



European Bank
for Reconstruction and Development

EBRD Performance Requirement 2

Labour and working conditions

Human resources policies and employee documentation

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This document is intended to assist clients of the European Bank for Reconstruction and Development (EBRD) in their capacity as employers.

The European Bank for Reconstruction and Development (EBRD) wishes to ensure that the working conditions in the projects that it finances comply with national labour laws and health and safety regulations and international good practice in these areas. The EBRD's specific requirements are summarised in its Performance Requirement (PR2) on labour and working conditions.

At-a-glance summary

Human resources (HR) policies enable clients to demonstrate how they meet the requirements of PR2. HR policies may be documented in company handbooks, collective agreements, or through dedicated policies on specific issues such as non-discrimination.

All EBRD clients must:

- ensure that their HR policies and employee documentation are written in clear language and made available in the main language(s) spoken by the workforce.
- document and communicate terms of employment to workers, usually in the form of a written contract of employment.
- ensure that workers are familiar with and understand their terms and conditions of employment, including the period of employment, wages, hours of work, overtime arrangements, grievance procedures, and any benefits (such as leave for illness, maternity/paternity or holiday).
- ensure that any material changes to their terms and conditions of employment are substantively and procedurally consistent with national law on modification of contract of employment.
- ensure that any record-keeping and document collection respects the rights of workers to privacy and data protection.

¹ "Workers" refers to direct hires as well as to all contract workers (in other words, "non-employee workers").

1. What are the EBRD's standards on HR policies and employee documentation?

The EBRD wishes to ensure that the working conditions in the projects that it finances comply with national labour, anti-discrimination and health and safety laws and regulations, and international good practices in these areas.

The EBRD's specific requirements on human resources (HR) policies and employee documentation are summarised in its Performance Requirement 2 (PR2) on labour and working conditions, as follows:

EBRD requirements on HR policies (PR2.6)

“The client will adopt and/or maintain human resources policies and management systems or procedures appropriate to its size and workforce that set out its approach to managing the workforce in accordance with the requirements of this PR and national law. These policies and procedures will be understandable and accessible to workers, and in the main language(s) spoken by the workforce.”

EBRD requirements on employee documentation (PR2.7 and 2.8)

“The client will document and communicate to all workers their rights under national labour and employment law and any applicable collective agreements, working conditions and terms of employment including their entitlement to wages, hours of work, overtime arrangements and overtime compensation, any benefits (such as leave for illness, maternity/paternity or holiday), and when any material changes occur. This information will be understandable and accessible to workers and available in the main language(s) spoken by the workforce. Human resources management systems will respect the rights of workers to privacy and data protection.

Communications should be managed with a view to providing the workers with: (i) adequate information, in particular, on changes anticipated that might affect the workforce and (ii) the opportunity to provide comments as part of continuous improvement, including how to raise grievances as detailed in paragraph 20.”

2. What is a human resources policy?

Human resources policies (HR policies) describe how an organisation manages its employees. They allow employers to communicate with employees, adopt a consistent approach to managing employees and demonstrate compliance with national laws.

An organisation's HR policies are often not kept together in a single place and may be documented in different ways. Sometimes they are not labelled as 'HR policy'.

Examples of documents that may set out HR policies

- diagrams showing management structure
- collective agreements
- company handbooks or internal guidelines
- dedicated policies on particular topics, such as occupational health and safety or discrimination.

3. What is ‘appropriate’ for the purposes of PR2?

In many ways, the requirement for clients to have appropriate HR policies is a means to an end: it allows the client to show how it intends to implement all of the requirements of PR2. In addition to its HR policies, the client should be able to provide concrete evidence of compliance.

It is best practice for HR policies to be in written form, as this enables managers and supervisors to apply policies more consistently and transparently. However, there is no single ‘correct’ approach to devising HR policies and each organisation should adopt HR policies that are appropriate to the sector and legislative context in which it operates, the HR challenges and labour risks that it faces and its size. It is likely that a client’s HR policies will often go beyond the scope of the requirements of PR2.

There is no particular wording that clients need to adopt in order to comply with PR2. However, for reference, some sample policy clauses on issues that should be included in clients’ HR policies are set out below in Section 4. Not all aspects of PR2 are covered in Section 6, as not all aspects of PR2 are human resource issues (for example, management of the supply chain or contractors).

4. PR2 issues that should be included in HR policies – sample clauses

PR2.7 Working relationships

- We ensure that workers' terms and conditions of employment are documented and communicated to them – in the main language(s) spoken by the workforce – including their entitlement to wages, hours of work, overtime arrangements and overtime compensation, and any benefits such as leave for illness, maternity/paternity or holiday, as well as information on how to submit a grievance.
- We ensure that HR management systems respect the rights of workers to privacy and data protection.

PR2.9 and 2.10 Child labour

- We do not employ children below the national minimum age of employment.
- We have procedures in place to verify the age of all young workers (those between the minimum age of employment and the age of 18).
- We do not allow young workers to work at night or in hazardous conditions and we carry out a risk assessment and regular monitoring of health, working conditions and hours of work.

PR2.11 Forced labour

- We are committed to ensuring that all of our workers enter into employment freely and voluntarily, without coercion or penalty and that we do not use any form of forced, bonded or involuntary prison labour.
- We prohibit charging workers any recruitment, processing or placement fees in order to obtain employment with our company.
- We will exercise appropriate due diligence in the selection and management of recruitment agents and labour providers used to select, to recruit and/or to transport workers to their workplace.
- We ensure that migrant workers are provided with a written copy of the terms and conditions of their employment (see PR2.7 on page2) for their review and signature before they leave their home country.
- We do not require workers to lodge monetary deposits or bonds as a condition of employment.
- We and third parties acting on our behalf will not hold workers' original identity papers, passports, work visas or other personal documents.
- Workers are free to leave their jobs without penalty after reasonable notice.

PR2.12 Non-discrimination and equal opportunity

- We are committed to ensuring that all of our employment relationships are based on the principle of non-discrimination and equal opportunity.
- We make employment decisions fairly and objectively and not on the basis of personal characteristics, such as gender, race, nationality, political opinion, affiliation to a union, ethnic, social or indigenous origin, religion or belief, marital or family status, disability, age, sexual orientation or gender identity, that are unrelated to the inherent requirements of the job.
- We have put in place measures to ensure that we do not discriminate in any aspect of the employment relationship, including recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, promotion, termination of employment or retirement, and disciplinary action.
- We provide equal pay to men and women for work of equal value.
- We provide equal pay and benefits for local and migrant workers performing the same job.
- We have put in place measures to prevent and address harassment, including sexual harassment.

PR2.13 Trade unions and collective bargaining

(**Note:** Clients may need to adopt different policies on worker organisation according to the local context. The first set of clauses below is appropriate for countries where workers exercise their rights to freedom of association in practice. The second set is appropriate for EBRD countries of operations where national law substantially restricts the establishment or functioning of workers' organisations and clients are required to provide alternative means for workers to express grievances and protect their rights.)

A. Clauses for countries without significant restrictions on worker organisations

- We respect our workers' right to freely form or join organisations of their choosing and we do not discriminate or retaliate against workers who participate or seek to participate in organisations or to bargain collectively.
- We do not interfere with the operation of trade unions or other representative organisations within our organisation.
- We provide worker representatives with access to the workplace to enable them to carry out their representative functions.
- In accordance with national law, we engage with workers' organisations and provide them with information needed for meaningful negotiations.

B. Clauses for countries with significant restrictions on worker organisations

- We ensure that workers have adequate collective means of addressing issues relating to their terms and conditions of employment, by means of:
 - recognising worker committees
 - allowing workers to choose representatives for dialogue with management.

PR2.14, 2.15, 2.16 Wages, benefits and conditions of work

- We provide wages, benefits and conditions of work – including hours of work – that meet minimum statutory requirements and are comparable to those offered by equivalent local or regional employers.
- Where we enter into collective agreements, we honour the terms of those agreements.
- We provide clearly understandable verbal and written information to employees about their wages before they enter employment and provide detailed information regarding their wages, including benefits and deductions, for each pay period.
- We ensure that overtime is voluntary except in emergency situations, is not requested on a regular basis, and is remunerated in accordance with national legislation or collective agreement.
- We do not make deductions from workers' wages except in line with national law and where the employee has given his or her consent.
- We ensure that any migrant workers receive accurate terms and conditions in the main language(s) spoken and understood by them.
- We provide equal pay to men and women for work of equal value.

PR2.17 Occupational health and safety

(**Note:** This is a sample policy statement that sets out the employer's overarching commitments on occupational health and safety (OHS). However, it may be more appropriate to develop a separate policy that is specifically tailored to the type of work involved and the nature of the risks faced by workers, particularly where organisations operate in high-risk sectors. OHS policies need to be reviewed and updated periodically, particularly if there are changes to the nature of the work or the workplace. It is important to note that, in addition to an OHS policy, PR2 requires clients to maintain an OHS management system that is appropriate to their size and nature and in line with international good practice: this would set out in far more detail how the organisation deals with health and safety risks.)

- Our goal is to prevent occupational injuries and accidents.
- We are committed to providing our workers with a healthy and safe working environment and controlling risks that arise from our work activities.
- We consult with our workers on matters regarding their health and safety.
- We provide and maintain safe plant and equipment.
- We provide information, instruction and supervision for workers on health and safety matters.
- We ensure that all of our workers are competent to do their jobs and have adequate ongoing training to do their jobs safely.
- We ensure safe handling and storage of hazardous substances.
- Where occupational accidents occur, we document and report them in accordance with national legislation.
- We have emergency prevention, preparedness and response arrangements in place.
- [This clause should clearly state who has overall responsibility for OHS within the organisation and name other individuals with key health and safety responsibilities.]

PR2.18 Worker accommodation¹ (where applicable)

- We provide accommodation for our workers that is culturally sensitive and gender-sensitive, appropriate for its location, meets national and international standards for accommodation, and is clean, safe and meets the needs of workers.
- We do not restrict workers' movement to and from the accommodation, except for reasonable security measures or logistical restrictions where necessary.

PR2.19 Collective redundancies

- Prior to undertaking any collective redundancies, we will carry out an analysis to identify alternatives to retrenchment.
- In the event of collective redundancies, we will develop a retrenchment plan in line with national law and good practice and based on the principles of non-discrimination and consultation.
- We will develop selection criteria based on fair, objective, consistently applied criteria, and put in place an effective grievance mechanism.
- We will provide reasonable notice of collective redundancies to workers' representatives and, where appropriate, to relevant public authorities.
- We will pay all outstanding back pay (or arrears) and social security benefits and pension contributions and benefits, either before the termination or at a point in time agreed with workers or established through collective agreement.

PR2.20 Grievance mechanism

- We have a confidential grievance mechanism that is available to all workers (and their organisations, if any) to raise concerns about recruitment and workplace practices, without fear of intimidation, discrimination or retaliation.
- We ensure that all workers understand the process and the various reporting channels available to them, including the ability to lodge grievances in their native language.
- We aim to address workers' concerns promptly, using a process that is transparent and understandable and provides feedback to everyone concerned.
- [This clause should state who has overall responsibility for the grievance mechanisms and tell workers where to find out more about the procedure. Information should be posted in accessible areas. There may be a separate policy on grievance mechanisms.]

¹ See EBRD-IFC Guidance Note on Worker Accommodation.

5. Employee documentation

Contract of employment

In many EBRD countries of operations, national law requires employers to issue written contracts of employment. Where it is a statutory requirement, clients should be able to demonstrate that written contracts are concluded with – and communicated to – all employees.

Even where there is no legal requirement, **it is best practice for clients to conclude written contracts and give a copy to the employee.** This ensures that there is no misunderstanding between the parties regarding the terms and conditions of employment. Any important changes to the contract must also be in line with national law, agreed on with the employee in question and signed in writing by both parties. Where contracts are made verbally, workers' terms and conditions must be clearly communicated to them (for example, at an interview or induction session) and documented (see 'written particulars' below).

Written particulars

In those countries of operations where written contracts are not a statutory requirement, PR2.7 requires that the client provides a minimum level of documented information to the employee on the terms and conditions of their employment. This information should cover the areas highlighted below.

Content

Clients should always take account of legislative requirements regarding the terms that must be included in employment contracts. More generally, best practice dictates that contracts should clearly set out the following:

- title of the position and brief description
- place of work
- duration of contract (for example, where the contract is fixed-term, the dates should be specified)
- wages and remuneration (including the form and frequency of pay)
- working hours
- overtime arrangements, including conditions for overtime and compensation
- leave entitlements (such as for illness, parental leave, or holiday)
- procedures for termination of the employment contract, including notice requirements
- reference to human resources policies (including policies on grievance mechanisms and OHS) and/or company handbook
- reference to a relevant collective agreement (where applicable).

Where there are relevant HR policies or collective agreements, these should be posted in an area that is accessible to all workers.

6. Communicating HR policies and employee documentation

Communication of HR policies is important. They should be written in clear language that is easily comprehensible to employees. It is also a requirement of PR2 that HR policies should be in the language(s) spoken by the workforce; this is particularly important in workplaces that have large numbers of migrant workers.

Employees may be given a hard copy of the policies, or they may be posted on a notice board in a common area that is accessible to all workers. Depending on the organisation, it may be appropriate for HR policies to be posted on the internet or emailed to employees.

Contracts should be in an appropriate language and style. The language should be accessible to workers, taking into account linguistic differences and varying levels of literacy. Contracts should be available in the main language(s) spoken by the workforce; where there are large numbers of migrant workers it may be necessary to translate employment contracts.