

Guidance Note 2 corresponds to Performance Standard 2. Please also refer to Performance Standards 1 and 3–8, as well as their corresponding Guidance Notes for additional information. Application of Performance Standard 2 to financial intermediary clients is addressed in a separate Interpretation Note on Financial Intermediaries. Information on all referenced materials appearing in the text of this Guidance Note can be found in the Bibliography.

#### Introduction

**1. Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental<sup>1</sup> rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a company. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention, and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the 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.**

**2. The requirements set out in this Performance Standard have been in part guided by a number of international conventions and instruments, including those of the International Labour Organization (ILO) and the United Nations (UN).<sup>2</sup>**

#### Objectives

- **To promote the fair treatment, non-discrimination, and equal opportunity of workers.**
- **To establish, maintain, and improve the worker-management relationship.**
- **To promote compliance with national employment and labor laws.**
- **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.**
- **To promote safe and healthy working conditions, and the health of workers.**
- **To avoid the use of forced labor.**

<sup>1</sup> As guided by the ILO Conventions listed in footnote 2.

<sup>2</sup> These conventions are:

*ILO Convention 87 on Freedom of Association and Protection of the Right to Organize*

*ILO Convention 98 on the Right to Organize and Collective Bargaining*

*ILO Convention 29 on Forced Labor*

*ILO Convention 105 on the Abolition of Forced Labor*

*ILO Convention 138 on Minimum Age (of Employment)*

*ILO Convention 182 on the Worst Forms of Child Labor*

*ILO Convention 100 on Equal Remuneration*

*ILO Convention 111 on Discrimination (Employment and Occupation)*

*UN Convention on the Rights of the Child, Article 32.1*

*UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families*

GN1. The nature of the relationship between management and workers affects costs, quality, efficiency, productivity, and customer service, in addition to shaping a client's reputation. Performance Standard 2 recognizes that a good relationship between management and workers is an important ingredient in determining the overall success of the client and the project.

GN2. Performance Standard 2 is in part guided by a number of International Labour Organization (ILO) and United Nations (UN) Conventions. By applying Performance Standard 2, the client will be able to

operate its business in a manner consistent with the four core ILO labor Conventions.<sup>GN1</sup> In addition, Performance Standard 2 also addresses other areas such as working conditions and terms of employment, retrenchment, grievance mechanism, workers' accommodation and occupational health and safety (OHS) issues. Some of these requirements refer the client to the applicable national law. Where national law establishes standards that are less stringent than those in Performance Standard 2, or are silent, clients will meet the requirements of Performance Standard 2.<sup>GN2</sup>

GN3. In the identification of labor risks and impacts, clients should engage with workers and with representatives of workers' organizations where they exist. In order to strengthen the process of identifying risks and impacts, engagement could also include workers' organizations at a sector level and labor inspectorates. Actions identified through the risks and impacts identification process and needed to achieve compliance with national law and the requirements under Performance Standard 2 will become part of the management program outlined in Performance Standard 1 and its accompanying Guidance Note. This process will allow the client to design or update its human resources (HR), employment, contracting and purchasing policies and procedures in ways that enhance the long-term viability and success of the business while safeguarding the rights of workers. This will help clients implement a systematic approach to labor and working conditions in their operations (see paragraphs GN5–GN9 of Guidance Note 1).

### *Scope of Application*

**3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System (ESMS), the elements of which are outlined in Performance Standard 1.**

**4. The scope of application of this Performance Standard depends on the type of employment relationship between the client and the worker. It applies to workers directly engaged by the client (direct workers), workers engaged through third parties to perform work related to core business processes<sup>3</sup> of the project for a substantial duration (contracted workers), as well as workers engaged by the client's primary suppliers (supply chain workers).<sup>4</sup>**

#### Direct Workers

**5. With respect to direct workers, the client will apply the requirements of paragraphs 8–23 of this Performance Standard.**

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<sup>3</sup> Core business processes constitute those production and/or service processes essential for a specific business activity without which the business activity could not continue.

<sup>4</sup> Primary suppliers are those suppliers who, on an ongoing basis, provide goods or materials essential for the core business processes of the project.

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<sup>GN1</sup> In 1998, the ILO adopted the Declaration on the Fundamental Principles and Rights at Work, which commits Member States to respect and promote principles and rights related to the four core labor standards, regardless of having ratified the relevant Conventions. These Principles and Rights refer to no child labor, no forced labor, non-discrimination, and freedom of association and collective bargaining.

<sup>GN2</sup> In addition to the ILO Conventions referred to in Performance Standard 2, and throughout this Guidance Note, the ILO has established numerous other conventions on labor and working conditions. These are available through the [ILO website](#). The ILO has a considerable presence in many of its member countries and some of the local offices have programs with expertise to guide the private sector in good labor practices.

#### Contracted Workers

**6. With respect to contracted workers, the client will apply the requirements of paragraphs 23–26 of this Performance Standard.**

#### Supply Chain Workers

**7. With respect to supply chain workers, the client will apply the requirements of paragraphs 27–29 of this Performance Standard.**

GN4. Clients have differing degrees of influence and control over the working conditions and treatment of different types of workers associated with the project, and the requirements of Performance Standard 2 reflect this reality.

GN5. Clients should assess with whom they are considered to be in an employment relationship and identify the types of workers. The employment relationship is the legal link between employers and employees. It exists when a person performs work or provides services under certain conditions in return for remuneration. It is through the employment relationship, however defined, that reciprocal rights and obligations are created between the worker and the employer. [ILO Recommendation No. 198](#), paragraph 13, provides indicators to determine the existence of an employment relationship for direct and contracted workers. Following Recommendation No. 198, the indicators of an employment relationship might include:

- (a) Subordination and dependence
- (b) Control of the work and instructions: the fact that the work: is carried out according to the instructions and under the control of another party; involves the integration of the worker in the organization of the enterprise; is performed solely or mainly for the benefit of another person; must be carried out personally by the worker; is carried out within specific working hours or at a workplace specified or agreed by the party requesting the work; is of a particular duration and has a certain continuity; requires the worker's availability; or involves the provision of tools, materials and machinery by the party requesting the work;
- (c) Integration of worker in the enterprise: periodic payment of remuneration to the worker; the fact that such remuneration constitutes the worker's sole or principal source of income; provision of payment in kind, such as food, lodging or transport; recognition of entitlements such as weekly rest and annual holidays; payment by the party requesting the work for travel undertaken by the worker in order to carry out the work; or absence of financial risk for the worker.

GN6. In some cases, there is difficulty in determining whether or not an employment relationship exists. This include situations where (i) the respective rights and obligations of the parties concerned are not clear, or where (ii) there has been an attempt to disguise the employment relationship, or where (iii) inadequacies or gaps exist in the legal framework, in its interpretation or application.

GN7. Companies need to ensure that contractual arrangements, including those involving multiple parties, are clear and establish who is responsible for providing adequate labor and working conditions to workers.

GN8. Companies should refrain from entering into disguised employment relationships such as (i) contractual arrangements that hide the true legal status of the employment relationship; and/or (ii) contractual arrangements that have the effect of depriving workers of the protection they are due.

GN9. Clients need to be aware of the effects of the employment relationship on vulnerable groups, including women workers, young workers, migrant workers and workers with disabilities, and make efforts to address any potential negative effects.

GN10. *Direct Workers*: The client has a clear employment relationship and complete control over the working conditions and treatment of its direct workers. Therefore all requirements of Performance Standard 2 apply to this group of workers. Clients may be responsible for applying all the requirements of Performance Standard 2 to certain workers nominally engaged by third parties, notwithstanding paragraph GN8, if the client controls the working conditions and treatment of these workers in a manner comparable to that for workers directly engaged by the client.<sup>GN3</sup>

GN11. *Contracted Workers*: In respect of those workers engaged through third parties (for example contractors, brokers, agents, or intermediaries) who are performing work or providing services directly related to core business processes of the project for a substantial duration,<sup>GN4</sup> including the construction phase of the project or who are geographically working at the project location, the client will implement policies and procedures for managing third parties and ensure these comply with the requirements under Performance Standard 2. Even though these workers may be engaged through a third party and the client may have limited legal responsibilities in relation to these workers, this Performance Standard has specific requirements that are set out in paragraphs 24–26. Clients should ensure that the employment relationship is clear in the contractual agreement with third parties, and that it provides the appropriate labor and working conditions as outlined in Performance Standard 2.

GN12. *Supply Chain Workers*: These workers are employed by suppliers providing goods and materials to the company. There is no direct contractual or labor relationship between the client and the workers at supplier level, and costs and benefits are paid by suppliers. With regard to those working in sectors known for involving child or forced labor or significant safety violations, the client will assess if there are any incidents of child labor, forced labor or significant safety issues by applying paragraphs 27–28 of Performance Standard 2. If child labor, forced labor or significant safety issues are identified the company will work with the suppliers to take corrective action. In the event that corrective action is not feasible the company will change to suppliers that are managing the risk of child labor, forced labor and safety issues adequately.

## Requirements

### *Working Conditions and Management of Worker Relationship*

#### *Human Resources Policies and Procedures*

**8. The client will adopt and implement human resources policies and procedures appropriate to its size and workforce that set out its approach to managing workers consistent with the requirements of this Performance Standard and national law.**

**9. The client will provide workers with documented information that is clear and understandable, regarding their rights under national labor and employment law and any applicable collective agreements, including their rights related to hours of work, wages, overtime, compensation, and benefits upon beginning the working relationship and when any material changes occur.**

GN13. In order to ensure efficient and fair management of workers, clients are required to have policies and procedures dealing with a range of HR matters. The scope and depth of the policies should be tailored to the size and nature of the client's workforce. These policies and procedures should cover all type of workers, including direct workers, contracted workers and supply chain workers. At a minimum, policies in place should be consistent with the requirements of local labor law and Performance

<sup>GN3</sup> Clients may find useful guidance in ILO Recommendation 198 on the Employment Relationship.

<sup>GN4</sup> "Substantial duration" should be understood to mean employment other than on a casual or intermittent basis.

Standard 2. These procedures need to be up to date and integrated into the overall management system of the company to ensure consistency and ongoing monitoring. See Annex B for a list of topics typically covered by such policies.

GN14. All workers performing work for the company should have a contract which describes the employment relationship with the company or a third party. This contract should be provided as part of the hiring process and should explain in detail the policies and procedures related to the labor and working conditions. This will include terms and duration of the employment relationship, wages and benefits, wage calculation and pay slips, hours of work, overtime, rest days, breaks, grievance procedures, deductions, working conditions, termination procedures, health insurance, and pension.

GN15. Clients should keep a written record of the employment relationship conditions at the time of hire of each directly contracted worker. Documentation needs to be up-to-date and maintained by a designated responsible person or department.

GN16. The working conditions and terms of employment should be communicated to the workers orally or in writing. Oral communication may be appropriate for simple short-term jobs or where workers are illiterate. In other cases, clients should provide documentation of the working conditions and terms of employment. Where there is a collective agreement that applies to the workers, this should be communicated to them as well.

GN17. Documentation should be clear, easily understandable, and accurate. The extent of documentation can be appropriate to the length and nature of the employment relationship. For example, a simple public notice of the job to be done, the number of hours, pay, and other key terms and working conditions may be adequate for seasonal workers (with copies available on request), while for longer-term employment, material terms of the employment relationship should be documented. In some countries, individual contracts are a legal requirement. See Annex C for a list of information that should be communicated to the worker.

GN18. The HR policy should also include statements on workers' right to privacy relevant to the particular business operations. This should include i) notification: notification to workers on the data collection process and the type of data collected; ii) purpose: the purpose of collecting the data; iii) consent: data should not be disclosed without the worker's consent; iv) security: data should be kept secure and confidential; v) disclosure: workers should be informed as to who is collecting their data; vi) access: workers should be allowed to access their data and make corrections to any inaccurate data; and vii) accountability: workers should have a method available to them to hold data collectors accountable for following the above principles. Data should only be collected and used for reasons directly relevant to employment; all medical data remains confidential. If workers are being filmed, or will be body searched, or if other surveillance methods are to be used, they should be informed and the reasons explained for these procedures. Any such method should follow the principle stated above and should be conducted in ways that are not intimidating or harassing for the workers.

GN19. Clients need to inform workers about the type of information that will be kept and how this information will be used. Countries have different legal requirements for employment record retention. Clients will follow these requirements and inform workers to ensure that information is accurate, relevant and safe from improper disclosure. Clients should also keep personnel files that reflect performance reviews and any complaints brought against the company or individual employees. Clients should also keep all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel in the employee's personnel file.

GN20. For further guidance, see [IFC's Measure & Improve your Labor Standards Performance Handbook](#).

#### ***Working Conditions and Terms of Employment***

***10. Where the client is a party to a collective bargaining agreement with a workers' organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of employment,<sup>5</sup> the client will provide reasonable working conditions and terms of employment.<sup>6</sup>***

***11. The client will identify migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work.***

***12. Where accommodation services<sup>7</sup> are provided to workers covered by the scope of this Performance Standard, the client will put in place and implement policies on the quality and management of the accommodation and provision of basic services.<sup>8</sup> The accommodation services will be provided in a manner consistent with the principles of non-discrimination and equal opportunity. Workers' accommodation arrangements should not restrict workers' freedom of movement or of association.***

<sup>5</sup> Working conditions and terms of employment examples are wages and benefits; wage deductions; hours of work; overtime arrangements and overtime compensation; breaks; rest days; and leave for illness, maternity, vacation or holiday.

<sup>6</sup> Reasonable working conditions and terms of employment could be assessed by reference to (i) conditions established for work of the same character in the trade or industry concerned in the area/region where the work is carried out; (ii) collective agreement or other recognized negotiation between other organizations of employers and workers' representatives in the trade or industry concerned; (iii) arbitration award; or (iv) conditions established by national law.

<sup>7</sup> Those services might be provided either directly by the client or by third parties.

<sup>8</sup> Basic services requirements refer to minimum space, supply of water, adequate sewage and garbage disposal system, appropriate protection against heat, cold, damp, noise, fire and disease-carrying animals, adequate sanitary and washing facilities, ventilation, cooking and storage facilities and natural and artificial lighting, and in some cases basic medical services.

GN21. Working conditions, as used in Performance Standard 2, refer to conditions in the workplace and treatment of workers. Conditions in the workplace include the physical environment, health, and safety precautions, and access to sanitary facilities. Treatment of workers includes disciplinary practices, reasons and process for termination of workers and respect for the worker's personal dignity (such as refraining from physical punishment or abusive language).

GN22. Terms of employment include wages and benefits, wage deductions, hours of work, breaks, rest days, overtime arrangements, and overtime compensation, medical insurance, pension, and leave for illness, vacation, maternity, or holiday.

GN23. Performance Standard 2 identifies two distinct circumstances that define the clients' obligations with regard to working conditions and terms of employment. One circumstance is where the client is party to a collective bargaining agreement with a workers' organization that was chosen by the workers without employer interference. The other is where such agreements do not exist, do not cover all workers employed or contracted by the client, or do not address working conditions.

GN24. Where collective bargaining agreements are in place, the client should verify that these meet the requirements of national law and Performance Standard 2, and provide conditions and terms of

employment in line with these agreements. Where some employees are covered by collective bargaining agreements and others are not, the terms and conditions of employment as well as benefits of all employees in similar positions should be substantially equivalent.

GN25. Where collective bargaining agreements do not exist, or do not address particular working conditions and terms of employment, clients should provide reasonable working conditions and terms of employment that, at a minimum, comply with national law. Most countries have extensive legal frameworks covering many working conditions and terms of employment, such as minimum wage, maximum hours, payments for overtime work, minimum leave time for vacation, holiday, illness, injury, maternity, and health and safety protections. However, sometimes these legal frameworks do not reflect the prevailing market conditions for the industry, sector, or geography of the client's business. The client should therefore consider whether the terms and conditions provided to workers are in line with industry, sector or geographical norms, and would normally be expected to provide terms and conditions not less favorable than those provided by comparable employers in the country concerned.<sup>GN5</sup>

GN26. If clients are working in countries where comparable employers do not exist, they should provide wages, benefits and conditions of work consistent with the legal framework.

GN27. Where agreements exist, but have not gone through a collective bargaining process, clients will not use these to discriminate against unionized workers. The guiding principle is that all workers have the right to choose the most appropriate option for their needs and should have substantially equivalent terms of employment.

GN28. If the client hires migrant workers (internal or international), their working conditions and terms of employment should be the same or substantially equivalent to those of non-migrant workers performing the same type of work.<sup>GN6</sup> These terms and conditions include remuneration, overtime, hours of work, weekly rest, holidays with pay, safety, health, termination of the employment relationship and any other conditions of work which, according to national law and practice, are covered by these terms. Other terms of employment, include minimum age of employment, and restriction on work. This refers both to migrant workers engaged directly or through a third party.

GN29. In some cases, migrant workers might take their families or members of their families to the place of employment. Due diligence on potential risks and impacts will allow the client to better manage these. Negative impacts could include use of child labor in client operations; children exposed to dangerous or hazardous conditions by accessing the operations; poor living conditions; lack of access to services such as healthcare and education; etc.

GN30. On projects that have a construction element or are remote, (such as large factories away from urban areas, mining projects, oil and gas projects, and some plantation-based agriculture), the client, or contractors, working for the client will provide accommodation, transportation, and basic services including water, sanitation, and medical care for the workers working on that project. This accommodation may take various forms, ranging from long-established permanently built dormitories to temporary exploration camps.

GN31. When the client provides services to workers these services shall be provided in a non-discriminatory manner and comply with national and international standards for quality, security, safety and professional competency. The workers should not be forced to use any of the services provided by

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<sup>GN5</sup> This is based on formulations in the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy (2006) and the OECD Guidelines for Multinational Enterprises (2001).

<sup>GN6</sup> See ILO Convention 97: Migration for Employment (1949).

the client and if the client charges for services, prices should be at market rate, transparent and fair. Clients should develop a set of standards and a plan for establishment and maintenance of accommodation and services. These standards should be clearly communicated and required of any contractor or accommodation providers. Conditions with respect to accommodation and services provided should be monitored by the client.

GN32. IFC and the European Bank for Reconstruction and Development published guidance that sets out a range of criteria which can be applied in relation to worker accommodation ([Workers' Accommodation: Processes and Standards](#)—A Guidance Note by IFC and the EBRD).

### ***Workers' Organizations***

***13. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the client will comply with national law. Where national law substantially restricts workers' organizations, the client will not restrict workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. The client should not seek to influence or control these mechanisms.***

***14. In either case described in paragraph 13 of this Performance Standard, and where national law is silent, the client will not discourage workers from electing worker representatives, forming or joining workers' organizations of their choosing, or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and collective bargaining. The client will engage with such workers' representatives and workers' organizations, and provide them with information needed for meaningful negotiation in a timely manner. Workers' organizations are expected to fairly represent the workers in the workforce.***

GN33. A workers' organization is any organization of workers for the purpose of furthering and defending the interests of workers with regard to working conditions and terms of employment.<sup>GN7</sup> Workers' organizations are typically called trade unions or labor unions. Professional and administrative workers' organizations are often called workers' associations. Under Performance Standard 2, the term excludes organizations that have not been freely chosen by the workers involved or that are under the influence or control of the employer or the state.

GN34. Collective bargaining consists of discussions and negotiations between employers and representatives of workers' organizations for the purpose of determining working conditions and terms of employment by joint agreement.<sup>GN8</sup> It also includes the implementation and administration of any agreements that may result from collective bargaining and the resolution of other issues that arise in the employment relationship with respect to workers represented by the workers' organization.

GN35. In a large number of ILO member countries workers have the legal right to form unions or other workers' organizations of their own choosing and to bargain collectively with their employers. National law typically reflects a number of international agreements that recognize and protect these rights.<sup>GN9</sup>

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<sup>GN7</sup> Based on ILO Convention 87 on Freedom of Association and Protection of the Right to Organize.

<sup>GN8</sup> Based on ILO Convention 98 on the Right to Organize and Collective Bargaining.

<sup>GN9</sup> International agreements include the UN International Covenant on Economic, Social and Cultural Rights; UN International Covenant on Civil and Political Rights; ILO Convention 87 on Freedom of Association and Protection of the Right to Organize; and ILO Convention 98 on the Right to Organize and Collective Bargaining.

GN36. Clients should not interfere with workers' rights to form or join a workers' organization, for example, by favoring one workers' organization over another or unreasonably restricting access to workers by representatives of such organizations. Workers' organizations should be representative of the work force and act pursuant to the principles of fair representation of workers.

GN37. Clients should not discourage workers from forming or joining a workers' organization or discriminate or retaliate against workers who attempt to form or join workers' organizations. Refusing to hire workers who have been members or leaders of workers' organizations at other firms (for reasons unrelated to qualifications or job performance) would constitute discrimination. Other forms of discrimination or retaliation would include demoting or re-assigning workers, as well as outsourcing or shifting work among facilities, in response to union activities.

GN38. Clients should also provide access for representatives of workers' organizations to the workers they represent. Workers should be free to meet and discuss workplace issues on the premises during scheduled breaks, and before and after work. Furthermore, workers should be allowed to choose representatives to speak with management, inspect working conditions in an appropriate manner and in a way that does not disrupt productivity, and carry out other organizing activities.

GN39. In a number of countries, or in particular sectors, workers' freedom of association and/or collective bargaining is substantially restricted by law. This may occur in a number of ways. In some countries unions are prohibited, while in others, workers' organizations may exist but are controlled or subject to approval by the state. There are some instances where either particular categories of workers (e.g., non-nationals) or workers in particular sectors, such as export processing zones, are excluded from the right to associate freely and bargain collectively. In any of these circumstances, the client should engage with workers to address issues relating to their working conditions and terms of employment. Methods to enable alternative mechanisms include but are not limited to recognizing worker committees, and allowing workers to choose their own representatives for dialogue and negotiation over terms and conditions of employment with the employer in a manner that does not contravene national law.

GN40. In a number of countries, the law is silent on workers' freedom of association and/or collective bargaining rights, but does not prohibit workers' organizations or collective bargaining. In these countries, clients should engage with workers to address issues relating to their working conditions and terms of employment. In the absence of legal constraints, clients in these countries are encouraged to recognize workers' organizations if the workers have chosen to form or join such organizations and engage in collective bargaining.

#### **Non-Discrimination and Equal Opportunity**

**15. The client will not make employment decisions on the basis of personal characteristics<sup>9</sup> unrelated to inherent job requirements. The client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, and disciplinary practices. The client will take measures to prevent and address harassment, intimidation, and/or exploitation, especially in regard to women. The principles of non-discrimination apply to migrant workers.**

<sup>9</sup> Such as gender, race, nationality, ethnic, social and indigenous origin, religion or belief, disability, age, or sexual orientation.

***16. In countries where national law provides for non-discrimination in employment, the client will comply with national law. When national laws are silent on non-discrimination in employment, the client will meet this Performance Standard. In circumstances where national law is inconsistent with this Performance Standard, the client is encouraged to carry out its operations consistent with the intent of paragraph 15 above without contravening applicable laws.***

***17. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed as discrimination, provided they are consistent with national law.***

GN41. Discrimination in employment is defined as any distinction, exclusion, or preference with respect to recruitment, hiring, firing, working conditions, or terms of employment made on the basis of personal characteristics unrelated to inherent job requirements that nullifies or impairs equality of opportunity or treatment in employment or occupation.<sup>GN10</sup> Inherent job requirements refer to genuine occupational qualifications that are necessary to perform the job in question. For example, requiring that a worker possess strength sufficient for lifting that is a frequent and essential part of a job would be considered a bona fide occupational qualification. If the client requires the workers to wear a uniform, the uniform should be culturally appropriate and appropriate to both genders. If identification cards are issued by the company, they will not contain irrelevant personal/private information such as cultural affiliation or marital status.

GN42. Equal opportunity is the principle of basing all employment decisions, such as hiring and promotion, on the ability of a person to perform the job in question, without regard to personal characteristics that are unrelated to the inherent job requirements. For further guidance on non-discrimination and equal opportunity see Annex D and [IFC's Good Practice Note on Non-Discrimination and Equal Opportunity](#). A client can apply the principles of equal opportunity and non-discrimination using methods that are effective and acceptable within the country's legal framework and cultural context as long as the methods used do not compromise the principles. Beyond the objective to fulfill international legal obligations and commitments to gender equality, employers may value increasing gender equality in the workplace for a variety of different reasons. The business case for doing so may not be equally strong for all employers, but there is growing awareness among employers to focus on the recruitment and retention of women in the workforce and address workplace gender-equality issues to enhance their competitiveness in the marketplace. For example, clients should promote equal opportunities for women and men with special emphasis on equal criteria for selection, remuneration, and promotion, and equal application of those criteria.

GN43. If the client hires migrant workers, appropriate measures should be taken to prevent any discriminatory treatment of migrant workers.

GN44. The client will take measures to prevent and will not endorse any harassment, including sexual harassment or psychological mistreatment within the workplace.

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<sup>GN10</sup> Based on ILO Conventions 100 and 111. ILO Convention 111 and a number of other international instruments have enumerated types of personal characteristics that are unrelated to the requirements of the job. ILO Convention 111 defines as discrimination any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation. The UN Universal Declaration of Human Rights covers all of the personal characteristics listed in the ILO Convention and also includes language, political or other opinion, property, birth or other status; the UN Convention on the Elimination of All Forms of Racial Discrimination also prohibits discrimination based on descent or ethnic origin; the UN Convention on the Rights of the Child also prohibits discrimination based on disability.

GN45. Laws in a large number of countries forbid discrimination based on a range of factors. These laws typically reflect a number of international agreements that recognize and protect the rights established in those agreements.<sup>GN11</sup> When the law is silent, clients are expected to base recruitment, hiring, working conditions, and terms of employment on equal opportunity and non-discrimination in accordance with these principles.

GN46. Clients should also address protection of disabled people's rights under all of their labor policies and procedures. HR policies and procedures should also include working conditions, access and egress for disabled people. These policies and procedures should be available and communicated to disabled workers, which may mean providing them in alternative formats such as large print, Braille, audio tape, etc.<sup>GN12</sup>

GN47. Special measures of protection or assistance to remedy past discrimination refer to policies designed to increase employment of underrepresented groups in the workforce or in particular occupations in order to remedy past discrimination, such as affirmative action, with a view to achieving effective equality of opportunity and treatment in the workplace. These will not be deemed discrimination and may be used where permitted by law. Similarly, projects may have objectives to promote the employment of the local community within the project. Where this is done in accordance with national law, this will not be taken to infringe the principles of this paragraph.

### **Retrenchment**

**18. Prior to implementing any collective dismissals,<sup>10</sup> the client will carry out an analysis of alternatives to retrenchment.<sup>11</sup> If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce the adverse impacts of retrenchment on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect the client's consultation with workers, their organizations, and, where appropriate, the government, and comply with collective bargaining agreements if they exist. The client will comply with all legal and contractual requirements related to notification of public authorities, and provision of information to, and consultation with workers and their organizations.**

**19. The client should ensure that all workers receive notice of dismissal and severance payments mandated by law and collective agreements in a timely manner. All outstanding back pay and social security benefits and pension contributions and benefits will be paid (i) on or before termination of the working relationship to the workers, (ii) where appropriate, for the benefit of the workers, or (iii) payment will be made in accordance with a timeline agreed through a collective agreement. Where payments are made for the benefit of workers, workers will be provided with evidence of such payments.**

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<sup>10</sup> Collective dismissals cover all multiple dismissals that are a result of an economic, technical, or organizational reason; or other reasons that are not related to performance or other personal reasons.

<sup>11</sup> Examples of alternatives may include negotiated working-time reduction programs, employee capacity-building programs; long-term maintenance works during low production periods, etc.

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<sup>GN11</sup> Many laws are based on international conventions that have been widely ratified, including ILO Convention 100 on Equal Remuneration; Convention 111 on Employment and Occupation Discrimination; UN Convention on the Elimination of All Forms of Racial Discrimination (CERD); UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

<sup>GN12</sup> Additional references can be found in the ILO C159 Vocational Rehabilitation and Employment (Disabled Persons) Convention and the UN Convention on Disability.

GN48. Retrenchment means the elimination of a number of work positions or the dismissal or layoff of a number of workers by an employer, generally by reason of plant closing or for cost savings. Retrenchment does not cover isolated cases of termination of employment for cause or voluntary departure. Retrenchment is often a consequence of adverse economic circumstances or as a result of a reorganization or restructuring.

GN49. The client will carry out an alternative analysis describing all alternatives analyzed, number of positions saved due to application of each alternative, and a cost analysis to determine viability of alternatives. As an alternative to dismissal, the client should consult workers about the possibility of adopting a range of other measures, including reduction in hours; productivity improvements; temporary layoff; and salary reduction. Such measures should be introduced after a period of consultation, and in full agreement of the workers affected. The duration of these measures have a determined and agreed time limit.

GN50. In many countries, national law requires advance notice to affected workers, and/or governments of plant closings or layoffs above specified numerical thresholds. Some national laws require that retrenchments be negotiated with workers' organizations through collective bargaining. Severance payments to affected workers may be required by national law or existing collective bargaining agreements.<sup>GN13</sup>

GN51. When significant layoffs cannot be avoided, a plan should be developed to address the adverse impacts on workers and their community. The retrenchment plan should address issues such as the consideration of alternatives to retrenchment; schedule of dismissals, if unavoidable; retrenchment methods and procedures; selection criteria; severance payments; offers of alternative employment or assistance in retraining efforts; and job placement.

GN52. Selection criteria for those to be laid off should be objective, fair, and transparent. The retrenchment should not be based on personal characteristics unrelated to inherent job requirements. In particular, the provisions of paragraphs 15–16 of Performance Standard 2 and national law on non-discrimination and protection of workers' representatives and trade union officials should be taken into account.

GN53. Clients should also consult with workers and their organizations in developing the retrenchment plan. Consultations are essential for the development of plans that reflect workers' concerns as well as their ideas about ways to avoid or minimize layoffs, criteria for selection and compensation payments. Where national law or an existing collective bargaining agreement stipulates that retrenchment is a subject for collective bargaining, the client should allow time for good faith bargaining as well as to implement the terms of applicable collective bargaining agreements. Any legal requirements specifying a period of advance notice must be followed. It is good practice to establish a grievance mechanism to deal with claims that provisions in the retrenchment plan were not followed.

GN54. Consultation with governments may be required by law, and, in addition, clients are encouraged to consult governments where the scale of layoffs can have significant impacts on communities, and where government assistance may be available to help address these impacts.

GN55. For further guidance on good practices in retrenchment, see [IFC's Good Practice Note on Retrenchment](#).

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<sup>GN13</sup> Useful guidance on retrenchment is included in the Guidelines for Multinational Enterprises available at: [http://www.oecd.org/topic/0,2686,en\\_2649\\_34889\\_1\\_1\\_1\\_1\\_37439,00.html](http://www.oecd.org/topic/0,2686,en_2649_34889_1_1_1_1_37439,00.html) and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the ILO, available at: <http://www.ilo.org/public/english/employment/multi/index.htm>.

GN56. Any outstanding back pay and benefits as well as severance payments mandated by law and/or collective agreements should be paid in a timely manner as required by paragraph 19 of Performance Standard 2. In some jurisdictions the client might be obligated by law to transfer certain payments to specific institutions such as pension fund administration, health funds, etc. In such cases the client will not provide payments directly to the worker but for the benefit of the worker to the appropriate institution. The client, however, will provide the worker with evidence of such payments. In cases where payments to certain institutions are optional the client will provide options to the worker who might chose either a direct cash payment or payment to a defined institution.

#### Grievance Mechanism

**20. The client will provide a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns. The client will inform the workers of the grievance mechanism at the time of recruitment 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 timely feedback to those concerned, without any retribution. The mechanism should also allow for anonymous complaints to be raised and addressed. The mechanism should not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.**

GN57. In providing a grievance mechanism through which workers may raise workplace concerns, the client should ensure that matters are brought to management's attention and addressed expeditiously. It should also provide feedback to those involved and should bar retribution for filing complaints. Grievance mechanisms may be designed to direct complaints through an appropriate process in order to protect the confidentiality of the worker, and should ensure that workers can raise concerns other than to immediate supervisors. Where there are gender, ethnic, or other tensions at work, adequate representation of such groups in grievance committees should be considered and the accessibility of grievance mechanisms to them should be ensured. The client needs to document all grievances and follow up on any corrective action. The client will appoint a committee to deal with grievances, which will include management, supervisors and workers' representatives. Most countries have judicial or administrative processes to address labor complaints; the client's mechanism should not delay or hinder access to other judicial or administrative remedies that are available under law.

GN58. Where a grievance mechanism is provided through a collective bargaining agreement, and meets the requirements of Performance Standard 2, the client should utilize it for those workers covered by the agreement. If there are other workers who are not covered by an agreement, the client should establish a separate mechanism for them, or discuss with unions and workers the feasibility of using the same grievance mechanism. Clients should inform and train workers on how to use the grievance mechanism and encourage the use of it to express complaints and suggest improvements.

GN59. A grievance mechanism should clearly establish the policy and procedures for grievances. This grievance mechanism should be communicated to all workers, including management, in a clear and understandable manner. The mechanism should always allow for timely resolution of complaints and should normally provide for a meeting to discuss the grievance should the worker wish to attend. The worker should have the right to be accompanied and/or represented by a colleague or official of a trade union at that meeting if they so choose.

GN60. The grievance mechanism should be designed in such a way as to ensure that anonymous complaints can be submitted and resolved. Submitting a grievance will not require personal information or

physical presence. The response to anonymous grievances should be posted at locations that can be seen by all employees.

#### *Protecting the Work Force*

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##### *Child Labor*

**21. The client will not employ children in any 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. The client will identify the presence of all persons under the age of 18. Where national laws have provisions for the employment of minors, the client will follow those laws applicable to the client. Children under the age of 18 will not be employed in hazardous work.<sup>12</sup> All work of persons under the age of 18 will be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work.**

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<sup>12</sup> Examples of hazardous work activities include work (i) with exposure to physical, psychological, or sexual abuse; (ii) underground, underwater, working at heights, or in confined spaces; (iii) with dangerous machinery, equipment, or tools, or involving handling of heavy loads; (iv) in unhealthy environments exposing the worker to hazardous substances, agents, processes, temperatures, noise, or vibration damaging to health; or (v) under difficult conditions such as long hours, late night, or confinement by employer.

GN61. For purposes of Performance Standard 2, a child is a person under age 18. Child labor consists of work by children that is economically exploitative or 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. Certain types of work performed by children may be acceptable, but only when carried out in a manner that is both legal and safe. Most countries impose legal restrictions on the use of child labor, although terms vary. In countries where applicable laws do not specify a minimum age, children aged below 15 (14 in some less-developed countries) should not perform work. Where applicable laws diverge from this specified age standard, the higher standard should apply. In the case of family and small-scale holdings that produce for local consumption and do not regularly employ workers, the work performed by children may be acceptable so long as it is not harmful to the child in any manner. Under no circumstances should children perform work that is 1) economically exploitative; or 2) 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; or 3) illegal, even if such practices are socially or culturally acceptable in the sector, country or region. Obligations on child labor are extended to the client's supply chain as outlined in paragraph 27–29 of Performance Standard 2.

GN62. ILO definitions for Child Labor are listed below. Depending on the sector, some countries might have exceptions to the age limit for a determined period of time. These exceptions need to be approved by ILO.

## Guidance Note 2 Labor and Working Conditions

January 1, 2012

<b>Age Groups</b>	<b>Working Hours</b>	<b>Explanations</b>
Children 0–12 years	A single hour of economic activity by children under 12 automatically qualifies them as child laborers.	
Children 13 – 14 years	More than 2 hours of economic activity each day for more than 6 days in a week even if it does not interfere with schoolwork and is not hazardous automatically qualifies them as child laborers. Any work which is hazardous or which interferes with the children’s education will automatically qualify them as child laborers.	Light work must not threaten the children’s health and safety, or hinder their education or vocational orientation and training.
Children 15–17 years	Allowed to work up to a maximum of 40 hours per week subject to the work being age appropriate. Any hazardous work which is likely to jeopardize children’s physical, mental or moral health, safety or morals will automatically qualify them as child laborers.	The national minimum age for work should not be below the age for finishing compulsory schooling, which is generally 15.

GN63. The presence of child labor may not be immediately evident at the time of due diligence or financing. Handling the discovery of children working in a business presents significant challenges for a client to manage. Immediately removing children from their work is likely to worsen their financial condition. Rather, clients should immediately remove children from tasks that are dangerous, harmful, or inappropriate given their age. Children who are under the national school-leaving age may only be allowed to work outside of school hours. Those children who are over the school-leaving age but are performing hazardous tasks must be moved to non-harmful tasks. Clients should review workplace conditions (i.e., OHS conditions including exposure to machinery, toxic substances, dust, noise, and ventilation, work hours, and nature of the tasks) to be certain that legally employed children are not exposed to conditions likely to be harmful to them. To do this effectively, clients need to examine the specific types of tasks that are hazardous to children, and whether employment interferes with access to education.

GN64. Clients should set a corporate minimum work age that at a minimum complies with national law and is not lower than 15 (14 in some less-developed countries) (with some exceptions on minimum age noted in paragraph GN68). Clients should develop a corporate policy against employing, using, or benefiting from child labor. This policy should include procedures for age verification in hiring. Clients should review and retain copies of verifiable documentation concerning the age and employment profile of all people under 18 working in the business, and retain this documentation. The work of persons under the age of 18 shall be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work.<sup>GN14</sup>

GN65. Human trafficking is the recruitment, transportation, transfer, harboring, or receipt of persons, by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Trafficking of children for labor exploitation has been identified as an international problem. Clients shall inquire about

<sup>GN14</sup> See ILO Convention 16: Medical Examination of Young Persons (sea) 1921, ILO Convention 77: Medical Examination of Young Persons (Industry) 1946, ILO Convention 78: Medical Examination of Young Persons (Non-Industrial Occupations) 1946, ILO Convention 79: Night Work of Young Persons (Non-Industrial Occupations) 1946, ILO Convention 90 Night Work of Young Persons (Industry) 1948, and ILO Convention 124 Medical Examination of Young Persons (Underground work) 1965.

and address these issues with third parties who supply labor so that they do not benefit from these coercive practices. More information can be found in the ILO's International Programme for the Elimination of Child Labor (IPEC) and the International Organization for Migration (IOM) (see Bibliography).

GN66. For further guidance, see [IFC's Good Practice Note, Addressing Child Labor in the Workplace and Supply Chain](#) and [IFC's Measure & Improve your Labor Standards Performance Handbook](#).

#### ***Forced Labor***

**22. The client will not employ forced labor, 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 labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements. The client will not employ trafficked persons.<sup>13</sup>**

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<sup>13</sup> *Trafficking in persons is defined as the recruitment, transportation, transfer, harboring, or receipt of persons, by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Women and children are particularly vulnerable to trafficking practices.*

GN67. Forced labor consists of any work or service not voluntarily performed that is exacted or coerced from a person under threat of force or penalty.<sup>GN15</sup> Forced labor includes any kind of involuntary or compulsory labor, such as indentured labor, bonded labor or similar labor arrangements, slavery and slavery-like practices. Bonded labor is labor that is required in order to pay off a debt. The level of the debt as a ratio to money credited for work is such that it is impossible or very difficult to ever pay off that debt. Forced labor also includes requirements of excessive monetary deposits, excessive limitations on freedom of movement, excessive notice periods, substantial or inappropriate fines, and loss or delay of wages that prevent workers from voluntarily ending employment within their legal rights. Migrant workers are most vulnerable to these types of arrangements. Obligations on forced labor are extended to the client's supply chain as outlined in paragraphs 27–29 of Performance Standard 2.

GN68. Laws in a large number of countries prohibit most forced labor practices. ILO Convention 29 on Forced Labor, which provides the basis for the definition above, has been ratified by a large majority of countries.<sup>GN16</sup>

GN69. The employment relationship should be freely chosen and free from threats. Forced labor is a grave abuse of the fundamental rights of the worker, and retards economic development by keeping capital in sectors that would not survive without such practices.

GN70. Forced labor practices may not be immediately apparent. If forced labor is discovered in the client's workforce, including direct and/or contracted workers, or supply chain, immediate steps should be taken to address the practice that has coerced the worker and instead offer terms of employment that can be freely chosen and do not recreate conditions of coercion. Immediate steps should also be taken to refer cases of forced labor to law enforcement authorities, as appropriate.

GN71. Clients need to avoid any type of physical or psychological coercion of workers, such as unnecessary restrictions on movement or physical punishment that create a situation whereby the worker feels compelled to work on a non-voluntary basis. Examples of such practices include locking workers in

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<sup>GN15</sup> Based on ILO Convention 29 on Forced Labor.

<sup>GN16</sup> Additional guidance is provided by ILO Convention 105 on the Abolition of Forced Labor.

their workplace or worker housing. Clients may not retain worker's identity documents, such as passports, or personal belongings; such actions may, in effect, amount to a forced labor-like situation. Workers should have access to their personal documents, including government-issued documents such as passports, at all times. Security personnel employed by the client may not be used to force or extract work from workers.

GN72. Clients should avoid practices that have the effect of creating unpayable debt obligations, such as excessive charges for travel, housing and meals as part of the employment relationship. Clients should also exercise diligence with regard to key contractors and subcontractors so that they do not knowingly benefit from practices that lead to bonded or indentured status of workers.

GN73. Clients should clearly recognize and communicate worker's freedom of movement in employment contracts, including access to personal documents at all times. Contracts need to be provided in the workers' language and need to be understood by them.

GN74. Trafficked persons<sup>GN17</sup> and migrant workers who lack legal status in a country may be particularly vulnerable to forced labor situations, for example through debt bondage to "recruiters and brokers" who charge exorbitant fees to place workers. Clients should inquire about and address these issues with contractors who supply labor so that they do not benefit from these coercive practices. Diligence should also be exercised when the client's project is situated in an export processing zone (EPZ) since EPZs are often exempt from national labor laws or have weak enforcement of such law. Migrant workers, particularly girls and young women, are one of the groups that have been identified as more vulnerable to human trafficking and forced labor. Several institutions are addressing issues of migrant vulnerability, including the ILO and the IOM.

GN75. There are circumstances where prison labor and labor from correctional facilities will be considered to be forced labor. If prisoners are working and a private company benefits, then work will only be acceptable where the prisoners have demonstrably volunteered for the work and they are paid at a rate which is equivalent to the prevailing market rate for that job. If prison labor comprises an important and irreplaceable part of the client's supply chain, the client should provide a detailed review demonstrating that the proposed prison labor meets the above requirements.

### *Occupational Health and Safety*

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**23. The client will provide 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, and specific threats to women. The client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice,<sup>14</sup> as reflected in various internationally recognized sources including the World Bank Group Environmental, Health and Safety Guidelines, the client will address areas that include the (i) identification of potential hazards to workers, particularly**

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<sup>14</sup> Defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances, globally or regionally.

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<sup>GN17</sup> United Nations, Human Trafficking and Business: Good Practices to Prevent and Combat Human Trafficking, United Nations Global Initiative to Fight Human Trafficking, 2010.

*those that may be life-threatening; (ii) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) training of workers; (iv) documentation and reporting of occupational accidents, diseases, and incidents; and (v) emergency prevention, preparedness, and response arrangements. For additional information related to emergency preparedness and response refer to Performance Standard 1.*

GN76. OHS refers to the range of endeavors aimed at protecting workers from injury, illness or impacts of mutagenic or teratogenic agents associated with exposure to hazards encountered in the workplace or while working. Hazards may arise from materials (including chemical, physical and biological substances and agents), environmental or working conditions (such as excessive hours of work, night work, mental or physical exhaustion, oxygen deficient environments, excessive temperatures, improper ventilation, poor lighting, faulty electrical systems or unshored trenches), or work processes (including tools, machinery and equipment). OHS practices include the identification of potential hazards and responses including design, testing, choice, substitution, installation, arrangement, organization, use and maintenance of workplaces, working environment and work processes to eliminate sources of risk or minimize workers' exposure to them. Some OHS risks may be specific to women workers. This may partly be due to the fact that men and women tend to have different types of jobs, but also because of physiological differences. Sexual harassment at the workplace is typically a risk for female workers, which should be considered when designing the grievance mechanism. This could for example, imply having staff that have the appropriate skills to receive and handle complaints related to sexual harassment. The client should provide separate toilet and locker facilities for men and women. The client may also want to consider including women on OHS committees to help ensure that policies and practices respond to women workers needs.

GN77. Most countries have laws regulating OHS and workplace conditions<sup>GN18</sup> and the client is expected to comply with such laws. Additional guidance on the management of OHS issues according to Good International Industry Practice is provided in the [World Bank Group Environmental, Health and Safety Guidelines](#) (EHS Guidelines), both general and industry sector.

GN78. Sources of hazards to workers' health and safety should be eliminated rather than allowing the hazards to continue and providing personal protective equipment. However, when the hazard is inherent to the project activity or it is otherwise not feasible to completely eliminate the hazard, the client should take appropriate protective measures such as controlling the hazard at its source through the use of protective solutions (e.g., exhaust ventilation systems, isolation rooms, machine guarding, acoustic insulation, etc) and provide adequate personal protective equipment at no cost to the worker. Protective measures, training and equipment will be necessary to prevent occupational exposure to hazardous materials.

GN79. Asbestos, which has been classified as a Group 1 carcinogen by many national and international organizations, and asbestos-containing material (ACM), need to be addressed through practices which are specified in the General EHS Guidelines and the WBG's [Good Practice Note: Asbestos Occupational and Community Health Issues](#). ACM should be avoided in new construction, including construction for disaster relief. In reconstruction, demolition, and removal of damaged infrastructure, asbestos hazards should be identified and a risk management plan adopted that includes disposal techniques and end-of-life sites.

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<sup>GN18</sup> Parties to the ILO have also negotiated numerous conventions that address these matters, both at the general level and with regard to specific industries. Examples include ILO Convention 155 on Occupational Safety and Health and Protocol 155 of 2002 to Convention 155; Convention 162 on Asbestos; Convention 174 on Prevention of Major Industrial Accidents.

GN80. Training should be provided to all workers on relevant aspects of OHS associated with their daily work, including emergency arrangements and OHS briefing for visitors and other third parties accessing the premises. Workers should not face any disciplinary measures or negative consequences for reporting or raising concerns about OHS.

GN81. The client should document and report occupational injuries, illnesses and fatalities. Worker monitoring data (such as exposure levels and health testing) should be retained and reviewed. Health monitoring data should be used to check the effectiveness of protection measures to hazardous agents. Looking at such data by gender may provide useful information on how women at work may be affected differently than men.

GN82. Clients will extend a safe and healthy work environment to contracted workers and to any other workers who provide project-related work and services. Contract specifications for contractors providing workers should include provisions that they meet the OHS requirements of the client, both to satisfy the requirements of Performance Standard 2 and to minimize risk and liability to the client. Clients should monitor contractor performance on the implementation of OHS requirements and suggest corrective actions if necessary. Clients should also ensure that the contractor's workers have adequate access to first aid and medical assistance in cases of work related accidents or injuries. As a way to lessen risk and liability, and to improve performance, clients should require comparable practices of suppliers.

GN83. The overall social and environmental management system as required by Performance Standard 1 should be designed with adequate capacity for oversight of OHS matters. The management system should include regular monitoring and review of occupational health and safety matters, ambient working environments and other OHS indicators. It is good practice to apply information compiled and any corrective measures in a continuous process to improve OHS conditions and management.

### *Workers Engaged by Third Parties*

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**24. With respect to contracted workers the client will take commercially reasonable efforts to ascertain that the third parties who engage these workers are reputable and legitimate enterprises and have an appropriate ESMS that will allow them to operate in a manner consistent with the requirements of this Performance Standard, except for paragraphs 18–19, and 27–29.**

**25. The client will establish policies and procedures for managing and monitoring the performance of such third party employers in relation to the requirements of this Performance Standard. In addition, the client will use commercially reasonable efforts to incorporate these requirements in contractual agreements with such third party employers.**

**26. The client will ensure that contracted workers, covered in paragraphs 24–25 of this Performance Standard, have access to a grievance mechanism. In cases where the third party is not able to provide a grievance mechanism the client will extend its own grievance mechanism to serve workers engaged by the third party.**

GN84. Some workers working on the core business processes of a project may not be directly contracted by the client, but rather through contractors, agents, brokers or other intermediaries. Indicators determining the type of employment relationship and type of workers are included in paragraphs GN9 and GN17. This will help clients to determine if there are gaps in covering contracted workers rights. Even though workers are outsourced by the client, these workers tend to perform important functions of the client's core business processes for a substantial period as if they are substitute workers of the client. Where such workers are performing work related to the core business processes of the project, the client

has the responsibility to ensure that contractors and other intermediaries comply with the standards set out in this Performance Standard.

GN85. In cases where third parties are small and medium enterprises or have limited resources and capacity, the client will assess the type of support it can provide to improve such third party performance, which may include the use or extension of the client's systems or services to supplement those of the third party, in relation to the requirements under this Performance Standard. If third party performance cannot be improved over a reasonable timeframe, the client will need to evaluate alternative sources to these services.

GN86. The client should develop and implement procedures to manage and monitor performance of third parties. These procedures should be integrated in the day-to-day operations of the company and requirements should be clearly communicated to third parties, and if possible to workers engaged by these third parties.

GN87. Most national laws address contract labor, though the terms vary widely among countries and types of contract labor. The client should assess the employment relationship between the contractor and workers, and ensure that all contractors comply with legal requirements covering but not limited to minimum wage, hours of work, overtime payments, health and safety conditions, contributions to health insurance and pension schedules, and other legally mandated employment terms with regard to all workers engaged by third parties. There may also be national law provisions that state that contractors' workers should not work on key functions within the business.

GN88. The clients should use commercially reasonable efforts<sup>GN19</sup> so that they do not benefit from labor practices of third parties that are in breach of national law or the standards set out in this Performance Standard. Such efforts may include establishing contractual obligations on contractors or intermediaries who supply workers to the client; defining and enforcing policy regarding use of employment agencies and labor requirements; auditing the relationship and type of contract between third party and workers; making unannounced visits and visual inspections at the core business processes; exercising due diligence in supervising contractors and other intermediaries who supply workers; monitoring compliance of third parties; and providing training for all third party workers to explain labor and working conditions for that project. The client will assess the track record or standing of contractors and other intermediaries that will engage workers. The client should also exercise due diligence to ensure that contractors or other intermediaries engaging workers satisfy all legal requirements.

GN89. It is good practice for clients to exercise visual inspections over all those working at the client's core business processes. The clients shall ensure that a grievance mechanism is available for these workers either directly by the third party or through the company. In case the grievance mechanism is provided by the third party, the client will receive regular reporting on the grievance raised by the workers.

GN90. Where workers are employed by a third party with limited capacity to deal with workers' grievances the client should either take steps to ensure that the third party has a grievance mechanism in place, or should establish a grievance procedure which allows for the workers of the third party to directly bring complaints to the client, which the client should then bring to the attention of the third party for resolution.

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<sup>GN19</sup> Commercially reasonable efforts refer to taking all measures necessary to achieve a purpose as long as their cost or burden is not unreasonable from a commercial perspective. For example, if a measure is uneconomical for a business to undertake, it could be deemed to be commercially unreasonable. It contrasts with "best efforts," which usually means taking any measures necessary, even if they could be excessively costly or burdensome.

GN91. When the client or third party provides services to contracted workers, these services shall be provided in a non-discriminatory manner and comply with national and international standards for quality, security, safety and professional competency. The workers should not be forced to use any of the services provided by the third party and if the third party charges for services prices should be at market rate, transparent and fair.

GN92. IFC and the European Bank for Reconstruction and Development have produced guidance (Workers' Accommodation: Processes and Standards ([Workers' Accommodation: Processes and Standards](#))) that sets out a range of standards which can be applied in relation to worker accommodation. Third parties should consider this guidance and those provided by national law and develop an agreed set of standards for the project and a plan for establishment and maintenance of accommodation and services. Conditions in the accommodation and services provided should be monitored by the client.

#### *Supply Chain*

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**27. Where there is a high risk of child labor or forced labor<sup>15</sup> in the primary supply chain, the client will identify those risks consistent with paragraphs 21 and 22 above. If child labor or forced labor cases are identified, the client will take appropriate steps to remedy them. The client will 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.**

**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.**

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<sup>15</sup> The potential risk of child labor and forced labor will be determined during the risks and impacts identification process as required in Performance Standard 1.

GN93. Supply chain refers to materials, components, goods or products for use in ongoing operations. A supply chain of goods may include suppliers of raw material and suppliers of pieces or components for assembly and production. The supply chain of multinational corporations can be extensive and may be global in nature, whereas the supply chain of national or smaller enterprises will be smaller in scale and may be local in nature, involving local companies, and home-based workers. The term primary supplier refers to those suppliers who are providing goods, and materials essential for the core business processes of the project. The supply chain requirements of Performance Standard 2 do not apply to material or components used in the construction phase of the project.

GN94. A company's supply chain can be complex and include a large number of suppliers in different tiers. Although it might not be feasible to assess the entire supply chain, the client should identify the areas of risks and impacts related to paragraphs 27 and 28, whether due to (i) suppliers' operating context (e.g., inherent risk in country, region or sector); (ii) the particular materials, components, or products supplied (e.g., inherent risk in production, agricultural commodities or extracting process); or (iii) other relevant considerations, and prioritize assessment of those suppliers. The first step is to

undertake a mapping of the supply chain. This will include the identification of suppliers, identification of the potential significant adverse risks and impacts associated with the supply chain, and prioritization of suppliers by levels of risk. Due to the dynamic character of most supply chains, this process needs to be updated periodically. Tracking of suppliers' performance should be integrated into the overall management system. This will help clients to determine whether procedures and mitigation measures are being implemented correctly. It also provides feedback on new areas of risk and concern.

GN95. The effectiveness in addressing the supply chain will depend on the leverage that the client will likely be able to exercise. In situations where there is an integrated chain of suppliers that depend on the client for their business viability, this leverage and client risk from supplier nonperformance will be high. As the supply chain extends into commodity markets where the client's operation has little significance, the client's supply chain review will simply reflect sectoral issues, rather than opportunities for project-specific mitigation. Where the client has complex operations with multiple tiers of suppliers, its leverage will diminish toward the more distant tiers of suppliers.

GN96. With regard to child labor and forced labor as defined in Performance Standard 2, the client needs to exercise due diligence in its supply chain to avoid benefit or financial gain from these practices. Clients should make particular effort and engage in additional diligence when such practices are prevalent or known to exist within certain stages of the supply chain, in specific industries or in geographic areas. Financial gain from child labor is a specific risk when the cost of labor is a factor in the competitiveness of the client's goods or materials. Clients should utilize their influence to the fullest extent to eradicate child labor and forced labor in their supply chain. Clients should also take steps to ensure that life-threatening situations (for example, exposure to significant fall and crushing hazards, exposure to hazardous substances, and exposure to electrical hazards) are either prevented or removed from the supply chain.

GN97. Where the client discovers forced labor and child labor in the supply chain, the client should seek professional advice on the appropriate steps to take to address this issue. In the case of child labor, immediately removing children from their work is likely to worsen their financial condition. Rather, clients should immediately remove children from tasks that are dangerous, harmful, or inappropriate given their age. Children who are over the national school-leaving age should be moved to non-harmful tasks. Children under the national school-leaving age must only work in legal activities outside school hours, and in some cases it may be appropriate to provide compensation to cover their loss of wages. Implementing processes such as purchasing procedures will ensure that specific requirements on child labor, forced labor and work safety issues are included in orders and contracts with suppliers.

### Annex A

#### Content of a Labor Assessment

A labor assessment may be carried out at different levels, depending on the initial assessment of the project risk posed by labor practices. It may take place as part of a social and environmental assessment process or as a stand-alone exercise. Any labor assessment should include a review of the potential client's employment policies, the adequacy of existing policies, and management's capacity to implement.

The assessment may include the following:

- Description of the workforce – This includes numbers of workers, types of jobs and skills, and composition of the workforce (gender, age, minority status, etc.) and numbers employed through contractors and other third parties.
- Description of working conditions and terms of employment – A copy of the client's policies and procedures covering labor relations and human resource management should be provided. The client should indicate whether the workers are organized and to which workers' organization(s) they belong. All collective bargaining agreements that apply to the project should be included.
- Description of types of employment relationships – A description of the structure of the client's supply chain will be included and an assessment of the likely labor risks in the supply chain. Description of the way in which terms and conditions are determined, including an assessment of the degree to which wages and other conditions compare to other comparable employers in the sector.
- Description of the working environment and identification of any work place health and safety issues – This includes mitigation measures to protect the welfare of the workforce or address identified risks. Both risks that arise from normal functions and operations as well as less common circumstances and accidents that are known to be a risk within the industry or locality should be covered. The assessment should identify work areas, equipment and processes that may require redesign, risk reduction or hazard control measures.
- Compliance with national employment and labor law – An explanation of the nature of any violations of applicable labor law, copies of reports from national inspectorates or other enforcement bodies and a description of remediation steps taken.
- Description of conditions in the client's project – The nature of the project, sector or country might pose risk of violation of employment and labor law or the requirements of Performance Standard 2 in the client's project or by key contractors and suppliers. This should be set out against the requirements of the Performance Standard.
- Identification of the client's employment policy where improvements may be needed in light of the requirements of Performance Standard 2 or national law – The client should take this opportunity to identify weaknesses in its policies or employment practices and changes that could improve the firm's performance.

## Annex B

### Content of HR Policies

Companies need to develop their HR policies taking into consideration their type of business processes. Companies should not simply copy a template for such a wide-ranging strategic document. However a good start is to use the elements of Performance Standard 2 as the outline for labor and working conditions in writing HR policies. Companies need to make sure that each policy statement is in alignment with the respective element and guiding principles of Performance Standard 2. Here is the outline of Performance Standard 2 for reference, but it should not be limited by this.

1. Working Conditions and Management of Worker Relationship
  - a. Human Resources Policy
  - b. Working Relationship
  - c. Working Conditions & Terms of Employment
  - d. Workers' Organizations
  - e. Non-Discrimination & Equal Opportunity
  - f. Retrenchment
  - g. Grievance Mechanism
2. Protecting the Workforce
  - a. Child Labor
  - b. Forced Labor
3. Occupational Health & Safety
4. Workers Engaged by Third Parties
5. Supply Chain

HR policies can flow directly from Performance Standard 2. Companies need to clearly and simply state their policies with respect to each element of Performance Standard 2. They do not have to be long and technical like a legal document. Companies can simply paraphrase the guiding principles of Performance Standard 2 and customize the language for the company.

Additional information on how to develop HR policies can be found in [IFC's Measure & Improve your Labor Standards Performance Handbook](#).

### Content of HR Procedures

Procedures need to be clearly written. They need to explain step-by-step how everyone will implement the principles of Performance Standard 2 and the HR policies. They need to be clearly communicated to workers at all levels of the company, in all of the languages spoken in the company.

HR procedures should not be an isolated set of activities layered on to the company's existing business procedures. They should be integrated in the day-to-day business operations.

Additional information on HR procedures can be found in the IFC Handbook noted above.

## **Annex C**

### **Information Provided to Individual Workers**

The information provided to workers on the commencement of their employment will normally be covered by rules concerning such information or contracts of employment contained in national law, however initial documents and contracts should also include information on the following:

- The name and legal domicile of the employer;
- The worker's job title;
- The date employment began;
- Where the employment is not permanent, the anticipated duration of the contract;
- The place of work or, where the work is mobile, the main location;
- Hours of work, leave entitlements and other related matters;
- Rules relating to overtime and overtime compensation;
- The levels and rules relating to the calculation of salary, wages and other benefits, including any rules related to deductions;
- The pension and other social security arrangements applicable to the worker;
- The length of notice which the worker can expect to give and receive on termination of employment;
- The disciplinary procedures which are applicable to the worker, including details of representation available to the worker and any appeals mechanism;
- Details of grievance procedures, including the person to whom grievances should be addressed;
- Any collective bargaining arrangements which apply to the worker.

This information should ideally be provided to the worker upon commencement of employment, but if not, should be provided as soon as possible thereafter.

### Annex D

#### Grievances - Principles of Grievance Mechanisms

There is no prescribed form for internal grievance mechanisms and such matters are rarely dealt with by national law – although there may be provisions in collective agreements which are relevant. There are, however, various principles that should underpin an effective grievance mechanism.

- **Provision of information:** All workers should be informed about the grievance mechanism at the time they are hired, and details about how it operates should be easily available, for example, included in worker documentation or on notice boards.
- **Transparency of the process:** Workers must know to whom they can turn in the event of a grievance and the support and sources of advice that are available to them. All line and senior managers must be familiar with their organization's grievance procedure.
- **Keeping it up to date:** The process should be regularly reviewed and kept up to date, for example, by referencing any new statutory guidelines, changes in contracts or representation.
- **Confidentiality:** The process should ensure that a complaint is dealt with confidentially. While procedures may specify that complaints should first be made to the workers' line manager, there should also be the option of raising a grievance first with an alternative manager, for example, a human resource (personnel) manager.
- **Non-retribution:** Procedures should guarantee that any worker raising a complaint will not be subject to any reprisal.
- **Reasonable timescales:** Procedures should allow for time to investigate grievances fully, but should aim for swift resolutions. The longer a grievance is allowed to continue, the harder it can be for both sides to get back to normal afterwards. Time limits should be set for each stage of the process, for example, a maximum time between a grievance being raised and the setting up of a meeting to investigate it.
- **Right of appeal:** A worker should have the right to appeal to a higher level of management if he or she is not happy with the initial finding.
- **Right to be accompanied:** In any meetings or hearings, the worker should have the right to be accompanied by a colleague, friend or union representative.
- **Keeping records:** Written records should be kept at all stages. The initial complaint should be in writing if possible, along with the response, notes of any meetings and the findings and the reasons for the findings.
- **Relationship with collective agreements:** Grievance procedures may be included in collective agreements. Any additional processes should be consistent with these.
- **Relationship with regulation:** In some countries, grievance processes are set out in employment codes. Workplace processes should be compliant with these.

### Annex E

#### Contents of a Retrenchment Plan

##### **Consider Costs and Alternative Solutions to Retrenchment**

- Retrenchment of workers should be considered as a last resort and only implemented after other alternatives have been exhausted.
- Companies should first consider the costs of, and alternatives to, retrenchment.
- Possible alternatives to retrenchment, including those proposed by employees, management and owners, and those suggested by other stakeholders through preliminary consultations should be considered.

##### **Description of Anticipated Retrenchment and Rationale**

- Anticipated magnitude, rationale, and timeframe characteristics of the labor force (number of men and women employed by skill level and type of contract)
- Adequacy of current staffing levels and need for retrenchment from a business point of view
- Size of the planned retrenchment (number of men and women to be retrenched by skill level and type of contract)
- Retrenchment schedule.

##### **Relevant Economic Context**

- Situation of the local economy, as it relates to the retrenched workers' ability to find new jobs or start new businesses
- Importance of the firm/enterprise in the local economy
- Main trends in the sector in which the firm operates (e.g., projected growth, level of employment, wages, foreign and domestic investment).

##### **Retrenchment Methods and Procedures**

- Methods anticipated (e.g., voluntary retirement, severance packages, lay-offs)
- Consultation and negotiation (e.g., with labor organizations, workers' representatives, community organizations, government representatives, and NGOs)
- Selection criteria for worker dismissal
- Strategies to prevent the disproportionate representation of a social group (e.g., women or members of a particular ethnic or religious group) among the retrenched workers.

##### **Management Arrangements**

- Person or people who will direct/supervise the retrenchment process
- Grievance and appeal procedures.

##### **Legal/Institutional Framework**

- Legislation that applies to early retirement, provision of severance packages and lay-offs
- Legal role of trade unions or other representative bodies in the retrenchment process
- Relevant agreements with labor unions or other labor representatives
- Compliance of planned retrenchment with applicable legislation and agreements
- Coverage of retrenched workers by unemployment insurance or any other welfare programs
- Eligibility of part-time or contract workers to receive benefits or assistance.

#### **Anticipated Impacts on Retrenched Workers and Communities**

- Prospects for retrenched workers (market demand for their skills and alternative sources of income/employment) eligibility of retrenched workers for unemployment or other benefits
- Impacts on wider communities and remedial measures proposed.

#### **Compensation and Any Additional Assistance to Be Provided to Retrenched Workers**

- Compensation anticipated by skill level and type of contract
- Training programs
- Career counseling
- Assistance to set up micro-enterprises.

#### **Monitoring of the Retrenchment Process**

- Indicators to be monitored (e.g., situation of the retrenched workers, payment of entitlements, outcomes of assistance provided)
- Frequency of monitoring activities
- Party or parties that will carry out the monitoring activities.

#### **Supporting Documentation**

- References of written materials, record of consultations with affected workers, tables, and the like included in an annex.

### Annotated Bibliography

#### International Agreements

Several of the requirements in Performance Standard 2 are partly guided by standards set by the following international agreements negotiated through the International Labour Organization (ILO) and the United Nations (UN), noted in each case:

- ILO Convention 87 on Freedom of Association and Protection of the Right to Organize
- ILO Convention 98 on the Right to Organize and Collective Bargaining
- ILO Convention 29 on Forced Labor
- ILO Convention 105 on the Abolition of Forced Labor
- ILO Convention 138 on Minimum Age (of Employment)
- ILO Convention 182 on the Worst Forms of Child Labor
- ILO Convention 100 on Equal Remuneration
- ILO Convention 111 on Discrimination (Employment and Occupation)
- UN Convention on the Rights of the Child, Article 32.1

A list of the eight ILO conventions and the countries that have ratified them is available at the ILOLEC Database of International Labour Standards: <http://www.ilo.org/ilolex/english/index.htm>. The text of the ILO conventions and list of ratifying countries are available at <http://www.ilo.org/ilolex/english/convdisp2.htm>.

In 1998, the members of the ILO agreed on a “Declaration on Fundamental Principles and Rights at Work” (<http://www.ilo.org/public/english/standards/reim/ilc/ilc86/com-dtxt.htm>), which declares that “all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization, to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions.” A large majority of countries have ratified at least some of the eight ILO conventions that comprise the four core labor standards. In addition, most countries have labor laws in place that reflect the eight core standards, whether or not they have ratified the conventions. Where these standards have not been expressly incorporated into national law, clients should identify and implement the relevant standards as described in the Performance Standard 2 and its accompanying Guidance Note.

Other references to ILO documents in Guidance Note 2 include the following:

- ILO Convention 155 on Occupational Safety and Health
- ILO Protocol 155 of 2002 to the Occupational Safety and Health Convention
- ILO Convention 162 on Asbestos
- ILO Convention 174 on Prevention of Major Industrial Accidents

Several of the topics covered by Performance Standard 2 (noted in relevant sections) are also within the scope of the following international agreements negotiated through the United Nations:

- UN Universal Declaration of Human Rights
- UN International Covenant on Economic, Social, and Cultural Rights
- UN International Covenant on Civil and Political Rights
- UN Convention on the Rights of the Child

- UN Convention on the Elimination of All Forms of Racial Discrimination
- UN Convention on the Elimination of All Forms of Discrimination against Women.

A list of the six UN conventions and the countries that have ratified each of them is available at <http://www2.ohchr.org/english/law/index.htm>. The ratification status of each convention by country is available at <http://treaties.un.org/Pages/Treaties.aspx?id=4&subid=A&lang=en>.

Also see the UN's "Convention on the Rights of Persons with Disabilities," which elaborates in detail the rights of persons with disabilities and sets out a code of implementation:

<http://www.un.org/disabilities/convention/conventionfull.shtml>. Furthermore, see the UN's "Optional Protocol to the Convention on the Rights of Persons with Disabilities" at <http://www.un.org/disabilities/convention/optprotocol.shtml>.

### Guidance, Recommendations, and Adjudications

Resources issued by the following organizations provide useful additional guidance:

ILO (International Labour Organization). 2006. *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. 4th Edition*. Geneva: ILO. This book, available to download, offers guidance on employment, training, conditions of work and life, and industrial relations. [http://www.ilo.org/empent/Publications/WCMS\\_094386/lang--en/index.htm](http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm).

———. 2007. "The Employment Relationship: An Annotated Guide to ILO Recommendation No. 198." ILO, Geneva. <http://www.ilo.org/public/english/dialogue/ifpdial/downloads/guide-rec198.pdf>.

———. 2011a. "Committee on Freedom of Association." ILO, Geneva. <http://www.ilo.org/global/standards/applying-and-promoting-international-labour-standards/committee-on-freedom-of-association/lang--en/index.htm>. This committee investigates claimed violations of the right to organize or bargain collectively. This nine-member tripartite (government, employer, and trade union) body reviews complaints on country compliance with the principles of freedom of association and collective bargaining, whether or not a country has ratified ILO Conventions 87 and 98. To review cases, go to <http://www.ilo.org/ilolex/english/index.htm> and click on "Cases of the Committee on Freedom of Association." Cases are sorted by country and by case.

———. 2011b. "International Labour Standards." ILO, Geneva. <http://webfusion.ilo.org/public/db/standards/normes/appl/index.cfm?lang=EN>. This site reviews member countries' implementation of ratified labor conventions periodically. A searchable database can access the findings of the Committee of Experts on the Application of Conventions and Recommendations on country and issue violations.

IOM (International Organization for Migration). 2011. Homepage. IOM, Geneva. <http://www.iom.int/jahia/jsp/index.jsp>. IOM, an intergovernmental organization established in 1951, is committed to the principle that humane and orderly migration benefits migrants and society.

OECD (Organisation for Economic Co-operation and Development). “Guidelines for Multinational Enterprises.” OECD, Paris.

[http://www.oecd.org/topic/0,2686,en\\_2649\\_34889\\_1\\_1\\_1\\_1\\_37439,00.html](http://www.oecd.org/topic/0,2686,en_2649_34889_1_1_1_1_37439,00.html). This resource offers guidance on employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.

#### IFC and World Bank Resources

IFC and the World Bank have published a number of resource materials, including the following:

IFC (International Finance Corporation). 2002. “Addressing Child Labor in the Workplace and Supply Chain.” Good Practice Note 1, IFC, Washington, DC.

[http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_gpn\\_childlabor](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_gpn_childlabor). This note provides good practice approaches that businesses have successfully applied in managing risks associated with child labor in their own workplaces and those of their vendors and suppliers.

———. 2005. “Managing Retrenchment.” Good Practice Note 4, IFC, Washington, DC.

[http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_gpn\\_retrenchment\\_wci\\_1319579072627](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_gpn_retrenchment_wci_1319579072627). This 28-page note provides guidance on how to plan and manage the process of retrenchment where significant job losses are anticipated.

———. 2006. “Non-discrimination and Equal Opportunity.” Good Practice Note 5, IFC, Washington, DC.

[http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_gpn\\_nondiscrimination](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_gpn_nondiscrimination). This note provides guidance to IFC clients and other employers in emerging markets on promoting both equality and diversity, and overcoming discriminatory practices, while acknowledging that this topic can often be controversial and difficult.

———. 2007a. “Labor and Working Conditions.” Guidance Note 2, IFC, Washington, DC.

[http://www1.ifc.org/wps/wcm/connect/2398880048855835bf4cff6a6515bb18/2007%2BUpdated%2BGuidance%2BNote\\_2.pdf?MOD=AJPERES&attachment=true&id=1322808277977](http://www1.ifc.org/wps/wcm/connect/2398880048855835bf4cff6a6515bb18/2007%2BUpdated%2BGuidance%2BNote_2.pdf?MOD=AJPERES&attachment=true&id=1322808277977). The General Environmental, Health and Safety Guidelines as well as the sector-specific IFC Environmental Health and Safety Guidelines apply to all places of work associated with IFC projects and provide guidance for general and specific aspects for occupational health and safety.

———. 2007b. “Environmental, Health, and Safety General Guidelines.” IFC, Washington, DC.

[http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/risk+management/sustainability+framework/sustainability+framework+-+2006/environmental%2C+health%2C+and+safety+guidelines/ehsguidelines](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/risk+management/sustainability+framework/sustainability+framework+-+2006/environmental%2C+health%2C+and+safety+guidelines/ehsguidelines). The guidelines contain the performance levels and measures that are normally acceptable to IFC and are generally considered to be achievable in new facilities at reasonable costs by existing technology.

- . 2010. *Measure and Improve Your Labor Standards Performance: Performance Standard 2 Handbook for Labor and Working Conditions*. IFC: Geneva.  
[http://www1.ifc.org/wps/wcm/connect/Topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/IFC%20Sustainability/Publications/Publications\\_Handbook\\_LaborStandardsPerformance\\_WCI\\_1319577153058?id=0b26798048d2ea1eb8c1bd4b02f32852&WCM\\_Page.ResetAll=TRUE&C\\_ACHE=NONE&C](http://www1.ifc.org/wps/wcm/connect/Topics_ext_content/ifc_external_corporate_site/IFC%20Sustainability/Publications/Publications_Handbook_LaborStandardsPerformance_WCI_1319577153058?id=0b26798048d2ea1eb8c1bd4b02f32852&WCM_Page.ResetAll=TRUE&C_ACHE=NONE&C). This book is intended to be a practical reference and aims to provide an understanding of the management systems and internal staff capabilities required for improving the labor standards performance in a company and its supply chain.
- IFC (International Finance Corporation) and EBRD (European Bank for Reconstruction and Development). 2009. “Workers’ Accommodation: Processes and Standards. Guidance Note, IFC, Washington, DC, and EBRD, London.  
[http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_gpn\\_workersaccommodation](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_gpn_workersaccommodation).
- World Bank. 2009. “Good Practice Note: Asbestos—Occupational and Community Health Issues.” World Bank, Washington, DC.  
<http://siteresources.worldbank.org/EXTPOPS/Resources/AsbestosGuidanceNoteFinal.pdf>. This note discusses health-risks related to asbestos exposure and provides resources for international best practices.
- . 2011a. “Active Labor Market Programs and Activation Policies.” World Bank, Washington, DC. <http://go.worldbank.org/MVGTO420A0>. This website offers useful information for clients confronting large-scale retrenchments.
- . 2011b. “Core Labor Standards Toolkit.” World Bank, Washington, DC. <http://go.worldbank.org/1JZA8B2CO0>. This toolkit offers general information on the International Labour Organization’s four fundamental principles and rights at work. The website also provides links to other useful information sources.

#### Country Reports on Labor Practices

- ICFTU (International Confederation of Free Trade Unions). 1997–2006. “Country Reports: WTO and Labour Standards on Trade and Labour Standards.” ICFTU, Brussels.  
<http://www.icftu.org/list.asp?Language=EN&Order=Date&Type=WTOReports&Subject=ILS>. This website offers many country reports on labor rights performance.
- U.S. Department of State. 1999–2010. “Country Reports on Human Rights Practices.” U.S. Department of State, Washington, DC. <http://www.state.gov/g/drl/rls/hrrpt/index.htm>. These reports are issued on almost all countries. Section 6 of these reports covers many of the labor issues included in Performance Standard 2.

#### Supply Chain Management

- CIPS (Chartered Institute of Purchasing and Supply). 2011. Homepage. CIPS, Mansfield, England. <http://www.cips.org/>. This group promotes and develops high standards of professional skill, ability, and integrity among all those engaged in purchasing and supply-chain management.

## **Guidance Note 2**

### **Labor and Working Conditions**

January 1, 2012

IFPSM (International Federation of Purchasing and Supply Management). 2011. Homepage. <http://www.ifpmm.org/>. IFPSM is the union of 43 national and regional purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached.

ISM (Institute for Supply Management). 2011. Homepage. ISM, Tempe, AZ. <http://www.ism.ws/>. Founded in 1915, the ISM is the largest supply management association in the world.