

## Indorama Kokand Fertilizers and Chemicals JSC



## STAKEHOLDER ENGAGEMENT PLAN

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## Purpose

Indorama Kokand Fertilizers & Chemicals is in the process of revamping an outdated phosphate fertilizer plant built in 1935 with a number of subsequent phases of commissioning and decommissioning, in Uzbekistan (the “Project”). Being commissioned in 1935, Kokand Superphosphate Plant (“KSPP”) is one of the oldest plants in the Republic of Uzbekistan and is specialized on production of mineral fertilizers, in particular the ammoniated single superphosphate. The plant is located within Kokand City, Fergana Region of Uzbekistan, and has a total area of 30.2 ha including 6.2 ha of built-up area occupied by buildings and structures including for both production and administrative use.

KSPP was reconstructed several times since its commissioning, but, despite that, the existing process flow scheme became outdated. The plant has a design capacity of 250,000 tons of ammoniated single superphosphate per year, however, due to outdated and inefficient equipment which has been poorly maintained over the years, the current production capacity was around 100,000 tons per year (“TPA”) and the health, safety and environmental (“HSE”) performance not consistent with World Bank Group (“WBG”) guidelines.

In late 2015, the Government of Uzbekistan (“GoU”) announced its plan to privatize KSPP. In June 2016, Indorama Corporation, Pte. Ltd, Singapore (“Indorama Corporation” or the “sponsor”) signed a memorandum of understanding with the GoU to engage in the privatization.

IKF as a responsible business contributing immensely in improving quality of life of people by Aligning business practices with stakeholder in fast changing business environment needed to create a robust system to engage with stakeholders and reciprocate their issues. This made imperative to make a Stakeholder Engagement Plan which has recently been identified as a key to business success. Stakeholder Engagement Plan is more than just seeking public comment on the operations of the organization. Effective Stakeholder Engagement plan provides opportunity to understand diverse stakeholders, a method for identifying their concerns and values, developing consensus among affected parties, and producing efficient and effective solutions through an open, inclusive process. Stakeholder Engagement Plan is used by the company to seriously consider the views of mapped stakeholder in making and implementing a business decision. It also provides significant opportunities to further align business practices with societal needs and expectations.

Till date we have no structured plan and engaging the stakeholders as per requirement. Hence to align business practices with stakeholder needs and expectations a stakeholder engagement plan must be in place.

Stakeholder engagement is a part of our core business strategy. IKF, knowing the importance of the stakeholder engagement, has drafted a plan on Stakeholder Engagement. The plan has identified government authorities, regulatory bodies, investors, employees, local communities, industries, and other interested third parties as its stakeholders.

## Objective

The Stakeholder Engagement Plan (SEP) is a communication tool that will link and assist in the management and flow of information between IKF and its stakeholders. Its primary aim is to enhance and encourage relations between all parties in an objective way. Periodic monitoring and evaluation will ensure that any necessary revisions are made in a timely manner. Objectives of SEP are as follows-

- Facilitate open communication with stakeholders.
- Build strong transparent relations with stakeholders.
- Provision of relevant, timely and accessible information to stakeholders in an appropriate and understandable format
- Early identification of potential issues, conflicts and benefits
- Formation of new formal partnerships
- Promotion of a wider circle of responsibility for decisions and actions
- Design and mitigation measures to reduce potential impacts and to enhance possible benefits.
- Set up an effective system for grievance reporting & resolution.
- Generation of new ideas
- Enhancement of social capital and/or improved services for people
- Policy change.
- Increased community cohesion and strengthened shared identity.

Following system of stakeholder engagement is applicable to IKF:

## Identification and Analysis of stakeholder

**Stakeholder engagement process and information disclosure-** During this step, IKF is to ensure that identified stakeholders are appropriately engaged on environmental and social issues that could potentially affect them through a process of information disclosure and meaningful consultation.

**Meaningful consultation-** The consultation process will be based on the disclosure of information relevant to IKF activities and operations. The consultation process will be undertaken in a manner that is inclusive and culturally appropriate for all stakeholders.

**Grievance mechanism-** Maintaining a grievance process by which the general public and other stakeholders can raise concerns, and which will be handled in a prompt and consistent manner.

## Scope

This process is applicable to all stakeholders concerned with IKF.

## Related Definitions

**Stakeholder-** A stakeholder is anybody who can affect or is affected by an organization, strategy or project.

**Affected Party** – Stakeholders who are affected by the company or operation, both positively and negatively.

**Consultation** – a purposeful dialogue which deliberately seeks input from stakeholders in order to shape relations and the development of programs. It involves the business, key individuals, organizations and groups affected by or interested in the development and outcomes of the issue/process being discussed. The aim is to ensure mutual understanding and for all parties to be able to manage decisions that have a potential to affect all concerned.

**Grievance** – a concern, complaint or feedback raised by any stakeholder either affected or interested in company operations. Both concerns and complaints can result from either real or perceived impacts of a company's operations.

**Incident** – an event or chain of events which caused or could have caused injury, illness, loss of assets or potential or actual damage to relationships or reputation.

## **Stakeholder Identification and Analysis**

Stakeholders are crucial to the success of the project. Neglect them and they will actively work against you. Manage them well and they will actively promote the project. IKF has given utmost importance to identifying relevant people, organizations and groups who matter the most in its operations. Stakeholder Mapping is a very important step to make a Stakeholder Engagement Plan (SEP). The identification process involved making inventory of stakeholders who have influenced in past besides focusing on future expansion plan. While analyzing the inventory of stakeholder on the parameters of degree of influence, willingness and necessity of involvement and legitimacy to engage, prioritization of stakeholder has been done.

## **Guiding principles**

### **Responsive and reciprocal**

We understand that engagement is a two-way process and appreciate the benefits of mutual learning (between stakeholders and IKF). IKF values stakeholders' contribution to improving outcomes.

### **Inclusive**

We commit to seek out and facilitate the involvement of those potentially interested or affected by IKF's work.

### **Impartial and objective**

We will make efforts to ensure information is accessible and objective and facilitate engagement with all stakeholders who have an interest.

### **Open, transparent and trusting**

We will provide information so stakeholders can participate in a meaningful way and will foster a culture of sharing ideas.

### **Respect**

We will value stakeholders and use their input to improve policy and outcomes. We will actively listen to and understand stakeholder needs, seeking to understand.

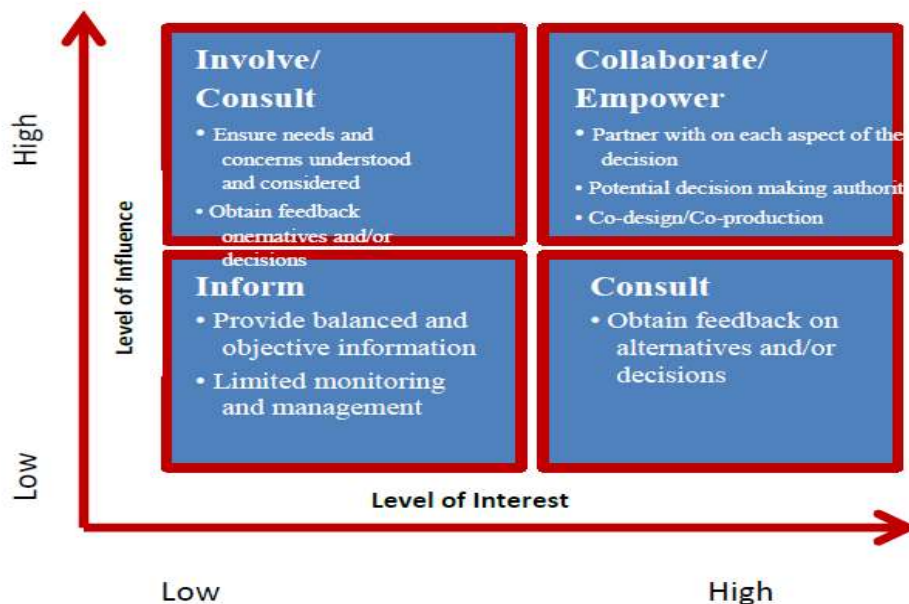
## Ownership of Engagement

The owners of the engagement are the individuals or groups, including partnerships or collaborations, either internal or external to the organization, who participate in the decisions associated with the planning, preparation, implementation, review, and communication of the engagement. Based on the purpose of Engagement or verticals of engagement, stakeholders and the ownerships are defined (Annexure 1).

**Stakeholder analysis** is an essential step in the process of developing a useful engagement plan. For engagement to be effective, it is necessary to understand the complexities of the relationships between the stakeholders and the project.

## Stakeholder Analysis Tool

Each stakeholder is mapped onto a quadrant reflecting their level of influence and interest. This will determine the level of engagement (inform, consult, involve, collaborate, or empower) that is required with each stakeholder.



## Stakeholder engagement

IKF shall establish the appropriate ways of engaging with its stakeholder. For each engagement, IKF should establish:

- Specific engagement objective(s) and scope,
- Stakeholder representation (i.e. what stakeholder groups should be included, and at what degree of representation),
- Level of engagement (e.g. from the more passive forms such as monitoring and informing, to the more active such as collaborating or empowering),
- Engagement medium (e.g. internet, phone, video conference, direct (local) interaction, print, broadcast or mixture of any of the above),
- Facilitation technique (e.g. facilitated, debate, convened, mediated binding or non-binding), and
- Method of engagement (e.g. surveys, focus groups, local representatives, one-to one, online forum, road shows, stakeholder networks, stakeholder panels or committees, public meetings or forums, partnerships including alliances, collaborative projects, initiatives or ventures, or world café)

Stakeholder engagement is a two-way process. However, there are different levels and associated engagement methods depending on the nature and extent of stakeholder involvement.

Stakeholder levels and associated methods may be described as follows –

Sr. No.	Level of Engagement	Methods for Engagement
1.	<b>Consult</b>	
		<ul style="list-style-type: none"><li>• Survey</li><li>• Focus groups meeting</li><li>• Public meeting/ workshop</li><li>• On-line feedback mechanism</li><li>• Advisory committee</li></ul>
2.	<b>Negotiate</b>	
		<ul style="list-style-type: none"><li>• Collective bargaining</li></ul>



3.	<b>Involve</b>	
	Two-way or multi-way engagement: learning on all sides but stakeholders and organization act independently	<ul style="list-style-type: none"> <li>• Multi-stakeholder forum</li> <li>• Advisory panel</li> <li>• Consensus building process</li> <li>• Participatory decision-making process</li> <li>• Focus group</li> <li>• On-line feedback scheme</li> </ul>
4.	<b>Collaborate</b>	
	Two-way or multi-way engagement: joint learning, decision making and actions	<ul style="list-style-type: none"> <li>• Joint project</li> <li>• Joint venture</li> <li>• Partnership</li> <li>• Multi-stakeholder initiative</li> </ul>
5.	<b>Empower</b>	
	New forms of accountability; decisions delegated to stakeholders; stakeholders play a role in governance	<ul style="list-style-type: none"> <li>• Integration of stakeholders into governance, strategy and operations management</li> </ul>

## Mapping & Prioritization

The list of stakeholders may be quite long, prioritization is fundamental to ensure the effectiveness of this activity. During this stage, each stakeholder must be mapped based on their level of influence/power over the business and other stakeholders using the definitions shown in below

Table:

Type	Description	Influence
Board of Directors	Who retains power of decision in the business	High
Supervisory committee	Who influence positively or negatively the board of Directors during the decision-making process	High
Community	People living in surrounding or businesses. Stakeholders can affect or be affected by the community's actions, objectives and policies	High
Legal & Regulatory	Who have major influence and significant power in making decisions and Laws or rules that can affect the business	High
Influencer	Who influences positively or negatively the approvers, controllers and Board of Directors during the decision-making process	Medium
Supply chain partners	Company involved in providing product or services related to logistics, sourcing etc.	Medium
Lenders	a financial institution that makes funds available to a business	Medium
Employees	Works together directly to make run the business	Low
Trade Union	an organized association of workers, formed to protect and further their rights and interests.	Low

All identified stakeholders can be grouped if that makes easier the follow up and definition of management and communication actions. For each stakeholder group assess its:

- Influence and status (political, social, economic)
- Degree of organization
- Control of strategic resources
- Informal influence
- Power relations with other stakeholders
- Other relevant background

### **Management, Resources and Responsibilities**

The management of IKF will allocate sufficient budget and resources to ensure adequate implementation of Stakeholder Engagement Plan throughout all project phases.

The implementation of this social management plan for the project will be managed and monitored by Head HSE / Head Community & Corporate affairs / Head-HR Department.

These Depts. are run with specialist staff/employees. Responsibilities of staff include but are not limited to:

- Coordinate communication with local communities.
- Coordinate and follow-up on responding to comments and concerns from public.
- Manage grievance mechanism locally.
- Developing Information center activities;
- Planning and organization of programs and company events;
- Timely communication to stakeholders;
- Preparation of news releases, information and presentation materials;
- Interaction with stakeholder groups; involvement in joint projects;
- Liaises with the local community, etc.

### **Management Functions**

Organizational structure is very important for successful implementation of social management plan. Human resource and corporate affairs department will be responsible for implementation and coordination of activities associated with social management plan. Human resources and community relations will be responsible to manage all activities related to documents and logistics.

### **Head-Human Resource (HR) and Industrial Relations (IR):**

- Overall responsibility for all stakeholder engagement activities with community-based stakeholders
- Provides sufficient and competent resources, including budget, for effective implementation of this Plan
- Continuously update stakeholder information (contact details, Organizational
- Details and engagement activities)
- Reviews performance indicators and issues with the General Director and Project Management at Project Stewardship Reviews; elevates issues (as appropriate) should they emerge urgently and outside of Project progress Reviews

### **CSR and corporate affairs:**

- Build and maintain strong working relationships with key stakeholders and manages stakeholder engagement activities with local communities.
- Communicate with the local community, contractors and subcontractors around project plans, progress, impact and benefits.
- Identify community needs for social development or engagement requirements and required logistics.
- Act as mediator between company and stakeholders (communities, Government structures, Traditional structures, etc.)
- Monitor and prioritize relevant political and social intelligence in the areas of operation to the company and report this information in a timely manner through line management.
- Advises management on the outcomes of stakeholder engagement activities and programs
- Assist the HR Manager during the recruitment process by soliciting community requirements.
- Responsible for the disclosure of Project information and public consultation activities
- Responsible for sustain relationships and communicate with Government entities and the media. He would also be interacting with stakeholders (Government and Media).
- Responsible for internal communications with staff and contractors concerning occupational health and safety.
- Participate in all relevant corporate and community events and provide proactive advice, Identify need, develop and implement plans on engagement and stakeholder matters where needed.

### **Incident Reporting and Recording**

IKF will ensure that all questions, complaint, grievance or incidents should be reported and recorded. IKF will ensure that any community meeting, promise or significant interaction is recorded for continuity (to allow for rotation or turnover of key staff) and for the protection and satisfaction of both the community and the company.

IKF will ensure to have a two-way communication with its key stakeholders. Grievance (internal or external) will be dealt with as per grievance mechanism document.

## Consultation & Disclosure of Information

IKF will consult all stakeholders and ensure disclosure of relevant project information to understand the risks, impacts and opportunities of the project. A standard process of consultation shall be followed for all the stakeholders wherein their opinion will be sought and will be taken care of while implementing any plan. Preferable communication and information will be shared in local language. The organization shall ensure that stakeholder concerns, opportunities and risks are identified and understood in a way that enhances the understanding of materiality. It shall identify enablers (i.e. the means) to learning and improving performance.

Stakeholder	Engagement Mechanisms	Frequency	Disclosure methods
Lenders and insurers	Environmental & Social construction monitoring and audit on HSE system	As required	Site visit, project progress report and review of HSE documents.
Controlling organization (Regulatory Authorities)	Environmental impacts mitigation reports	Quarterly	Notifications, key reports. Comply with regulatory recommendation
Suppliers, Consumers and employees	Safety management system Environmental and social responsibility	As required	HSE report
Host Community	<ul style="list-style-type: none"> <li>Environmental impact</li> <li>Safety management system</li> <li>Updates in case of major Accident with help of Local Authorities</li> </ul>	As required	Paper copies of documents
constituted committee of Trade Union	Environmental & Social construction and operation monitoring and audit on HSE system	As required	HSE Report
Shareholders	Annual Reports	Annual	Project development status & report

## **Stakeholder Engagement Documentation**

A proper MIS has been developed to track the outcome of each stakeholder consultation. The MIS provides necessary information like list of stakeholders, plan, schedule of engagement and define periodicity of engagement including option to give feedback of each such meeting. The MIS provides relevant information to generate records of all such meetings. Engagements shall be documented and the compiled report along with evidence will be submitted on a quarterly basis to the Sr. Management.

### **TRAINING**

Training on Stakeholder Engagement, relevant to their exposure and responsibilities will be provided to all the Company's representatives interacting with various Stakeholders, which includes as a minimum:

- Expected behaviors when interacting with the community and stakeholders.
- Stakeholder Engagement principles
- Roles and responsibility for Stakeholder Engagement (including key internal and external stakeholder contacts)
- Incident reporting procedures
- Recording procedures for all other types of community engagement activities (such as meetings, agreements etc.)

### **ROLES AND RESPONSIBILITIES**

IKF shall ensure that roles and responsibilities for implementing and complying with this Standard are well defined. Key responsibilities shall be included in job descriptions.

### **COMPLIANCE AND PERFORMANCE**

All requirements of this process will be complied and the performance will be evaluated based on the evidence of engagement.

## Continuous Review

This process shall be periodically reviewed to determine its accuracy and relevance with regard to legislation, education, training and other changes. In all other circumstances, it shall be reviewed no later than 24 months since the previous review.

## Reference

A summary of the references to this document is provided in the following table-

Doc. Ref.	Document Name
IFC & EBRD applicable Performance Standards	Performance Standards