017, along with the corresponding actions taken in response. They claimed that the complaints brought to their attention have been addressed and disagree with the claim of silencing dissent and providing inappropriate responses to grievance notifications.

Indorama stated that they ensure comprehensive oversight of grievance resolution processes, with the CMC dedicated to addressing issues related to salary and other payments. They indicated that they further facilitate the timely resolution of grievances through weekly reviews of complaints received by the CMC and monthly performance management reviews.

Indorama also shared that subcontractors play a role in grievance resolution, utilizing grievance books to document and address workers' complaints. They stated that if subcontractors are unable to resolve an issue internally, they can escalate it to their union representative, who collaborates with Indorama management to find resolutions.

Overall, Indorama shared that they and their subcontractors prioritize the prompt and effective resolution of grievances, ensuring that workers' concerns are heard, addressed, and resolved in a transparent and fair manner.

II. Health and safety

Safety

In response to safety concerns raised by workers, Indorama asserted its commitment to enforcing labor laws and maintaining safe working conditions. They shared that they undergo periodic inspections by factory inspectors to monitor compliance with safety standards, including those stipulated by international organizations such as the IFC, British Safety Council, and World Bank.

Indorama shared that they have an effective Health, Safety, Environment and Fire (HSEF) Organization Structure and that various participatory health, safety, and environmental programs are organized by the HSEF to foster a culture of safety among employees. They added that safety is ingrained as a key performance area for all staff members, with strict adherence to PPE protocols.

Indorama stated that they maintain a well-defined Standard Operating Procedures (SOPs) for PPE to ensure quality compliance with national and international standards. Indorama added that they ensure that contractors procure complete PPE requirements for their employees and maintain a detailed PPE matrix for each department, and that mandatory items like boots, coveralls, and helmets are issued periodically, with replacements provided in case of damage. Likewise, consumable items such as masks and gloves are replenished as needed, while job-specific PPEs are provided based on the nature of the task.

Addressing complaints regarding ammonia leakage and urea spillage, Indorama asserted that its plants are engineered and designed by world-class technology providers, incorporating

built-in preventive measures. These include closed-loop processes, operation via distributed control systems, and the implementation of electronic work permit systems to ensure PPE availability prior to task commencement, supplemented by pre-job toolbox talks. Indorama indicated that they consistently maintain operating parameters within both national and international regulatory standards, supported by a robust onsite emergency management system. Moreover, Indorama stated that they ensure the deployment of gas leakage detectors across all plants and conduct regular risk assessments to identify and mitigate process and engineering hazards. Indorama believes that with a comprehensive array of preventive, protective, and mitigation measures in place, the integrity of PPE remains uncompromised.

Indorama disagreed with claims of workers purchasing PPE at personal expense, claiming that all PPE used within its facilities is procured at Indorama's expense. They further added that regular safety meetings and patrols are conducted to ensure compliance with safety standards, with subcontractors actively involved in PPE issuance. Indorama expressed that any concerns regarding damaged equipment are promptly addressed.

Medical coverage

In response to concerns about medical benefits, Indorama stated that they are dedicated to guaranteeing healthcare access for all employees. They shared that the CBA between the union and contractors outlines the provision of medical insurance coverage through a Health Maintenance Organization (HMO). Indorama added that they have implemented various measures, including a contract management cell, to oversee and ensure the efficiency of this program.

Indorama stated that there is no difference in medical treatment between contract workers and regular staff and all necessary medical procedures are covered by Indorama, regardless of whether they fall within the services provided by the HMO. Furthermore, they shared that while the Nigeria Health Insurance Authority Act (NHIA) mandates employers and employees to contribute 10% and 5% of the basic monthly salary, respectively, Indorama assumes the entire premium cost. Indorama stated that no ailment is denied, and all medical expenses are directly covered by them.

Indorama explained that the primary distinction in medical benefits between regular staff and contract workers lies in the category of hospitals they can access for treatment. However, they claim that contract workers have reported positive experiences with medical benefits, noting that they consistently receive treatment and that their immediate family members are also covered under these benefits.

Dry rations

Indorama addressed the concerns regarding the provision of dry food rations by stating that the payment of the dry ration allowance to the contract workers is regulated by the subsisting CBA. Indorama stated that they expect the union and the subcontractors to discuss, and amicably resolve, all matters relating to dry ration in the forthcoming CBA.

III. Unfair termination

Termination of union chair

Indorama stated that the former union chair was employed by M/s Obewon Limited, a subcontractor who provides manpower for bulk conveyor belt field operations. Indorama said that the former union chair made unauthorized videos of their manufacturing process and circulated them with the motive of tarnishing the Indorama's image and blackmailing them. They claimed these videos were a breach of internal safety regulations and were manipulated

in a manner to give false impressions about the working conditions at Indorama. Indorama shared that the videos were distributed to both internal employees and external individuals and violated Indorama's social media policy.

Indorama stated that they notified M/s Obewon Ltd regarding the incident and Obewon's management initiated the disciplinary process in accordance with the CBA. They said that CDC was convened to investigate the matter, issuing a query, and providing the former chair with a hearing opportunity. They further indicated that the CDC was comprised of two workers' representatives as nominated by the union and three representatives from the management of Obewon Ltd in accordance with the CBA.

Following the hearing, Indorama stated that the former union chair was found by the CDC to have sent threatening messages to its members. Subsequently, the Committee found him liable of the alleged violations and recommended termination to his contractor, which concurred with the decision.

The former union chair was then provided with a termination letter detailing the basis for his termination. Indorama says that he had the option to challenge the decision through the grievance process outlined in the CBA, which includes escalation through the branch union, zonal union, national union, Ministry of Labour, and National Industrial Court. However, he did not avail himself of these options.

Indorama expressed that due process was followed throughout the termination procedure, adhering to the provisions outlined in the CBA. They stated that they remain committed to upholding transparency and fairness in its disciplinary procedures, ensuring compliance with applicable regulations and contractual obligations.

ASSESSMENT CONCLUSION

The complainants opted for the dispute resolution process, while Indorama expressed their desire for the complaint to progress to CAO's Compliance function. As a result, the case is now being transferred to CAO's Compliance function for appraisal of IFC's environmental and social performance related to the project.

CAO's compliance appraisal will determine whether further investigation of IFC is warranted or whether CAO closes the case.

APPENDIX A. CAO COMPLAINT-HANDLING PROCESS

Once CAO declares a complaint eligible, an initial assessment is carried out by CAO Dispute Resolution specialists. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the complainant(s); (2) gather information on how other stakeholders see the situation; (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function or whether the case should be reviewed by CAO's Compliance function.

As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy,⁷ the following steps are typically followed in response to a complaint that is received:

Step 1: **Acknowledgment** of receipt of the complaint.

Step 2: **Eligibility**: Determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).

Step 3: **Assessment**: Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with the possibility of extension for a maximum of 30 additional business days if after the 90-business day period (1) the parties confirm that resolution of the complaint is likely; or (2) either party expresses interest in dispute resolution, and there is potential that the other party will agree.

Step 4: **Facilitating settlement**: If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.⁸

OR

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one complainant must provide explicit consent for the transfer unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending by 20 business days in exceptional

⁷ For more details on the role and work of CAO, please refer to the IFC/MIGA Independent Accountability Mechanism (CAO) Policy: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/889191625065397617/ifc-miga-independent-accountability-mechanism-cao-policy>

⁸ Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO Dispute Resolution will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible, the Dispute Resolution team will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public, that CAO Dispute Resolution has concluded the dispute resolution process and transferred it to CAO Compliance for appraisal.

circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA’s performance. An investigation report will be made public, along with IFC/MIGA’s response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

Step 5: **Monitoring and Follow-up**

Step 6: **Conclusion/Case Closure**

Figure 2. Compliance Process Flowchart

