

Feedback on the draft ESIA Disclosure Pack

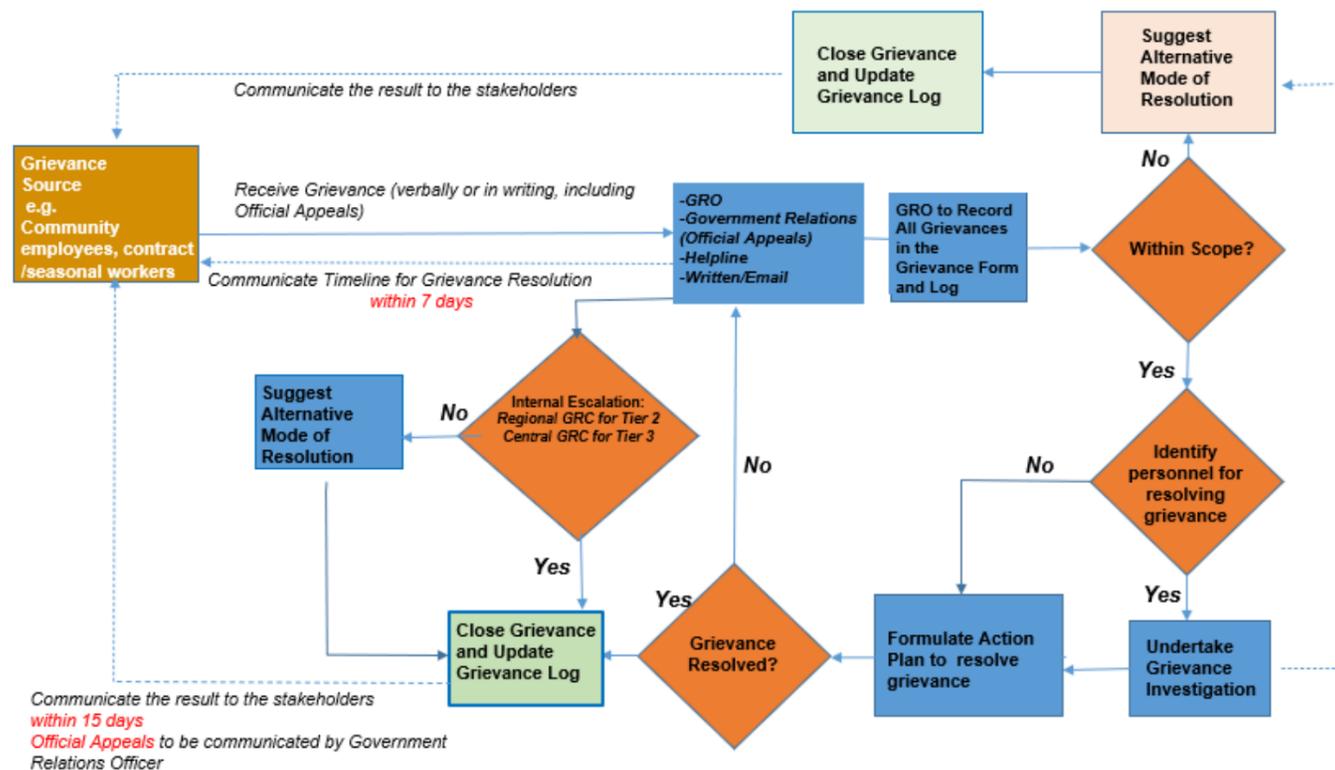
This leaflet along with a feedback form will be placed in all Mahallas and in Company's premises along with comment boxes for receiving written feedback during the 60-day disclosure period, which will end on June 22, 2020. To the extent possible, leaflets and feedback forms will also be distributed directly to the households in the Project communities. Comments can also be submitted via email, telephone, or regular mail. Additionally, the feedback form can be downloaded from the Company's website and duly filled forms can be sent to the email addresses displayed below.

Following the disclosure period, the comments received will be collated and considered in the finalization of the ESIA.

Project Grievance Mechanism

Indorama Agro values the feedback from affected persons and interested stakeholders. The Company's grievance mechanism aims to provide an easily accessible, transparent, and consistent process for submitting and processing complaints. All complaints will be treated confidentially, and they can also be submitted anonymously (although we cannot respond to complaints directly where the complainant is not known). There shall be no negative repercussions for speaking up and retaliation against complainants will not be tolerated.

We propose the following standard operating procedure:



* The grievance source of anonymous grievances will only be known to the GRO and no other member or person.



Indorama Cotton Farming Project

About the Project

National Strategy and Cotton Farming Schemes

The Government of the Republic of Uzbekistan has formulated a national strategy towards modernizing the cotton sector and developing the textile industry via extensive involvement of the private sector in cotton farming. It aims to reduce the role of the State in the agricultural production, stimulate direct investment, introduce effective methods of cotton farming, and increase productivity and wages in the agricultural sector.

Project Company

In response to this strategy, Indorama Corporation Pte. Ltd. (the Sponsor) has started growing cotton to supply its existing spinning facility in Kokand (operated by JSC Indorama Kokand Textile, Uzbekistan). A project company – FE Indorama Agro LLC, Uzbekistan (the Company) was established by a subsidiary of the Sponsor to develop and implement the cotton farming scheme.

Project Definition

The Project will grow and process cotton and grow wheat and mung bean or any other crops suitable for rotation with cotton.

Project Location

The Government of the Republic of Uzbekistan has allocated 54,000 hectares (ha) of cotton land to FE Indorama Agro LLC under 49-year lease agreements for direct cotton farming within the Kasbi and Nishon districts of the Kashkadarya region and the Sardoba and Oqoltyn districts of the Syrdarya region. The land consists mainly of existing cotton farms re-allocated on a voluntary basis. Land parcels allocated to FE Indorama Agro LLC have been consolidated into 22 cotton-growing sub-districts.

Along with FE Indorama Agro LLC direct cotton farming, a Contract Farming Programme has been launched in Kasbi district in 2019, which has been extended further to Nishon district in 2020. The contract farming program in Kasbi and Nishon involves ten sub-districts covering the total area of 13,000 ha and 10,000 ha respectively.

Project components

The Project will involve the following key components:

- Procurement of machinery and equipment for field works
- Procurement of equipment for gin plants, depots, and warehouses
- Construction of gin plants, seeds de-linting and cotton seed chemical treatment facilities
- Construct of two residential complexes in Karshi and Gulistan for staff and their families
- Rehabilitation and construction of cotton and grain storages, storage for crop inputs, mechanical workshop, equipment parking yards
- Restructuring and laser levelling of land plots
- Rehabilitation of irrigation and drainage systems including construction of drainage water collection and recycling facilities, pumps etc.
- Reclamation of abandoned fields, including desalinization

New facilities will be connected to utilities: electricity, gas, water, and sewerage.

Associated Project

The construction of a 5km power transmission line to connect the new ginning facility in Sardoba to electricity from the main grid constitutes an associated component of the Project.

Environmental and Social Impact Assessment

Requirements to Assessment and Programme

Financing for the Project will be sought from the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC). The Project has undertaken an environmental and social impact assessment (ESIA) in line with their environmental and social policies and performance requirements and standards. The objective of this ESIA is to identify the likely impacts of the Project on the environment and people and propose mitigation to prevent or minimize adverse impacts and identify potential opportunities. The ESIA addresses effects arising from the construction, operation and decommissioning of the Project.

The ESIA was disclosed on 24.04.2020 for a period of 60 days to comply with the applicable international requirements and to collect opinions and comments on the draft ESIA findings and the Project from stakeholders. It is available online at the following address: <http://www.indorama-agro.com/news.php>

ESIA Phases and Deliverables

The ESIA Study involved two major phases: (i) Scoping and (ii) Assessment.

The Scoping Phase deliverables included:

- ESIA Scoping Report
- Stakeholder Engagement Plan

The Final ESIA Report contains the following volumes:

- Volume I – Non-Technical Summary
- Volume II – Main Assessment Report
- Volume III – Appendices – this includes supporting information, baseline studies and modelling outputs
- Volume IV – Environmental and Social Management Plan (ESMP).

The draft ESIA documentation was prepared and disclosed in Uzbek and English languages. Due to restrictions related to Covid-19, hard copies were not made available at this time.

Public Consultation

The initially planned public exhibition events in the four districts of the Project cannot be arranged as intended because public gatherings are not possible at the current time due to the Covid-19 crisis. Instead, we are presenting a summary of the findings of the draft ESIA in this leaflet and proposing to collect comments from the key Project stakeholders via the attached comments form that can be emailed back to us or deposited in the comment boxes made available at the nearest Mahala office and Company offices. A list of key addresses will be displayed at all Mahala offices, administration offices and Company's premises. Once restrictions on public meetings are lifted, Indorama Agro will reassess the need for any additional consultation meetings. Information about the availability online of the draft ESIA will be advertised in local newspapers, on local radio, and Hokimiyats' websites. Adverts will include links and addresses where the Draft ESIA and Non-Technical Summary will be accessible in electronic format. Comment boxes and feedback forms provided also allow for anonymous comments to be submitted.

Project Effects

Potential impacts from the Project were identified in the ESIA Scoping Study and their magnitude and significance assessed during the Assessment Phase. The assessment of the significance of the effects and the identification of residual impacts considered any mitigation measures already adopted by the Project as well as the extent and duration of change, the number of people affected by the changes and the size of the resources affected and their sensitivity to the change. The criteria for determining the significance of the Project impact are specific for each environmental and social aspect but, generally, the magnitude of each impact and the sensitivity of each receptor have been defined (quantitatively where possible).

Positive Environmental and Social Effects of the Project Identified in the ESIA

- Generation of permanent and temporary employment

- Training, improving skills and know-how transfer
- Procurement opportunities
- Local and regional economic development
- Improved irrigation water management
- Improved soil quality
- Reduction in air emissions
- Reduction in greenhouse gas emissions

Potential Environmental and Social Risks and Impacts

The following environmental and social issues were considered, and their related risks and impacts outlined in the draft ESIA Report, along with an assessment of their significance and the identification of appropriate management measures:

- Labour and working conditions, including child, and forced labour
- Community health, safety, security, and well-being
- Occupational health and safety
- Socio-economic impacts, especially on women and vulnerable groups
- Disturbance/nuisance during construction and operation (including noise and vibration, dust, etc.)
- Influx of workers and population changes
- Land acquisition and economic displacement, including land re-allocation processes
- Air quality
- Hydrology
- Hydrogeology / land contamination
- Ecology
- Waste management
- Traffic and transport
- Cultural heritage

Proposed Mitigation Measures

The draft ESIA and ESMP identify the management measures aimed at preventing, minimizing and/or mitigating adverse environmental and social impacts covering all the potential adverse impacts listed above. Separately, a Livelihood Restoration Plan has also been developed to address the economic displacement impacts of the Project. The ESMP identifies which environmental and social management and monitoring policies, plans and/or procedures will need to be developed by the Company. This includes contractor management, labour management, water resources, water quality, drainage water and wastewater management and monitoring, agrochemicals storage and handling, emergency preparedness, and biodiversity, among many others.

The Stakeholder Engagement Plan aims to ensure that affected and interested stakeholders are involved in providing feedback on the measures put forward in the draft ESIA and ESMP during the disclosure period and have access to grievance channels subsequently. Community Liaison Officers will be working with the local communities to ensure their concerns are heard and acted upon as necessary.

An environmental and social action plan (ESAP) has been developed by the prospective lenders and published in draft format as part of the ESIA disclosure package. It provides for the establishment of a dedicated environmental and social management team and the involvement of an independent environmental and social monitor. It also seeks to enhance women's access to project benefits through increased female employment.



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