

PR 2: Labour and Working Conditions

Introduction

1. EBRD believes that for any business, the workforce is a valuable asset, and that good human resources management and a sound worker-management relationship based on respect for workers' rights, including freedom of association and right to collective bargaining, are key ingredients to the sustainability of the enterprise. By treating workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations. Conversely, failure to establish and foster a sound worker/management relationship can undermine worker commitment and retention, jeopardise a project and damage the client's reputation.

Objectives

2. EBRD will seek to support, through its operations, the initiatives of other institutions such as the ILO and the EU to promote the decent work agenda. At a minimum, the client's human resources policies, procedures and standards shall be designed to:

- establish and maintain a sound worker-management relationship
- promote the fair treatment, non-discrimination and equal opportunity of workers
- promote compliance with any collective agreements to which the client is a party, national labour and employment laws, and the fundamental principles and key regulatory standards embodied in the ILO conventions that are central to this relationship¹
- protect and promote the health of workers, especially by promoting safe and healthy working conditions.

Scope of application

3. The Bank will agree with the client how the relevant requirements of this Performance Requirement (PR) will be addressed, as part of the client's overall environmental and social action plan and/or management system. The environmental and social appraisal and management requirements are outlined in PR 1 and PR 10.

4. Throughout this PR, the term "workers" is used to refer to the employees of the client. The applicability of the PR to non-employee workers is set out in paragraph 19. Supply chain issues are addressed in paragraphs 20 and 21.

Requirements

Management of worker relationship

Human resources policies

5. The client will adopt and/or maintain human resources policies appropriate to its size and workforce that sets out its approach to managing the workforce consistent with the requirements of this PR. These policies will be clear, understandable and accessible to workers.

Working relationships

6. The client will document and communicate to all workers their working conditions and terms of employment 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).

Working conditions and terms of employment

General

7. Projects are required to comply, at a minimum, with:
- national labour, social security and occupational health and safety laws, and

¹ ILO conventions 29 and 105 (forced and bonded labour), 87 (freedom of association), 98 (right to collective bargaining), 100 and 111 (discrimination), 138 (minimum age) 182 (worst forms of child labour).

- the principles and standards embodied in the ILO conventions² related to:
 - a) the abolition of child labour
 - b) the elimination of forced labour
 - c) the elimination of discrimination related to employment
 - d) the freedom of association and collective bargaining.
- base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to all aspects 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 discipline.

Child labour

8. The client will comply with all relevant national laws provisions related to the employment of minors. In any event, the client will not employ children in a manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. Young people below the age of 18 years will not be employed in hazardous work and all work of persons under the age of 18 shall be subject to an appropriate risk assessment.

Forced labour

9. The client will not employ forced labour, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labour, such as indentured labour, bonded labour or similar labour-contracting arrangements.

Non-discrimination and equal opportunity

10. Projects will comply with EU requirements on non-discrimination related to employment. In particular, the client will:

- not make employment decisions on the basis of personal characteristics, such as gender, race, nationality, ethnic origin, religion or belief, disability, age or sexual orientation, unrelated to inherent job requirements

Special measures of protection or assistance to remedy past discrimination or promote local employment opportunities or selection for a particular job based on the inherent requirements of the job, which are in accordance with national law, will not be deemed discrimination.

Workers' organisations

11. The client will not discourage workers from forming or joining workers' organisations of their choosing or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organisations or bargain collectively. In accordance with national law, the client will engage with such workers' organisations and provide them with information needed for meaningful negotiation in a timely manner. Where national law substantially restricts the establishment or functioning of workers' organisations, the client will enable means for workers to express their grievances and protect their rights regarding working conditions and terms of employment. These means should not be under the influence or control of the client.

² ILO conventions 29 and 105 (forced and bonded labour), 87 (freedom of association), 98 (right to collective bargaining), 100 and 111 (discrimination), 138 (minimum age) 182 (worst forms of child labour).

Wages, benefits and conditions of work

12. Wages, benefits and conditions of work offered should, overall, be comparable to those offered by equivalent employers in the relevant region of that country/region and sector concerned. Where the client is a party to a collective bargaining agreement or is otherwise bound by it, such agreement will be respected.

Occupational Health and Safety (OHS)

13. The client will provide the workers with a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in the client's work areas, including physical, chemical, biological, and radiological hazards. The client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by:

- identifying and minimising, so far as reasonably practicable, the causes of potential hazards to workers
- provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances
- provision of appropriate equipment to minimise risks, and requiring and enforcing its use
- training of workers, and provision of appropriate incentives for them to use and comply with health and safety procedures and protective equipment
- documentation and reporting of occupational accidents, diseases and incidents
- emergency prevention, preparedness and response arrangements.

14. Projects will comply with relevant EU OHS requirements and, where such requirements do not exist, relevant IFC OHS guidelines.

15. To achieve the above requirements, the client will maintain an OHS management system appropriate to the size and nature of its business and in line with good international practice.³

16. Where a client provides accommodation for workers, the accommodation shall be appropriate for its location and be clean, safe and, at a minimum, meet the basic needs of workers. In particular, the provision of accommodation shall meet national legislation and international good practice in relation, but not restricted, to the following: the practice for charging for accommodation; the provision of minimum amounts of space for each worker; provision of sanitary, laundry and cooking facilities and potable water; the location of accommodation in relation to the workplace; any health, fire safety or other hazards or disturbances and local facilities; the provision of first aid and medical facilities; and heating and ventilation. Workers freedom of movement to and from the employer-provided accommodation shall not be unduly restricted.

Retrenchment

17. If the client anticipates collective dismissals as defined in Article 1 of EU Directive 98/59, the client will develop a plan to mitigate the adverse impacts of retrenchment, in line with national law and good industry practice and based on the principles of non-discrimination and consultation. Without prejudice to more stringent provisions in national law, such consultation will involve reasonable notice of employment changes to the workers' representatives and, where appropriate, relevant public authorities,

³ Such as ILO OSH 2001 Guidelines or OHSAS 18001. Management systems should include appropriate incentive and penalty schemes to promote good OHS practices.

so that the retrenchment plan may be examined jointly in order to mitigate adverse effects of job losses on the workers concerned. The outcome of the consultations will be reflected in the final retrenchment plan.

Grievance mechanism

18. The client will provide a grievance mechanism for workers (and their organisations, where they exist) to raise reasonable workplace concerns. The client will inform the workers of the grievance mechanism at the time of hiring, and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides feedback to those concerned, without any retribution. The mechanism should not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

Non-employee workers

19. In the case of non-employee workers engaged by the client through contractors or other intermediaries to work on project sites or perform work directly related to the core functions of the project, the client will: (i) ascertain that these contractors or intermediaries are reputable and legitimate enterprises; and (ii) require that they apply the requirements stated in paragraphs 6 to 16 and 18 above. When the client contracts non-employee workers directly, the client will apply the requirements of paragraphs 6 to 16 and 18 above.

Supply chain

20. The adverse impacts associated with supply chains will be considered where low labour cost is a material factor in the competitiveness of the item supplied. In such circumstances, the client will take reasonable steps to inquire about the use of child labour and forced labour⁴ in its supply chain in relation to goods and materials which are central to the core functions of the project.

21. If the client learns that child labour or forced labour in contravention with ILO standards are apparent in the supply chain and the goods or materials contribute materially to the core functions of the EBRD-funded activities, the client will take all reasonable steps to address this in accordance with the following requirements:

(a) In relation to child labour, the client should only continue to procure such goods or materials having received satisfactory undertakings or evidence that the supplier is committed to implementing a programme in line with good international practice to eliminate such practices within a reasonable time frame. The client will report on progress with the implementation of such programme to the EBRD on a regular basis.

(b) In relation to forced labour, the client should only continue to procure such goods or materials having received satisfactory undertakings or evidence that the supplier has taken appropriate steps to eliminate the conditions that constitute forced labour.

⁴ As defined in ILO conventions 138, 182, 29, 105.