

Project One ESIA

HUMAN RIGHTS DUE DILIGENCE IN THE SUPPLY CHAIN

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1. PURPOSE

This document describes and supports the Project One Human Rights due diligence process in the supply chain in compliance with the requirements of the Equator Principles and the International Finance Corporation (IFC) Performance Standards.

2. SCOPE

INEOS Olefins Belgium (IOB) will build and operate a new world scale ethylene plant in the port of Antwerp: Project One. This involves an ethylene cracker (ECR) unit.

In order to start building this installation, extensive preparatory work has been done, addressing all the needed studies regarding environment, energy and safety. This preparatory work also includes applying for the needed permits, through an Environmental Impact Assessment (further: EIA) according to the European and Flemish Belgium 'm.e.r.' procedure. Additionally, financiers have requested that an Environmental and Social Impact Assessment (ESIA) process is conducted, considering that the Project must also comply with international standards, namely Equator Principles (2020) and IFC Performance Standards (2012). One of the requirements of the Equator Principles (Principle 2: Environmental and Social Assessment) is to include an assessment of potential adverse human rights impacts, based on the due diligence process outlined in the United Nations Guiding Principles on Business and Human Rights.

Impacts on human rights in relation to the operations of Project One have been included in the ESIA process. To support Project One in the due diligence process in supply chains, INEOS Olefins Belgium, in collaboration with Arcadis, has developed this document detailing the various steps in the process, including adopting relevant policy commitments, identifying actual and potential impacts, preventing and mitigating risks, tracking effectiveness of the response, and communicating these aspects externally. The proposed approach complies with the requirements of the Equator Principles, International Finance Corporation (IFC) Performance Standards. European Investment Bank (EIB) Environmental and Social Standards are used as an additional reference framework. It is also aligned with the already existing policies and procedures within INEOS Group and Project One.

The proposed due diligence process will contribute to preventing and mitigating impacts in the supply chain by decreasing the likelihood of engaging with high-risk suppliers. Due diligence will be initiated as early as possible in the development of a new activity or relationship, given that risks can be decreased or mitigated already at the stage of structuring contracts or other agreements.

3. DEFINITIONS

Items found in this document which require definition are listed below:

Item.	Definition
CMP	Contractor Management Plan
ECR	Ethane Cracker
EIA	Environmental Impact Assessment
EIB	European Investment Bank
ESIA	Environmental & Social Impact Assessment
ESMP	Environmental & Social Management Plan
ESMS	Environmental & Social Management System

Item.	Definition
E&S	Environmental & Social
IFC	International Finance Corporation, a member of the World Bank Group
IFC PS	IFC's Environmental and Social Performance Standards define IFC clients' responsibilities for managing their environmental and social risks
IGGN	INEOS Group Guidance Note
IOB	INEOS Olefins Belgium
IPMT	Integrated Program Management Team (includes both IOB and Wood Group project experts, to manage the coordinated delivery of Project One)
ITT	Invitation to Tender
OECD	The Organisation for Economic Co-operation and Development
OSBL	Outside battery limits
PDT	Project Development Team
PS	IFC Performance Standard
SHE&S	Safety, Health, Environment and Security
UNGPs	United Nations Guiding Principles on Business and Human Rights
TCFD	Task Force on Climate-related Financial Disclosures
WB EHS	World Bank Environmental, Health and Safety Guidelines

4. REFERENCE DOCUMENTS

All reference documents are listed and documented in paragraph 5

5. REQUIREMENTS OF THE FINANCIAL INSTITUTIONS

5.1 Equator Principles

The Equator Principles (EP), formally launched in 2003, is a risk management framework, adopted by Financial Institutions (FI), for determining, assessing, and managing environmental and social risks in project finance. It is intended to provide a minimum standard for due diligence to support responsible risk decision-making by the FI. The Equator Principles have been recently reviewed and the new version has been adopted in July 2020.

In the new version of the EP, the human rights due diligence process is mentioned in Principle 2 (Environmental and Social Assessment):

"The client is expected to include assessments of potential adverse Human Rights impacts and climate change risks as part of the ESIA or other Assessment, with these included in the Assessment Documentation. The client should refer to the UNGPs when assessing Human Rights risks and impacts [...] (Particularly paragraphs 17 – 21)."

5.2 United Nations Guiding Principles on Business and Human Rights

As mentioned above, EP refer to the United Nations Guiding Principles on Business and Human Rights (UNGPs) as a framework to assess human rights risks and impacts. Paragraphs 17-21 of the United Nations Guiding Principles on Business and Human Rights (UNGPs) concern the process of implementing the Human Rights due diligence.

UNGPs paragraph 17 states that the process should cover adverse human rights impacts that the business may cause through its own activities or as a result of its business relationships. Thus, to comply with the UNGPs the human rights due diligence should be extended to the value chain.

“Human rights due diligence can be included within broader enterprise risk management systems, provided that it goes beyond simply identifying and managing material risks to the company itself, to include risks to rights-holders.”

Based on the UNGPs the due diligence process consists of four main steps:

UNGPs paragraph 18: Identify and assess actual and potential adverse human rights impacts:

- Typically, this includes assessing the human rights context prior to a proposed business activity, where possible;
- Special attention should be paid to the groups at heightened risk of vulnerability or marginalization;
- The assessments should include all internationally recognized human rights¹ as a reference point;
- Assessments should be undertaken at regular intervals: prior to a new activity or relationship; prior to major decisions or changes in the operation (e.g. market entry, product launch, policy change, or wider changes to the business); in response to or anticipation of changes in the operating environment (e.g. rising social tensions); and periodically throughout the life of an activity or relationship; and
- To enable business enterprises to assess their human rights impacts accurately, they should seek to understand the concerns of potentially affected stakeholders by consulting them directly.

UNGPs paragraph 19: Integrate findings across relevant internal functions and processes, and take action:

- Human rights policy commitment should be embedded into all relevant business functions;
- Potential impacts should be prevented or mitigated, while actual impacts – those that have already occurred – should be subject to remediation; and
- The appropriate actions will vary depending on the extent of the leverage in addressing the adverse impact.

UNGPs paragraph 20: Track the effectiveness of the response:

- Tracking should be based on appropriate qualitative and quantitative indicators;
- Tracking should draw on feedback from both internal and external sources, including affected stakeholders;
- Tracking should be integrated into relevant internal reporting processes;
- This could include performance contracts and reviews as well as surveys and audits, using gender disaggregated data where relevant; and
- Operational-level grievance mechanisms can also provide important feedback on the effectiveness of the business enterprise’s human rights due diligence from those directly affected.

¹ These rights include, at a minimum, all rights set out in the International Bill of Rights and the principles set out in the International Labour Organization (ILO) ‘Declaration on Fundamental Principles and Rights at Work’. The International Bill of Rights includes the following three instruments: the UN Declaration, ‘Universal Declaration of Human Rights’, 1948; the UN Convention, ‘International Covenant on Civil and Political Rights’, 1966; the UN Convention, ‘International Covenant on Economic, Social, and Cultural Rights’, 1966.
Project One Human Rights Due Diligence – 29 July 2022

UNGPs paragraph 21: Communicate externally:

- Company should be prepared to communicate externally, particularly when concerns are raised by stakeholders; and
- Formal reporting by enterprises is expected where risks of severe human rights impacts exist, whether this is due to the nature of the business operations or operating contexts.

Besides the paragraphs addressing due diligence, another important operational principle outlined in the UNGP paragraph 16 is policy commitment, which refers to making a statement of policy that is:

- approved by senior management;
- informed by internal/external expertise;
- stipulates expectations of personnel, business partners, other parties linked to the business;
- publicly available; and
- reflected in operational policies and procedures.

5.3 Linking IFC Performance Standards with the UNGPs

The key elements of the UNGPs have been incorporated into the International Finance Corporation Performance Standards (IFC PS).

Overall, IFC Performance Standards include key principles outlined in the UNGPs. An analysis² published by the IFC outlines the linkage between UNGPs and IFC PS. The requirements of the UNGPs are mainly incorporated into the PS 1 Assessment and Management of Environmental and Social Risks and Impacts, as well as PS 2 Labor and Working Conditions, PS 4 Community Health, Safety and Security, PS 5 Land Acquisition and Involuntary Resettlement, PS 7 Indigenous Peoples, PS 8 Cultural Heritage. The summary of the links between the UNGPs 16-21 and IFC Performance Standards is provided in the Table 2-1 below.

Table 2-1: Summary of the links between UNGP 16-21 and IFC Performance Standards (adapted from the IFC analysis UN Guiding Principles on Business and Human Rights and IFC Sustainability Framework³)

UNGP	IFC PS	IFC requirement
GP 16 on policy commitment	PS 1	PS 1 paragraphs 5-6 require a policy as part of the Environmental and Social Management System. The policy: <i>specifies that the project (or business activities, as appropriate) will comply with the applicable laws and regulations;</i> indicates who will ensure conformance and will be responsible for its execution; and is communicated to all levels of the organization. PS 1 paragraph 24 refers to senior-level management involvement in reviewing and implementing internal policy and performance.
GP 17 on human rights due diligence process	PS 1	PS 1 paragraph 3 recognizes that: <i>business should respect human rights, which means to avoid infringing on the human rights of others and address adverse human rights impacts business may cause or contribute to;</i> <i>each of the Performance Standards has elements related to human rights dimensions that a project may face in the course of its operations. Due</i>

² [UN Guiding Principles on Business and Human Rights and IFC Sustainability Framework](#)

³ [UN Guiding Principles on Business and Human Rights and IFC Sustainability Framework](#)

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		<p><i>diligence against these Performance Standards will enable the client to address many relevant human rights issues in its project.</i></p> <p>PS 1 paragraph 7 explains that:</p> <p>the scope and effort devoted to the risks and impacts identification should be guided by the type, scale, and location of the project and be consistent with good international industry practice.</p> <p><i>The process will consider all relevant environmental and social risks and impacts of the project, including the issues identified in Performance Standards 2 through 8, and those who are likely to be affected by such risks and impacts.</i></p> <p><i>In limited high-risk circumstances, it may be appropriate for the client to complement its environmental and social risks and impacts identification process with specific human rights due diligence.</i></p>
GP 18 on identifying human rights impacts	PS 1 PS 5 PS 7 PS 8	<p>In addition to the requirements for identifying and assessing impacts (comments under GP 17):</p> <p>PS 1 paragraphs 18, 19 and 22 specify that internal and external expertise should be addressed both directly and indirectly;</p> <p>meaningful consultation with potentially affected groups and other relevant stakeholders is addressed in many areas throughout the PSs, including paragraphs 22, 25, 26-33 of PS 1;</p> <p>PS 5 paragraph 10 contains provisions for engagement in cases of land acquisition and involuntary resettlement;</p> <p>PS 7 outlines participation and consent for Indigenous Peoples;</p> <p>PS 8 addresses consultation in the context of cultural heritage</p>
GP 20 on tracking effectiveness	PS 1	<p>PS 1 paragraph 5 requires establishing an ESMS;</p> <p>PS 1 paragraph 16 requires establishing Action Plans, including elements like performance indicators, targets, or acceptance criteria that can be tracked over defined time periods;</p> <p>PS 1 paragraphs 22-24 concentrate specifically on monitoring and review, detailing measures imposed on clients.</p>
GP 21 external communication	PS 1 PS 2 PS 4	<p>PS 1 paragraphs 25, 34, 36 mentions that stakeholder engagement may involve, inter alia, ongoing reporting to Affected Communities and public</p> <p>With respect to Occupational Health and Safety, PS 2 paragraph 23 requires the client to address areas that include the documentation and reporting of occupational accidents, diseases, and incidents.</p> <p>Regarding security personnel, PS 4 paragraph 14 requires the client to report <i>unlawful and abusive acts [of security personnel] to public authorities.</i></p>

5.3.1 The scope of the IFC requirements in terms of human rights due diligence in the supply chain

In terms of the overall human rights due diligence, the following IFC standards are applicable: PS 2 (Labor and Working Conditions), PS 4 (Community Health, Safety and Security), PS 5 (Land Acquisition and Involuntary Resettlement), PS 7 (Indigenous Peoples), and PS 8 (Cultural Heritage).

In addition to the client's operations, the IFC PS outline client's responsibilities with respect to the primary supply chain—specifically, it should be considered in cases where the client can reasonably exercise management control and/or leverage, risks and impacts associated with primary supply chains.

As outlined in PS 1 (Assessment and Management of Environmental and Social Risks and Impacts) the environmental and social management system (ESMS) should include, as relevant, a supply chain component that considers the risks and impacts associated with its primary suppliers (suppliers

who, on an ongoing basis, provide goods or materials essential for the core business of the project), as defined in PS 2 (Labour and Working Conditions) and PS 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources). This component should incorporate the elements of policy and procedures, supply chain mapping, risk assessment and management, corrective measures, training, monitoring, and reporting.

This specific document focuses on the human right due diligence in the supply chain, for which the requirements of the PS 2 (Labor and Working Conditions) are applicable. The aim of this standard is *to protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client's supply chain*. Thus, as part of an ESMS and subject to the client's level of management control or leverage over its supply chain, the client should assess and document risks and impacts in its primary supply chain when there is the potential for child/forced labor or significant safety issues. IFC published several documents further elaborating on labor and working conditions, including those in the supply chain: IFC Good Practice Note Addressing Child Labor in the Workplace and Supply Chain (2002)⁴ and IFC Measure & Improve your Labor Standards Performance Handbook (2010)⁵.

5.4 Overview of the international requirements applicable to the Project

Equator Principle 2 expects the client to refer to the due diligence process of the UNGPs when assessing human rights risks and impacts in both its own operations and business relationships. The key elements of the UNGPs human rights due diligence process have been incorporated into the IFC Performance Standards, to which the EIA/ ESIA process of the Project adheres.

To that end, human rights due diligence in relation to the operations of INEOS Olefins Belgium and Project One, have been considered in the social impact assessment as part of the ESIA process. However, in order to ensure adherence to the requirements in terms of supply chain, an additional due diligence process should be developed.

6. PROCESS DESCRIPTION

Risks related to human rights can arise at any time during a business cycle. As a result, the client should be receptive to conducting a human rights impact assessment at any stage within the project cycle, for example: design, construction, operation, decommissioning and closure. Moving down the tiers of the supply chain the complexity increases, while visibility of the supply chain elements decreases. Thus, it is more challenging to identify environmental and social risks, and, as a result, manage related impacts.

⁴ [IFC Good Practice Note Addressing Child Labor in the Workplace and Supply Chain \(2002\)](#)

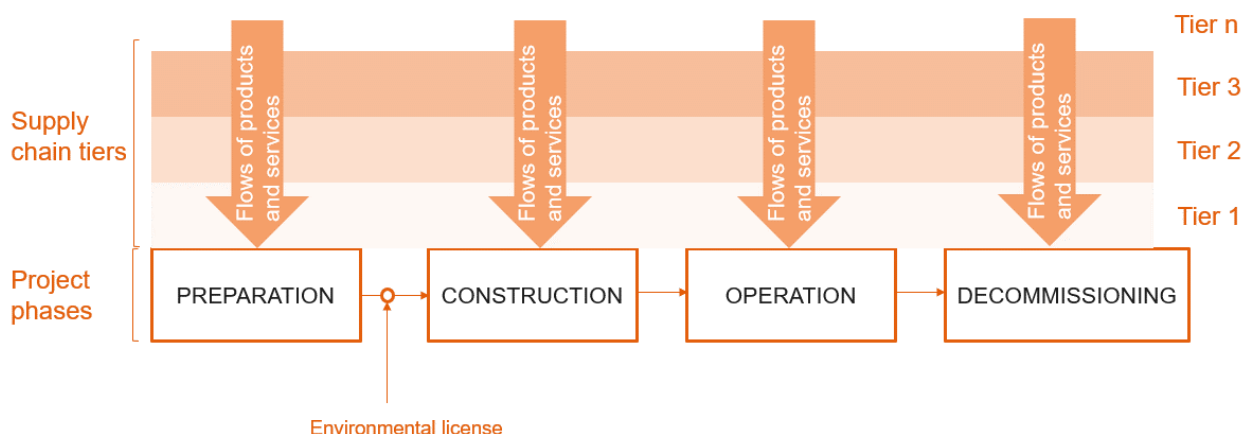
⁵ [IFC Measure & Improve your Labor Standards Performance Handbook \(2010\)](#)

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Figure 6-1: General diagram of the project phases and upstream supply chain tiers

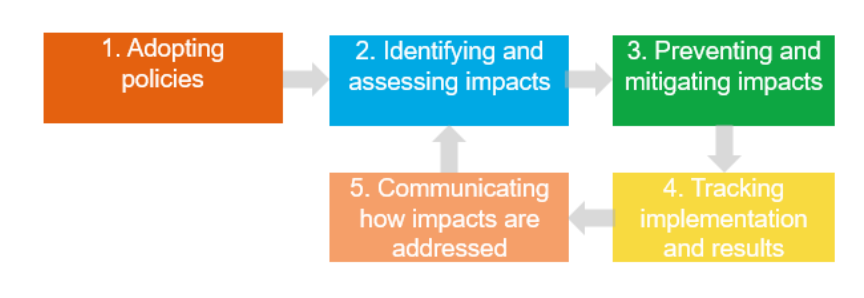


The **goal** of this document is to propose an approach for the implementation of the human rights due diligence in the supply chain across the life cycle of Project One, based on the process defined in the United Nations Guiding Principles on Business and Human Rights (UNGPs), as required by Equator Principle 2. This requirement is also in line with the requirements of international standards, such as the IFC Performance Standards. As per requirements of the mentioned international standards, this document concerns direct (tier 1) suppliers.

The UNGPs recommend due diligence as the process by which companies can identify, prevent, address and/or mitigate adverse human rights impacts in their supply chains. The practical implementation of supply chain due diligence is further elaborated in the OECD Due Diligence Guidance for Responsible Business Conduct (OECD RBC Guidance). The OECD RBC Guidance takes the high-level principles embodied in the international frameworks, such as UNGPs and OECD Guidelines for Multinational Enterprises, and proposes a multi- step process to support supply chain due diligence.

Based on the UNGPs due diligence process and OECD RBC Guidance, as well as the IFC approach to designing the environmental and social management systems (ESMS), we propose the below process to be implemented for INEOS Project One. Figure below depicts the 5 steps in the multi-step process for the proposed supply chain due diligence approach.

Figure 6-2: Steps of the supply chain due diligence approach proposed for Project One



Human rights due diligence in supply chain starts with adopting policies to articulate the commitment for addressing human rights issues in the supply chain. Identifying and assessing impacts follows as a second step. The results of the assessment build the foundation for an approach to prevent and mitigate impacts in the identified elements of the supply chain. In order to ensure continual improvement, both the implementation and results of the implementation are monitored, as well as communicated externally to ensure transparency.

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The building blocks of the supply chain due diligence will be integrated into the overall Environmental and Social Management System (ESMS) of the project, which takes into consideration the processes and procedures that already exist within INEOS Group and Project One. Thus, each proposed element for the due diligence implementation in supply chain builds on addressing the following aspects:

- **International requirements:** for each element an overview of the relevant IFC requirements is provided;
- **Existing processes and procedures within INEOS Olefins Belgium's Project One:** this includes existing policies and procedures that are applicable at the INEOS Group level or have been created specifically for the purpose of the Project. These existing process and procedures cover, among other, the following topics: Health and Safety, Public Relations, Human Resources and Procurement;
- **Proposed additional measures to comply with the international requirements:** improvements to the existing processes and/or additional processes that will be implemented to comply with the international requirements.

6.1 Adopting Policies



The requirement to establish an overarching policy defining the environmental and social objectives and principles of the project is outlined in IFC PS 1 (Assessment and management of environmental and social impacts and risks). IFC specifies that *this requirement is a stand-alone, project-specific policy and is not intended to affect (or require alteration of) existing policies the client may have defined for non-related projects, business activities, or higher-level corporate activities.*

In terms of the scope of application, as per requirement of PS 2, the policies related to labor standards should cover all types of workers, including supply chain workers.

Besides policy and as a complement for the implementation of the policies, IFC Measure & Improve your Labor Standards Performance Handbook (2010)⁶ recommends establishing a Supplier Code of Conduct that serves as the policy statement that defines principles and conduct that suppliers are expected to follow. INEOS Group has put in place a Supplier Code of Conduct, considering the several policies and philosophies related to E&S topics that already exist within INEOS Group and Project One.

6.1.1 Overview of the existing policies

INEOS Group Supplier Code of Conduct is provided in Attachment A of this document.

An overview of other INEOS Group policies applicable or related to supplier E&S management is provided in Table 6-1 below.

Table 6-1: INEOS policies addressing supplier performance

⁶ [IFC Measure & Improve your Labor Standards Performance Handbook \(2010\)](#)

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Topic	Document	Applicability	Description
Child Labour/ Forced Labour	Modern Slavery Transparency Statement (2018) https://www.ineos.com/information/anti-slavery-act/	INEOS Group	Establishes a zero-tolerance approach to modern slavery and commitment to preventing slavery and human trafficking in all business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in the supply chains
	INEOS Group Anti-Slavery, Anti-Child Labour and Anti-People Trafficking Policy https://www.ineos.com/information/anti-slavery-act/	INEOS Group	As part of INEOS Group commitment to Anti-Slavery, Project One will follow the guidelines and policy INEOS Group has established.
Anti-bribery and corruption	Anti-bribery and corruption policy https://www.ineos.com/information/legal/	INEOS Group	Outlines six core principles on preventing bribery and corruption.
Occupational and public health, safety and security	SHE Policy https://www.ineos.com/company/#she https://www.ineos.com/sustainability/safety-health-and-environment/	INEOS Group	Establishes the commitment to protect the health and safety of the employees, the communities in which INEOS Group operates and the users of products.
	The SHE “20 principles” https://www.ineos.com/sustainability/safety-health-and-environment/	INEOS Group	Key principles that set standard across the company: 10 principles based on human factors (behavioral safety) and 10 principles based on process safety. Any contractor being considered for involvement in a project signs up to the 20 Principles, as part of pre-qualification and compliance is made an explicit condition of any contract award.
	Life Saving Rules https://www.ineos.com/globalassets/ineos-group/sites/ineos-belgium/suppliers-contractors/ineos-group-life-saving-rules.pdf	INEOS Group	7 INEOS Group safety rules applicable to INEOS Group and third-party workers. All contractors and their employees engaged in a project sign up to and adopt the INEOS Group Life Saving Rules whilst engaged in a project.
	“INEOS SPEAK-UP!” Policy (2019)	INEOS Group	Policy is designed to enable employees to raise concerns internally at a high level and to disclose information that they believe shows that malpractice or wrongdoing has occurred or is likely to occur

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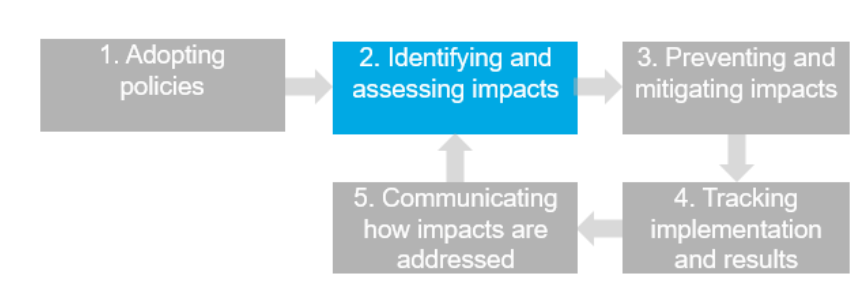
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Environment	IPMT procedure: Environmental Philosophy & Design basis	Project One	This Environmental Philosophy applies to all parties supporting Project One: Integrated Program Management Team (IPMT), licensors, contractors, subcontractors and vendors (suppliers)
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In addition to the above policies, INEOS Group's relationship with suppliers is also guided by **the INEOS Code of Conduct (2019)**, which establishes principles for business conduct in terms of:

- Health, Safety, Security and the Environment;
- Competition & Sanctions;
- Governance;
- Government & Communities;
- Financial Integrity and Company Assets;
- Human Resources; and
- Digital System Use & Security.

6.2 Identifying and assessing impacts



Identification and assessment of environmental and social impacts is at the core of IFC performance standards. IFC PS 1 requires that, “[w]here the client can reasonably exercise control, the risks and impacts identification process will also consider those risks and impacts associated with primary supply chains.”

When it comes to human rights due diligence in the supply chain, the international standards ask to consider risks related to the following topics:

- Child labor and forced labor

IFC PS 2 (Labor Standards) requires the client to identify high risk of child labor and forced labor in the primary supply chain, and thus [...] *monitor its primary supply chain on an ongoing basis in order to identify any significant changes in its supply chain and if new risks or incidents of child and/or forced labor are identified, the client will take appropriate steps to remedy them.*

- Migrant workers

IFC PS 2 (Labor Standards) requires the client to : *identify migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work.*

- Non-Discrimination

IFC PS 2 specifies that *the client will not make employment decisions on the basis of personal characteristics, such as gender, race, nationality, ethnic, social and indigenous origin, religion or belief, disability, age, or sexual*

- Occupational health, safety, and security

In terms of the expectations related to the occupational health and safety impacts, IFC PS 2 states that: *Accordingly, the promoter will identify and evaluate occupational and public health and safety risks and potential adverse impacts arising directly or indirectly from the project as early as possible, on a continuous basis throughout the entire project life cycle and along its supply chain. [..]*

6.2.1 Existing INEOS Olefins Belgium processes to identify adverse impacts in the supply chain

INEOS Olefins Belgium Project One risk management process is being implemented in line with the IPMT Risk Management Plan. The Plan defines how risk and opportunity management activities are undertaken throughout the life cycle of the project. The implementation of the plan is overseen by the Risk Manager, however the process also includes risk identification by various stakeholders, such as project team members and contractors.

The focus of the existing risk management process is identifying and assessing the risks and opportunities in terms of cost and schedule impacts for the project. However, the UNGPs require that risk assessment should go beyond identifying and managing risks to the company itself and include risks to right-holders.

An overview of the existing INEOS Group procedures and tools applicable to suppliers is provided in Table 6-2 below.

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Table 6-2: Existing INEOS Group procedures and tools applicable to suppliers

Type of Risk	Document	Applicability	Description
Child Labor and Forced Labor	INEOS Anti-Slavery, Anti-Child Labour and Anti-People Trafficking Questionnaire	INEOS Group	As part of INEOS Group's commitment to Anti-Slavery, Project One will follow the guidelines and policy INEOS Group has established. To that end all new suppliers will be asked to complete the questionnaire.
CSR	INEOS Sustainable Procurement Questionnaire to Suppliers	INEOS Group	Questionnaire regarding CSR practices
Health, Safety and Environment	IPMT Procedure: Inspection coordination procedures	Project One	Describes supplier inspection coordination activities for construction phase, including health and safety considerations
	IPMT Procedure: Procurement quality surveillance procedure	Project One	Defines the quality requirements which contractor shall comply with to assure quality services, equipment and materials. It includes considerations for supplier site visits and vendors audits.
Health and safety	Annual key contractor and supplier evaluation questionnaire	INEOS Group	All the key contractors and suppliers are evaluated once a year in terms of health, safety performance
	IPMT Philosophy: Human factors philosophy	Project One	The document refers to vendor package screening in terms of HFE
Financial impact for project	IPMT Procedure- Project Controls: Counterpart due diligence guidelines	Project One	The document defines the process for supplier financial due diligence. On the criteria to assess risk is geographical location. In this context, geographical risk is determined by the robustness and commitment of the counterparty's jurisdiction in combating financial crime and corruption.

6.2.2 Process for identifying and assessing impacts

The approach that Project One will implement for identifying and assessing impacts involves two main tasks:

- **Task 1:** a high-level analysis that allows the Project to identify, within its supply chain, those countries and industry sectors that pose a high or medium level of risk on the topic of Human Rights; and
- **Task 2:** identification and assessment of risks of the suppliers.

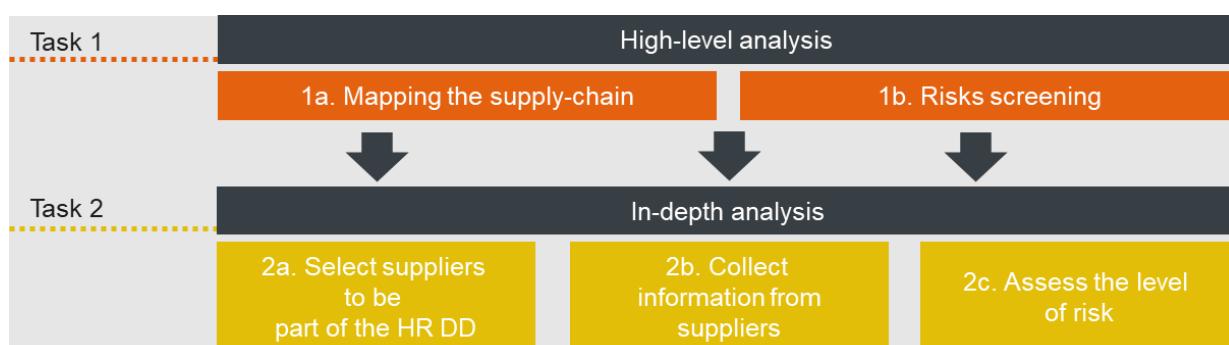
In order to identify the supply chain areas where risks could emerge, it is recommended to start the process with mapping project's supply chain (Task 1a) and screening suppliers for the high-level contextual risks (country-related and sector-specific risks) (Task 1B). Further, some suppliers will be selected and be subject of an in-depth assessment (detailed in section 5.4.1). Based on the results of this exercise, an overview of the identified risks can be acquired.

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Figure 6-3: tasks and activities of Step 2.



The steps for identifying and assessing impacts are explained in more detail in the subsequent paragraphs.

6.2.3 Tasks 1: High-level analysis

This assessment is done at the level of the company, in order to contextualize the supply chain of the Project in the global context of the risks associated to Human Rights risks.

6.2.3.1 Task 1a: Mapping supply chain

In the Construction phase

The simplified value chain of the construction phase of the Project is depicted in Figure 6-4 below.

Figure 6-4: Simplified construction phase value chain



The value chain of INEOS Olefins Belgium Project One construction phase involves different clusters of components. Each of the clusters may involve multiple components of the value chain as well as multiple actors. When moving down the tiers of the supply chain, the complexity of network increases, and the visibility of the supply chain elements decreases.

The construction activities of Project One will be implemented through the key contractors, which will involve relevant sub-contractors. Equipment will be manufactured elsewhere and transported to the site for installation. The contractor and sub-contractors will acquire construction materials, equipment and other components. The manufacturing process of these components also includes multiple steps of producing smaller components. In order to produce these components, the raw materials that are need, have to be extracted and processed. Moreover, logistics across the construction value chain involves transportation and warehousing activities.

As a result, the value chain of the construction phase involves links to multiple industries, including construction, manufacturing, transportation & warehousing, mining.

An overview of the geographical location of the currently known suppliers, based on the *Approved Vendor List for Project One*, is provided in Attachment B.

Operation phase

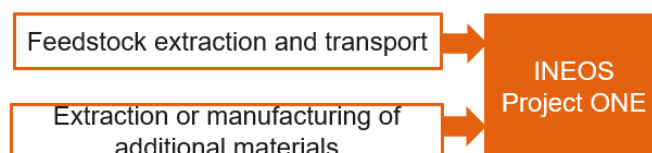
The simplified value chain of the operation phase of the project is depicted in Figure 6-5 below.

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Figure 6-5: Simplified operation phase value chain



The main raw material for ethane cracking is ethane. Ethane is a by-product of shale gas and will be shipped to the site from the variety of suppliers, located in Northeast of the US and the Gulf Coast. Liquefied ethane will be delivered by state-of -the-art Very large Ethane Carriers (VLEC). In addition to ethane, additional raw materials will be needed, including hydrogen, caustic, aqueous ammonia, DMDS dimethyl disulfide, aromatic wash oil, hydrochloric acid, sulfuric acid etc. Moreover, various other products and services will have to be purchased for the operations.

It is foreseen that the materials will be sourced worldwide. Considering that the origin of many suppliers is not known yet, INEOS Olefins Belgium will maintain and regularly update a supply chain map of all suppliers.

Decommissioning phase

It is assumed a Decommissioning Plan and detailed design actions will be put in place 1-2 years prior to decommissioning of all the plant and ancillaries. The principles outlined in this document as well as in the Contractor Management Plan will be applied for execution of the decommissioning plan.

6.2.3.2 Task 1.b: Risk screening

Carrying out a screening exercise helps to identify where the risks are most likely to be present and most significant. To inform the screening for contextual risks relevant elements include, among others, information about sectoral, product-specific and geographic risk factors. Potential sources for identifying these contextual risks include a **geographic**, **sectoral** and **product-based** risk factors.

Understanding and estimating contextual factors is the starting point for the risk assessment process, as it can subsequently inform prioritization of industry sectors or geographical areas that could require further assessment.

6.2.3.2.1 Geographical risk factors

Global Slavery Index⁷ provides an estimation of the modern slavery prevalence in different countries. The overall level of country governance can be estimated based on the Worldwide Governance Indicators⁸, which evaluate voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, control of corruption. Similarly, one of the indicators that can be used to assess the level of risk related to biodiversity and ecosystems is the Ecosystem Vitality indicator, included in the Environmental Performance Index EPI⁹. The relevance of these environmental indicator responds to the link between ecosystems and human rights.

The results of risk screening based on the geographical location of the currently known suppliers is provided in Attachment B. The screening in terms of adverse impacts on human rights includes the prevalence of modern slavery in specific countries. As an additional step in screening suppliers, the risk related to biodiversity and ecosystems was considered; however it is important to highlight that this methodology is focus on human right and labor and working conditions, only considering environmental risks in the supply chain for this contextual analysis.

The IFC international standards require to undertake a risk assessment of the primary contractors and in the direct supply chain. The construction will take place in Belgium, which is has a low risk in

⁷ <https://www.globallslaveryindex.org/>

⁸ <https://info.worldbank.org/governance/wgi/>

⁹ <https://epi.envirocenter.yale.edu/>

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terms social and environmental risks (see Attachment B). Nevertheless, the performance of contractor will be closely monitored based on the Contractor Management Plan.

Considering the assessment, the overall evaluated contextual risks can be perceived as low to moderate. Most of suppliers would be in European Union countries or UK, where social risks related to forced labor and child labor, as well as environmental risks related to the ecosystem vitality, are estimated as very low, low or low-medium. However, some of the evaluated non-European countries tend to be related to higher risks. Special attention should be paid to the suppliers from Turkey, which according to the chosen indicators is evaluated as having medium-high social and environmental risks. Additional attention should be also given to suppliers from China, which is evaluated as having medium-high risk in terms of governance.

6.2.3.2.2 Sector-specific risk factors

ILO and Walk Free Foundation have identified the sectors where the risk of forced labor is most prevalent¹⁰. U.S. Department of Labor database¹¹ for products produced by forced or indentured child labor allows to search for evidence when it comes to certain products produced in specific countries (e.g. bricks produced in China).

In terms of sector specific risks, suppliers related to construction, manufacturing, and mining should be considered as operating in higher risk sectors in terms of forced labor exploitation issues (see Attachment B).

6.2.4 In-depth analysis

Assessment refers to a more in-depth process to identify and evaluate risks related to specific supplier. It involves focusing on suppliers in the categories that have been identified as having the most significant risks as well as key suppliers for the Project, with them a more specific and detailed risk assessment will be performed.

6.2.4.1 Task 2.a: Select suppliers to be part of the process

The first sub task will be the selection of the suppliers that will go through the in-depth assessment. The selection will be based on five considerations: the results from the High-Level analysis (Task 1) and information about the previous performance of the supplier. The selection involves five questions:

Table 6-3: Selection of suppliers for the in-depth analysis

Category	Topic	Question
Key aspects	Key supplier	Based on the analysis shown in 5.3.1, is the supplier part of the 1 st or 2 nd Tier?
	Where: country-based risks	Based on the analysis shown 5.3.2.1, is the supplier's operation in a country that holds higher risk?
	What: industry sector-based risks	Based on the analysis shown 5.3.2.2, is the supplier's operation part of an industry that holds higher risk?
Grievance related	Historical performance	Were risks identified in a previous assessment?
	Previous grievances	Grievances related to supplier were received through the Communications and Grievance Mechanism.

According to the answers, suppliers can be categorized into 3 groups, which will define whether the supplier needs to go through the in-depth analysis or not. There are 32 possible combinations of answers, in 19 of these cases, the suppliers will need to go through the in-depth analysis, in 10 cases the in-depth analysis needs to be decided by the Risks Manager, in consultation with the

¹⁰ ILO, Walk Free Foundation. Global Estimated of Modern Slavery (2017)

¹¹ <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-products>

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Procurement manager, EHSS manager and the PR Specialist. In 3 cases, there is no need to go through the in-depth analysis.

It is important to highlight that these are not fixed categories, as one supplier could change their assignation according to the results of review during the monitoring tasks.

In Attachment C the matrix for the categorization of suppliers is presented. In the matrix the 32 possibilities of combination for the answers is presented, together with the assigned category.

6.2.4.2 Task 2b: Collect information from suppliers

Information for executing the assessment will be collected via three methods.

6.2.4.2.1 Request of documentation and records

INEOS Olefins Belgium will request information from suppliers during different moments of the assessment, either for the initial review or during executions of the monitoring and tracking. Additional documents and records can be included in the self-assessment questionnaire or presented during on-site visits.

Documents and records to request are detailed in the table below.

Table 6-4: list of documents and records to be requested

Documentation type	Examples
Site information	Any relevant permit, certificates of operation and the like; and Records of previous government labor inspections.
Worker documentation	Employment contracts/terms and conditions of employment; Personnel files (including employment application and disciplinary notices); Proof-of-age documentation (e.g. copies of identification cards, birth certificates and medical clearance); and Records of issuance of employee benefits (e.g. annual leave, maternity leave).
Policies	Relevant policies; and Operating policies and procedures (wages and hours, annual leave, disciplinary rules and other HR policies)
Workforce communication/engagement	Records/minutes of meetings with employee representatives and/or unions; Collective bargaining agreements; and Records of employee grievances.
Payroll documents	Payroll records for the last three pay periods but up to one year may be requested for review. This should include records of all salary payments, including regular and overtime payments, as well as deductions from employees' salaries; Time records for the last three pay periods (for seasonal industries, this should include a peak period and a low season). These records should show daily start and stop times for workers during the pay period and should include regular and overtime work; Payment receipts for mandatory social insurance payments; and Any government waivers or special permissions used to conduct work hours or pay schedules outside of the standard legal limits.
Procurement	Service contracts/agreements with business partners, focusing on clauses related to labor and modern slavery, responsibilities and monitoring and reporting requirements.

6.2.4.2.2 Self-assessment questionnaire

All suppliers that are selected for further assessment will be asked to fill-in a self-assessment questionnaire (Attachment C), which has been developed based on the IFC Measure & Improve Your Labor Standards Performance Handbook¹². The goal of this self-assessment questionnaire is to evaluate suppliers and identify the specific areas for improvement. The questionnaire is also provided as an excel tool to make it more convenient and user friendly for suppliers and facilitate the assessment process.

The self-assessment questionnaire covers the following topics:

- Management systems of work-related topics;
- Internal labor standards performance team;
- Worker involvement and communication;
- Complaint management and resolution;
- Level and type of non-conformances;
- Progress and corrective actions;
- External verification and stakeholder engagement;
- Training and capacity building; and
- Managing suppliers and contractors.

The questionnaire includes seventy questions that allow for evaluating the supplier performance on each topic based on the selected indicators. The suppliers will be asked to provide answers to these questions by selecting corresponding answers from the drop-down menu. Where relevant and available, the supplier will be asked to provide additional comment and reference to the supporting materials.

Based on the selected answers, each indicator is automatically given a score. The scores for each question are aggregated to the sub-score for each topic and the final score is given to a supplier.

The result of the self-assessment will be recorded in a supplier database (see Paragraph 6.4.2.4). In terms of the outcome of the self-assessment, the overall result should be tracked for a least three consecutive assessments. Moreover, it is important to separately record the number and topics of non-conformances and concerns (based on replies to the questions corresponding to topic 5 of the questionnaire – level and type of non-conformances).

6.2.4.2.3 On-site inspections

In case inadequate risk controls are identified and/or the supplier is placed within the first four levels of the Selection of Suppliers Matrix (see Attachment C), an on-site inspection will be performed.

There are two reasons for the execution of on-site visit:

- To give continuity to the already existing INEOS Olefins Belgium procedures related to a review of the supplier's occupational health and safety performance; and
- To add the topic of labor and human rights risks, including information collected via observation, interviews or focus group to the due diligence process.

INEOS Olefins Belgium will perform audits and risk assessments, which leads to a risk mitigation plan which may include visits. The idea is to add questions regarding working conditions and human rights during these existing visits. The main purpose will thus be to verify the information provided in the self-assessment questionnaire. This means that the same list of topics and indicators as contained in the questionnaire will be surveyed during the site visit.

¹² Adapted from the [IFC Measure & Improve your Labor Standards Performance Handbook \(2010\)](#)
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Based on the supplier self-assessment questionnaire the type of risk related to specific supplier, as well as an overview of risks for the project, can be identified.

6.2.4.3 Task 2c: Risk Assessment

The information collected will allow for assessing the overall level of risk in terms of the nine topics of the questionnaire. Based on the answers each topic is given a sub-score, which in range from 0 to 2 is interpreted as low, greater than 2 to 4 as medium, greater than 4 as high. The total score is a sum of the nine sub-scores, with the maximum of 51 points.

The table below presents the topics, the scores and the level of risk.

Table 6-5: Score for the risk assessment

Topic		Sub-score	Assessment
1	Management systems of work-related topics	0 to 5.5	Low, medium or high
2	Internal labor standards performance team	0 to 5.5	Low, medium or high
3	Worker involvement and communication	0 to 6	Low, medium or high
4	Complaint management and resolution	0 to 6	Low, medium or high
5	Level and type of non-conformances	0 to 5	Low, medium or high
6	Progress and corrective actions	0 to 6	Low, medium or high
7	External verification and stakeholder engagement	0 to 6	Low, medium or high
8	Training and capacity building	0 to 6	Low, medium or high
9	Managing suppliers and contractors	0 to 5	Low, medium or high
Total Score (out of 51)			

All topics included in the assessment address the management system of the supplier, but section 5 of the self-assessment questionnaire (Level and type of non-conformances) is focused on topics regarding labor and human rights, that is: working conditions and terms of employment, worker's organizations (freedom of association and right to collective bargaining), non-discrimination and equal opportunity, grievance mechanism, child labor, forced labor, occupational health and safety, third-party workers. For that reason, for section 5, suppliers should be categorized according to their performance:

- Isolated minor labor violations. No major violations. No system failures (5 points);
- Isolated labor violations; primarily minor. Isolated system failures (4 points);
- Few major violations, none with immediate threats to worker well-being. Some system failures (3 points);
- Recurring major violations, including some with immediate threats to worker well-being. Serious recurring system failures (2 points); and
- Frequent known violations of core labor standards and elements of with immediate threats to worker well-being. Complete lack of credible information. (1 point).

The topics evaluated as having medium or high risk should be recorded in a supplier database (see Paragraph 6.4.2.4).

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6.3 Preventing and mitigating impacts



The international standards require that clients collaborate with its primary suppliers on proposing corrective action on a case-by-case basis, where the client can reasonably exercise control.

For example, IFC PS 2 (Labor Standards) specifies that:

28. Additionally, where there is a high risk of significant safety issues related to supply chain workers, the client will introduce procedures and mitigation measures to ensure that primary suppliers within the supply chain are taking steps to prevent or to correct life- threatening situations.

29. The ability of the client to fully address these risks will depend upon the client's level of management control or influence over its primary suppliers. Where remedy is not possible, the client will shift the project's primary supply chain over time to suppliers that can demonstrate that they are complying with this Performance Standard.

6.3.1 Existing INEOS Olefins Belgium procedures

An overview of the existing procedures that allow for INEOS Olefins Belgium using leverage to have an impact on supplier performance is provided in Table 6-6 below.

Table 6-6: Existing INEOS Olefins Belgium procedures applicable to suppliers

Type of Risk	Document	Applicability	Description
Health & safety Environmental protection Labour practices & human rights Ethics & fair business practices	Supplier Code of Conduct - Precedent Clauses	INEOS Group	Precedent clauses that are incorporated into standard terms and conditions of purchase or a long-form supply agreement where INEOS Olefins Belgium is the purchaser/buyer of goods or services from a third-party supplier/seller. The respective versions start with a very simple short-form approach (Version 1) and develop into a full-form provision more suitable for a long-form negotiated supply agreement (Version 3).
Health and Safety	IGGN 28: Major Projects	INEOS Group	Describes INEOS Olefins Belgium involvement in procurement with the EPC contractors in terms of using leverage for approving vendors in accordance with INEOS Group standards, including health and safety

Type of Risk	Document	Applicability	Description
			requirements such as INEOS Life Saving Rules.
	IPMT Procedure: Approved vendor list management	Project One	Includes the requirement to keep performance records and define corrective actions for the vendors during the construction phase.

6.3.2 Proposed measures for preventing and mitigating impacts in the supply chain

According to the OECD¹³:

Prevention refers to activities that are intended to avoid an adverse impact occurring in the first place (e.g. which reduce the risk of an adverse impact occurring); whereas **mitigation** refers to activities that reduce the impact when an adverse impact does occur. Prevention is the primary goal of due diligence.

The approach for preventing impacts includes three measures. In this Due Diligence procedure, the measures have been defined at a high level, but for each supplier categorized as high and medium risks, these measures need to be adapted to the specific conditions and context (economic, social and cultural) of the suppliers:

- Using leverage to improve the performance of suppliers;
- Supporting suppliers in their prevention and mitigation efforts; and
- Building organizational capacity and competency.

These measures are detailed below, in the format of a management plan.

6.3.2.1 **Measure 1: Using leverage to improve the performance of suppliers**

Environmental or social aspect addressed with the measure	Social: human rights in the supply chain
Associated risk	Potential human rights violation in the supply chain
Project phase	Operation
Name of the measure	Using leverage to improve the performance of suppliers
Objective	To disclose expectations regarding improvement of human rights performance into the formal agreements with suppliers
Description	To address the actual or potential adverse potential impacts in the supply chain, Project One will use leverage to address risks agreeing on corrective action plans with the suppliers.
Location for the implementation	Project's supply chain
Method of implementation	In case of actual issues identified or high risk of the potential issues, the corrective actions will be agreed with suppliers. The proposed template for Corrective Action Plan is provided in Attachment D.
Timeframe	During operation phase
Indicators for monitoring	See Paragraph 6.4: Tracking implementation and results

¹³ OECD Due Diligence Guidance for Responsible Business Conduct (OECD RBC Guidance)
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6.3.2.2 *Measure 2: Supporting suppliers in prevention efforts*

Environmental or social aspect addressed with the measure	Social: human rights in the supply chain
Associated risk	Potential human rights violation in the supply chain
Project phase	Operation
Name of the measure	Supporting suppliers in prevention and mitigation efforts
Objective	To address risks associated with human rights violations in the supply chain through capacity building and/or providing technical assistance to selected suppliers.
Description	Focusing attention on suppliers that are at the highest risk and where it is possible to have some influence on the supplier's human rights performance, providing support to suppliers is considered. This may include, for example, training and/or technical assistance.
Location for the implementation	Project's supply chain
Method of implementation	<p>Where feasible and relevant, INEOS Olefins Belgium will consider supporting suppliers in their prevention and mitigation efforts.</p> <p>This may include:</p> <ul style="list-style-type: none"> linking business incentives (such as establishing long term relationships) for suppliers with their sustainability performance; engaging with suppliers (via email, phone calls or face-to-face meetings) to urge them to prevent or mitigate the impacts; providing technical assistance or training to implement management systems; Capacity building among suppliers; and collaborating or contributing to remediation in case instances of child, forced labor or other violations are identified.
Timeframe	During Operation phase
Indicators for monitoring	See Paragraph 6.4: Tracking implementation and results

6.3.2.3 *Measure 3: Building organizational capacity and competency*

Environmental or social aspect addressed with the measure	Social: human rights in the supply chain
Associated risk	Potential human rights violation in the supply chain
Project phase	Operation
Name of the measure	Building organizational capacity and competency
Objective	Increase internal organizational capacity and competency in terms of identifying and addressing environmental and social risks among suppliers
Description	Successful implementation of policies and procedures requires organizational capacity and competency building as well as raising awareness. Thus, all relevant Project One staff (e.g. responsible for

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	procurement) will be trained on how to apply the policies and procedures related to human rights due diligence in the supply chain. This measure details different elements that could be covered in such training.
Location for the implementation	Project One staff related to procurement, risks management, H&S and contractor relation, among others.
Method of implementation	<p>The main objective of the training is to raise awareness about the importance of human rights issues in the supply chain and to build (internal) organizational capacity to effectively apply relevant policies and procedures to manage the associated risks. The training program includes two modules:</p> <p>Basic training; and Advanced training.</p> <p>Basic training The general training module focuses on raising awareness and can be made available to the broad group of employees. The general training should provide background on the scope of the issue and explain the policies and procedures that are implemented in the company to address the issue. The training can be available on-line and be self-paced.</p> <p>Advanced training Advanced training should be tailored to the needs of personnel involved in the supplier selection and procurement process. Thus, the specific training needs should be first identified, and, based on the results, tailored training modules should be created. In addition to the overall awareness raising, the training should build competency on how to perform supplier screening and assessments (including performing audits), monitoring and reporting.</p>
Timeframe	During operation phase
Indicators for monitoring	See Paragraph 6.4: Tracking implementation and results

6.4 Tracking implementation and results



The following requirements apply to monitoring and review, according to the IFC PS 1:

22. The client will establish procedures to monitor and measure the effectiveness of the management program, as well as compliance with any related legal and/or contractual obligations and regulatory requirements. Where the government or other third party has responsibility for managing specific risks and impacts and associated mitigation measures, the client will collaborate in establishing and

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monitoring such mitigation measures. Where appropriate, clients will consider involving representatives from Affected Communities to participate in monitoring activities. The client's monitoring program should be overseen by the appropriate level in the organization. For projects with significant impacts, the client will retain external experts to verify its monitoring information. The extent of monitoring should be commensurate with the project's environmental and social risks and impacts and with compliance requirements.

23. In addition to recording information to track performance and establishing relevant operational controls, the client should use dynamic mechanisms, such as internal inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. Monitoring will normally include recording information to track performance and comparing this against the previously established benchmarks or requirements in the management program. Monitoring should be adjusted according to performance experience and actions requested by relevant regulatory authorities. The client will document monitoring results and identify and reflect the necessary corrective and preventive actions in the amended management program and plans. The client, in collaboration with appropriate and relevant third parties, will implement these corrective and preventive actions, and follow up on these actions in upcoming monitoring cycles to ensure their effectiveness.

24. Senior management in the client organization will receive periodic performance reviews of the effectiveness of the ESMS, based on systematic data collection and analysis. The scope and frequency of such reporting will depend upon the nature and scope of the activities identified and undertaken in accordance with the client's ESMS and other applicable project requirements. Based on results within these performance reviews, senior management will take the necessary and appropriate steps to ensure the intent of the client's policy is met, that procedures, practices, and plans are being implemented, and are seen to be effective.

6.4.1 Existing INEOS Olefins Belgium procedures to monitor supplier performance

Currently, INEOS Olefins Belgium has an established system to monitor contractor and key supplier performance in terms of Health and Safety, and Environment. The key contractors and suppliers are assessed once a year based on the questionnaire, which includes questions regarding occupational health and safety, quality assurance.

Table 6-7: Existing monitoring procedures

Document	Applicability	Description
IPMT Procedure: Approved vendor list management	Project One	Includes process and criteria for issuing vendor performance alerts regarding poor performance. A specific alert Code C for SHE issues is assigned, which includes breaching INEOS Group Life Saving Rules, having lost time injury or fatality on the vendor's premises.
IPMT Procedure: Inspection coordination procedures	Project One	Describes supplier inspection coordination activities for construction phase, including health and safety considerations

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Document	Applicability	Description
IPMT Procedure: Procurement quality surveillance procedure	Project One	Defines the quality requirements which contractor shall comply with to assure quality services, equipment and materials. It includes considerations for supplier site visits and vendors audits.
Annual key contractor and supplier evaluation questionnaire	INEOS Group	All the key contractors and suppliers are evaluated once a year in terms of health, safety performance

6.4.2 Proposed framework for tracking implementation and results

The goal of this phase is to track the implementation and effectiveness of the due diligence activities, and in turn, use the lessons learned to improve this process in the future. It is recommended to integrate the proposed monitoring of human rights issues into the existing supplier monitoring framework. Tracking the performance of the overall due diligence process may help to identify trends more widely and can be used as a basis for sharing lessons learned across the company and implementing improvements.

The monitoring plans for each of the measures described in chapter 6 are provided below.

6.4.2.1 **Monitoring of measure 1: Using leverage to improve the performance of suppliers**

Proposed measure	Using leverage to improve the performance of suppliers
Method of monitoring	<p>Tracking progress of Corrective Action Plans</p> <p>In case of the identification of major issues, the supplier will be required to implement corrective actions. The proposed form for Corrective Action Plan, based on the IFC suggestions, is provided in Attachment D.</p> <p>Suppliers will be asked to report on the progress of the implementation of the agreed corrective actions based on the agreed timeline. The Corrective Action Tracking Form will be used as a reference for an overview of the outstanding issues for each supplier and the progress being made. The agreed actions and progress will be monitored in the supplier database, along with other relevant information about supplier. Where major issues have been identified, a supplier audit will be performed to validate the satisfactory implementation of the agreed improvements.</p> <p>Ad-hoc assessments</p> <p>INEOS Olefins Belgium may perform ad-hoc supplier assessments, which will use information collected through (described in section 5.4.2):</p> <p>Document reviews and interviews; Self-assessment questionnaires; and Site visits.</p> <p>Periodic and ad-hoc assessments will allow to verify that measures are being pursued or to validate that adverse impacts have actually been</p>

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	<p>prevented. In addition, it will help to identify additional risks that may have been overlooked in previous cycle of due diligence processes.</p> <p>Moreover, the monitoring will also include: Monitoring of grievances submitted through the Communication and Grievance Mechanism) Stakeholder input or feedback received through the Communication and Grievance Mechanism or any other means (e.g. “procurement” mailbox).</p>
Indicators for monitoring	<p>Number and percentage of suppliers with which corrective actions were agreed; Types of corrective actions that were agreed; Percentage of agreed actions that were implemented by suppliers; Number of site visits and main findings; Number and percentage of suppliers with which relationships were terminated as a result of assessments; and Number of grievances related to suppliers.</p>
Frequency	Every six months

6.4.2.2 *Monitoring of measure 2: Supporting suppliers in the prevention efforts*

Proposed measure	Supporting suppliers in the prevention efforts
Method of monitoring	Tracking the information about the provided support for each supplier (e.g. in the supplier database).
Indicators for monitoring	<p>Number and percentage of suppliers that received incentives; Number and percentage of suppliers that received technical assistance or training; and Description of the cases where contribution to remediation was provided.</p>
Frequency	Once a year

6.4.2.3 *Monitoring of measure 3: Building organizational capacity and competency*

Proposed measure	Building organizational capacity and competency
Method of monitoring	Tracking the attendance of in-person and on-line training, collecting feedback from the attendees.
Indicators for monitoring	<p>Total number and number of hours of training provided; Number of hours of training per employee; Topics of training provided; and Employee feedback on the provided training.</p>
Frequency	Once a year.

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6.4.2.4 Reporting: Supplier database

Supplier database is an important tool for capturing, storing, and tracking information about key suppliers. Per supplier, the database will include general and contextual information and the results of the risks assessment.

As recommended by the IFC in the Measure & Improve your Labor Standards Performance Handbook (2010)¹⁴, the following data will be collected to analyze labor standards risk of individual suppliers:

Table 6-8: Supplier database

Criteria	Data
Supplier name	
Location (country, city/region)	
Location free trade zone or special economic zone (yes/no)	
Type of company (manufacturers, trading company, buying agent, importer)	
Industry	
Product(s)	
Manufacturing process or business activity	
Number of employees (Differentiate between full and part-time)	
Certifications (ISO, OSHA, BREEAM, LEED, etc)	
Percentage of supplier's production capacity in INEOS Olefins Belgium purchase	
Percentage of product that supplier supplies	
Presence of management systems for labor standards performance (yes/no)	
Presence of management system for sub-contractors and suppliers (yes/no)	
Disaggregated information about worker (by sex, age, nationality, region of origin in the country, religion)	
Disaggregated information about factory managers (by sex, age, nationality, region of origin in the country, religion)	
Presence of contract labor (foreign and domestic)	

¹⁴ Adapted from the [IFC Measure & Improve your Labor Standards Performance Handbook \(2010\)](#)
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Criteria	Data
In case of labor camp/ dormitory, number of beds and rooms	
Hazardous materials processes	
Date of last audit	
Auditing organization (internal/external)	
Summary of the results of the risk assessment	
Current performance score (overall score based on the self-assessment questionnaire)	
Number and topics of non-conformances or concerns evaluated as having high risks (1-2 points (based on Part 5: Level of non-conformances of the self-assessment)	
Topics of non-conformances or concerns evaluated as having medium risks (3-4 point based on Part 5: Level of non-conformances of the self-assessment)	
Performance score in previous cycle (overall score based on the self-assessment questionnaire)	
Recommended timeframe for the next assessment	

6.5 Communicating how impacts are addressed



The public disclosure is an overarching recommendation across the international standards and frameworks applied by the financial institutions. IFC PS 1 (Assessment and Management of Environmental and Social Risks and Impacts) states that *clients are encouraged to make publicly available periodic reports on their environmental and social performance*. UNGPs mention that the company should be prepared to communicate externally, particularly when concerns are raised by stakeholders.

6.5.1 INEOS Group public disclosure

INEOS Group currently publishes a Modern Slavery Transparency Statement¹⁵ as required by and in accordance with the UK Modern Slavery Act 2015. Moreover, INEOS Group publishes an annual sustainability report.

¹⁵ <https://www.ineos.com/information/anti-slavery-act/>
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6.5.2 Proposed approach for public disclosure

INEOS Olefins Belgium will integrate reporting on the supply chain sustainability into the overall non-financial (sustainability) reporting and make it part of the INEOS Group Sustainability Book. The systematic and standardized reporting will be implemented by applying the GRI Sustainability Standards, which are designed to be used by organizations to report about their impacts on the economy, the environment, and society. GRI Standards offer an extensive framework for non-financial reporting, including disclosures for reporting on supply chains. The set of recommended disclosures is grouped by the due diligence phases, and includes disclosures for reporting on relevant policies, identification and assessment of impacts, and actions taken to prevent and mitigate impacts.

- Reporting on relevant policies

Reporting on policies relevant for the environmental and social performance of the supply chain is addressed by GRI 103 Management approach 2016 standard, disclosure 103-2 *The management approach and its components*.

- Reporting on identifying and assessing risks

Reporting on the identification and assessment of risks includes providing contextual information for understanding the organization's supply chain, providing information on how the assessment of suppliers is approached (management approach disclosures) and reporting on topic-specific indicators. The recommended set of disclosures is provided in Table 6-9:

Table 6-9: Recommended set of disclosures for reporting on impact identification and assessment

GRI Standard	GRI Disclosure	Content
GRI 102: General disclosures 2016	GRI 102-9: Supply chain (a)	description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services
	GRI 102-10: Significant changes to organization and its supply chain (a)	significant changes to the organization's size, structure, ownership, or supply chain (during the reporting period)
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	Explanation about the scope of assessments (e.g. tiers of supply chain)
GRI 414: Supplier social assessment 2016	Management approach disclosures:	Systems used to screen new suppliers using environmental and social criteria, and a list of the criteria; Describe how the company identifies and assesses significant actual and potential negative environmental and social risks in the supply chain; Describe how the organization identifies and prioritizes suppliers for assessment; Describe the practices for assessing and auditing suppliers.
	414-1 New suppliers that were screened using social criteria (a)	Percentage of new suppliers that were screened using social criteria

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GRI Standard	GRI Disclosure	Content
	414-2 Negative social risks in the supply chain and actions taken (a, b, c)	Number of suppliers assessed for social risks; Number of suppliers identified as having significant actual and potential negative social impacts; and Significant actual and potential negative social risks identified in the supply chain.
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk (a)	Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: type of operation (such as manufacturing plant) and supplier; and countries or geographic areas with operations and suppliers considered at risk.
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor (a, b)	Operations and suppliers considered to have significant risk for incidents of: child labor; and young workers exposed to hazardous work. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: type of operation (such as manufacturing plant) and supplier; countries or geographic areas with operations and suppliers considered at risk.
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor (a)	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: type of operation (such as manufacturing plant) and supplier; and countries or geographic areas with operations and suppliers considered at risk.

- Reporting on actions taken to prevent risks

The recommended set of disclosures is provided in Table 6-10 below.

Table 6-10: Recommended set of disclosures for reporting on actions taken to prevent and mitigate impacts

GRI Standard	GRI Disclosure	Content
GRI 103: Management approach disclosures 2016	103-2 The management approach and its components 103-3 Evaluation of the management approach	Explanation how the risks are managed; and Explanation how the management approach is evaluated.

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GRI 414: Supplier social assessment	Management approach disclosures	actions taken to address the significant actual and potential negative social risks; describe how expectations are established and defined in contracts with suppliers to promote the prevention, mitigation, and remediation of significant actual and potential risk; and explain whether suppliers are incentivized and rewarded.
	414-2 Negative social impacts in the supply chain and actions taken (d, e)	percentage of suppliers identified as having significant impacts with which improvements were agreed upon as a result of assessment; and percentage of suppliers identified as having significant impacts with which relationships were terminated as a result of assessment, and why.
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk (b)	Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor (c)	Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.
GRI 403: Occupational health and safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships (a)	Description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products or services by its business relationships, and the related hazards and risks.

7. RESPONSIBILITIES

The responsibilities for the implementation and tracking of the effectiveness of the due diligence process will be divided across different functions: Communications, Procurement, CSR/Sustainability and Risk management.

The responsibilities of the **Communications** department (or other department responsible for Grievance Mechanism) will include ensuring that grievances and stakeholder feedback related to supplier performance and received through the Communication and Grievance mechanism or any other means are provided to the Procurement department. Moreover, Communications department (or other department responsible for Grievance Mechanism) will coordinate the reply to the affected stakeholder (please refer to Project One Communication and Grievance Mechanism procedure).

Procurement department will be responsible for:

- maintaining supply chain map and screening for potential contextual risks;
- coordinating periodic and ad-hoc supplier assessments;
- tracking the implementation of Corrective Action Plans;
- contributing to the analysis of received grievances;
- collecting the lessons learned and coordinating the adjustments to the due diligence process; and
- providing data for reporting to the CSR/Sustainability department.

To that end procurement team will include a person with a specialization in sustainable procurement.

The **Risk management** specialist will be responsible for incorporating relevant information into the overall risk management system for Project One.

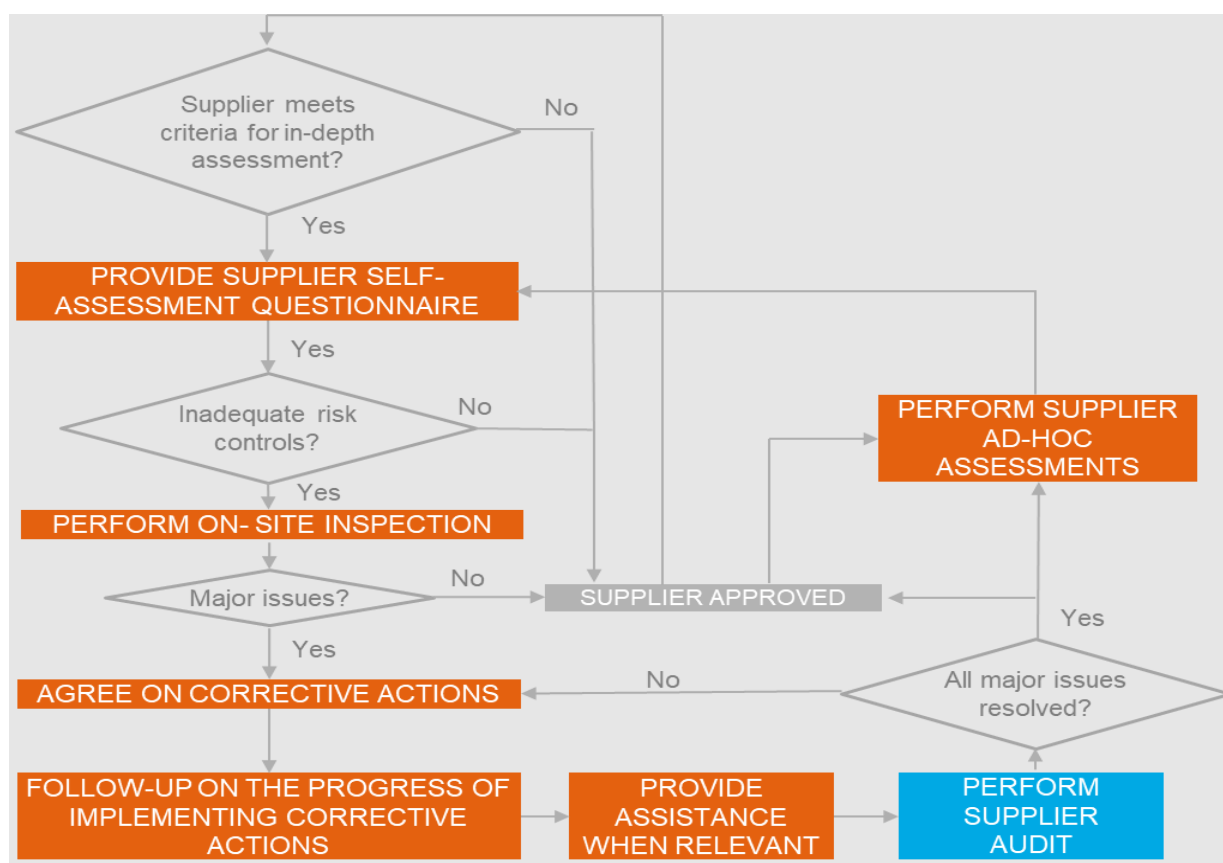
The responsibilities of the **CSR/Sustainability** function will include:

- collecting and aggregating data related to the due diligence process; and
- producing reporting materials and disseminating the information internally and externally.

8. PROPOSED SUPPLIER DUE DILIGENCE PROCEDURE

The main steps for performing due diligence process for specific supplier are depicted in Figure 8-1. The goal of this algorithm is to show how to operationalize the due diligence steps explained in previous paragraphs.

Figure 8-1: Overview of the recommended supply chain due diligence process



Recommended process can be described as follows:

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- The suppliers that meet the criteria for further assessment are selected for in-depth assessment;
- The suppliers that meet criteria for further assessment are asked to fill-in supplier self-assessment questionnaire. Based on the questionnaire, supplier is given a score and potential inadequate risk controls are assessed;
- In case inadequate risk controls are identified, a site inspection may be performed;
- If major issues are identified, supplier develops and implements corrective action plan;
- The progress of the implementation of the corrective actions is tracked. Where relevant and feasible, support to the supplier to implement corrective actions can be provided;
- Further, the supplier audit is performed to confirm that all major issues have been solved; and
- INEOS Olefins Belgium may also perform ad-hoc assessment of any supplier (in light blue).

ATTACHMENT A: PROJECT ONE SUPPLIER CODE OF CONDUCT

INEOS Supplier Code of Conduct

Preface

INEOS is committed to operating as a responsible corporate company and to comply with all relevant local, national, and international laws. Our mission is to be a leader in our industry and to continuously improve our performance, but in so doing we will not compromise our environmental, health, or safety standards for any reason.

INEOS expects its suppliers to comply with applicable laws and adhere to internationally recognised environmental, social and governance (ESG) standards including those set forth in our Code of Conduct and SHE policy.

To help us uphold our commitment, this Supplier Code of Conduct (SCoC) defines and summarises what we expect of our suppliers, suppliers' subsidiaries and affiliates, their subcontractors or other business partners' contractors and agents; regardless of location or background relative to the following categories:

- Health & safety
- Environmental protection
- Labour practices & human rights
- Ethics & fair business practices

As an INEOS supplier, and part of our supply chain, we expect that you will conduct your business in line with the values and principles outlined in this SCoC, always in full compliance with all applicable laws and regulations and that you select your own suppliers and counterparties accordingly.

By accepting to work for or with INEOS, suppliers commit to abide by this SCoC. INEOS reserves the right to conduct audits and assessments to verify your compliance with this SCoC.

Conduct inconsistent with, or in violation of, this SCoC may result in suspension or termination of business with INEOS. Any inconsistency with, or violation of, this SCoC can be reported directly to your INEOS contact or confidentially through : procurement.feedback@ineos.com

Health and safety

Health and safety is of prime importance to INEOS. Suppliers shall provide and maintain a safe work environment and encourage sound health and safety practices.

- ☐ **Occupational health, safety and hazard prevention:** A safe, healthy working environment must be provided for all employees and on-site contractors, in accordance with applicable laws and regulations, with the aim of creating an incident-and injury-free work environment and preventing the occurrence of occupational illness and health problems associated with its activities.
- ☐ **Emergency management:** Suppliers shall identify and assess potential emergency situations. For each situation, suppliers shall develop and implement emergency plans and response procedures that minimize harm to life, environment, and property.
- ☐ **Sanitation, food and housing:** Suppliers shall provide employees and on-site contractors with reasonably accessible, sanitary accommodations and where applicable, clean and safe dormitories, dining, food preparation, and storage facilities.
- ☐ **Communication & training:** Employees and on-site contractors must be adequately informed about health and safety issues and provided with appropriate training in their regional language to minimise health and safety risks.
- ☐ **Life Saving Rules:** Suppliers and others who work on their behalf will comply with the 7 INEOS Life Saving Rules (www.ineos.com) when working on INEOS premises.

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Environmental protection

We expect our suppliers to comply with all applicable environmental laws and regulations and conducting business in a resource-conserving manner. Suppliers shall identify the risks and environmental impact of the lifecycle of their products during the production, distribution and transportation processes.

- ☐ Resource efficiency: Suppliers shall reduce energy, water and natural resource consumption by implementing conservation and substitution measures.
- ☐ Management of wastewater and emissions to air: Suppliers shall implement a systematic approach to identify, control and reduce wastewater and emissions to air produced by its operations.
- ☐ Disposal of waste material: Suppliers shall implement a systematic approach to identify, manage, reduce and responsibly dispose of or recycle hazardous and non-hazardous material.
- ☐ Prevention of pollution: Suppliers shall minimize hazardous substance consumption by implementing reduction / substitution measures and preventing pollution.
- ☐ Safe handling of materials: Suppliers shall have systems in place to ensure safe handling, use, storage, transport and disposal of all materials.
- ☐ Permitting: Suppliers shall obtain, keep current and comply with all required environmental permits.
- ☐ Safety and health risks for local residents: Suppliers shall systematically and regularly evaluate the impact of their activities on local residents including transportation of goods.

Labour practices and human rights

INEOS believes all staff deserve a fair and ethical workplace and must be treated with dignity and respect. Suppliers shall sustain the highest standards of human rights.

- ☐ Anti-discrimination, anti-harassment and abuse: Suppliers shall not discriminate against any staff member based on race, colour, religion, gender, age, national or social origin, sexual orientation, gender identity, marital status, disability, political affiliation or union membership, in hiring and other employment practices like salary, promotions, rewards, access to training, employment termination and retirement. Suppliers shall provide a workplace free of harassment, corporal punishment, coercion and abuse. Any threats or other forms of intimidation are prohibited.



- ☐ **Prevention of forced labour and human trafficking:** Suppliers shall ensure that all work is voluntary. Employment contracts shall be easily understood by employees and they should be free to terminate their employment upon reasonable notice. They shall not traffic persons or use any form of forced, bonded, slave, or prison labour. Employees should not surrender any personal identification documents as a condition of employment.
- ☐ **Prevention of child / underage labour:** Suppliers shall employ only members of staff who are at least 15 years of age or the applicable minimum legal age, whichever is higher. For persons under the age of 18 suppliers shall identify presence, monitor health, working conditions, hours of work and shall not employ for hazardous work or in a manner that is economically exploitative, interfere with education or harmful to health, physical, mental, spiritual, moral or social development. Legitimate workplace apprenticeship programs for educational benefit are acceptable, provided that they are consistent with Article 6 or 7 of ILO Minimum Age Convention No. 138.
- ☐ **Working conditions:** Suppliers shall follow all applicable laws, regulations and/or collective agreements with respect to working conditions, hours, days of rest, wages & salaries.
- ☐ **Freedom of association and collective bargaining:** As legally permitted, suppliers shall freely allow employees to associate with others and organisations of their choice and seek representation to bargain collectively. Suppliers shall allow employees to express their concerns about working conditions or potentially unlawful practices without threats of reprisal or harassment.

Ethics and fair business practices

We expect our suppliers to conduct business in a fair and ethical manner and operate in full compliance with international, national and local laws and regulations that are applicable to their business operations and obtain all necessary permits.

- ☐ **Anti-trust & Competition:** Suppliers must adhere to anti-trust and competition laws.
- ☐ **International Trade:** Suppliers must adhere to international trade and export control regulations as well as embargoes and sanctions imposed by national or supranational bodies or governments.
- ☐ **Bribery & Corruption:** Suppliers refrain from any and all forms of corruption, including extortion and active or passive bribery, money laundering and insider dealing.
- ☐ **Gifts & Entertainment:** Suppliers respect that INEOS employees do not give or accept any gift or favor that could compromise or raise doubts about the neutrality of the decisions. Suppliers ensure that payments, gifts or other commitments to customers, government officials, subcontractors or other parties transacting on their behalf are in compliance with applicable anti-bribery laws.
- ☐ **Conflicts of interest:** Suppliers shall disclose to INEOS information regarding potential or actual conflicts of interest as an INEOS supplier.
- ☐ **Intellectual Property & Confidentiality:** Suppliers will neither use, nor misappropriate, nor disseminate the intellectual property of INEOS in any manner inconsistent with the particular engagement as a supplier to INEOS.

ATTACHMENT B: RESULTS OF CONTEXTUAL RISK SCREENING

- Supply chain MAPPING

The geographical matrix of the supply chain has been developed based on the list of vendors approved for use on Project One, as well as the provided information on the estimated origin of the main resources to be used during the operation phase of the Project.

Table B1 Geographical location of the currently known suppliers

(confidential)

- Understanding contextual risks

Geographical risk factors

One of the contextual factors to look at is the countries of origin for the resources. One possible approach to estimate the contextual risk is using indicators and rankings of countries in terms of their social and environmental performance. For example, one of the indicators included in the Global Slavery Index¹⁶ provides an estimation of the modern slavery prevalence in different countries. The values for the direct suppliers' countries are presented in the table below, with data from 2018.

Similarly, one of the indicators that can be used to assess the level of risk related to biodiversity and ecosystems is the Ecosystem Vitality indicator, included in the Environmental Performance Index EPI¹⁷. Ecosystem Vitality indicator considers, amongst other criteria, biodiversity & habitat, and climate & energy for different countries. Data from 2018 is presented also in the table below.

Additionally, the Worldwide Governance Indicators WGI¹⁸ can be used to estimate the level of the overall country governance, including voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, control of corruption. Data from 2018 is presented in the table below (average score of the six WGIs).

Table B2 Values of the social and environmental risk indicators, per country

(confidential)

Based on the mapping of the geographical location of the direct suppliers and considering the evaluation of the respective countries, the contextual supply chain risk matrix has been developed.

Table B3 Contextual supply chain risk matrix

(confidential)

Considering the currently known geographical locations of the direct suppliers, the overall evaluated contextual risks can be perceived as low to moderate. Most of suppliers would be in European Union countries or UK, where social risks related to forced labor and child labor, as well as environmental risks related to the ecosystem vitality, are estimated as very low, low or low-medium. However, some of the evaluated non-European countries tend to be related to higher risks.

Sector specific risks

The list of sectors where forced labor exploitation risks are most prevalent, as identified by ILO¹⁹, are:

¹⁶ <https://www.globalslaveryindex.org/>

¹⁷ <https://epi.envirocenter.yale.edu/>

¹⁸ <https://info.worldbank.org/governance/wgi/>

¹⁹ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_575479.pdf

- Domestic work
- Construction
- Manufacturing
- Agriculture, forestry, and fishing
- Accommodation and food services activities
- Wholesale and trade
- Personal services
- Mining and quarrying
- Begging

Construction. According to the NGO Verité²⁰ potential adverse social impacts related to the construction sector can be related to:

- Hazardous/undesirable work
- Vulnerable, easily replaced, and/or low-skilled workforce
- Migrant workforce
- Presence of labor contractors, recruiters, agents or other middlemen in labor supply chain

Transportation. According to the NGO Verité²¹ potential adverse social impacts related to the transportation sector can be related to:

- Hazardous/undesirable work
- Vulnerable, easily replaced, and/or low-skilled workforce
- Migrant workforce
- Presence of labor contractors, recruiters, agents or other middlemen in labor supply chain
- Long, complex, and/or non-transparent supply chains

²⁰

https://www.responsiblesourcingtool.org/download/reports/JTIP_ExecutiveOrder_Report_2017_06.pdf#page=41

²¹

https://www.responsiblesourcingtool.org/download/reports/JTIP_ExecutiveOrder_Report_2017_06.pdf#page=41

ATTACHMENT C: SUPPLIER SELF-ASSESSMENT TOOL²²

(confidential)

²² Adapted from [IFC Measure & Improve your Labor Standards Performance Handbook \(2010\)](#)
Project One Human Rights Due Diligence – 29 July 2022

ATTACHMENT D: CORRECTIVE ACTION PLAN AND CORRECTIVE ACTION TRACKING FORM

Corrective Action Plan			
Supplier name:		Corrective action #:	
Code of Conduct Element	Current Situation/problem	Proposed Corrective Action	Starting date:
			Planned completion date:
Issue		Potential Challenges	
Comments:		Dated progress reports:	
Person directly responsible for corrective action plan:			
Signature:	Date:		

Corrective Action Tracking								
Supplier name:								
Corrective action #	Planned completion date	Code of Conduct element	Problem summary	Corrective action summary	Supplier responsible person	Due date	Progress update, date	Date closed

Source: [IFC Measure & Improve your Labor Standards Performance Handbook \(2010\)](#)