

PERFORMANCE STANDARD 2 OVERVIEW



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Overview of PS2: Structure



Working Conditions and Management of Worker Relationships



Protecting the Workforce



Occupational Health and Safety



Workers Engaged by Third Parties



Supply Chain

Overview of PS2: Scope of Application



Direct workers: Workers directly engaged by the client.



Contracted Workers: Workers engaged through third parties to perform work related to core business processes.

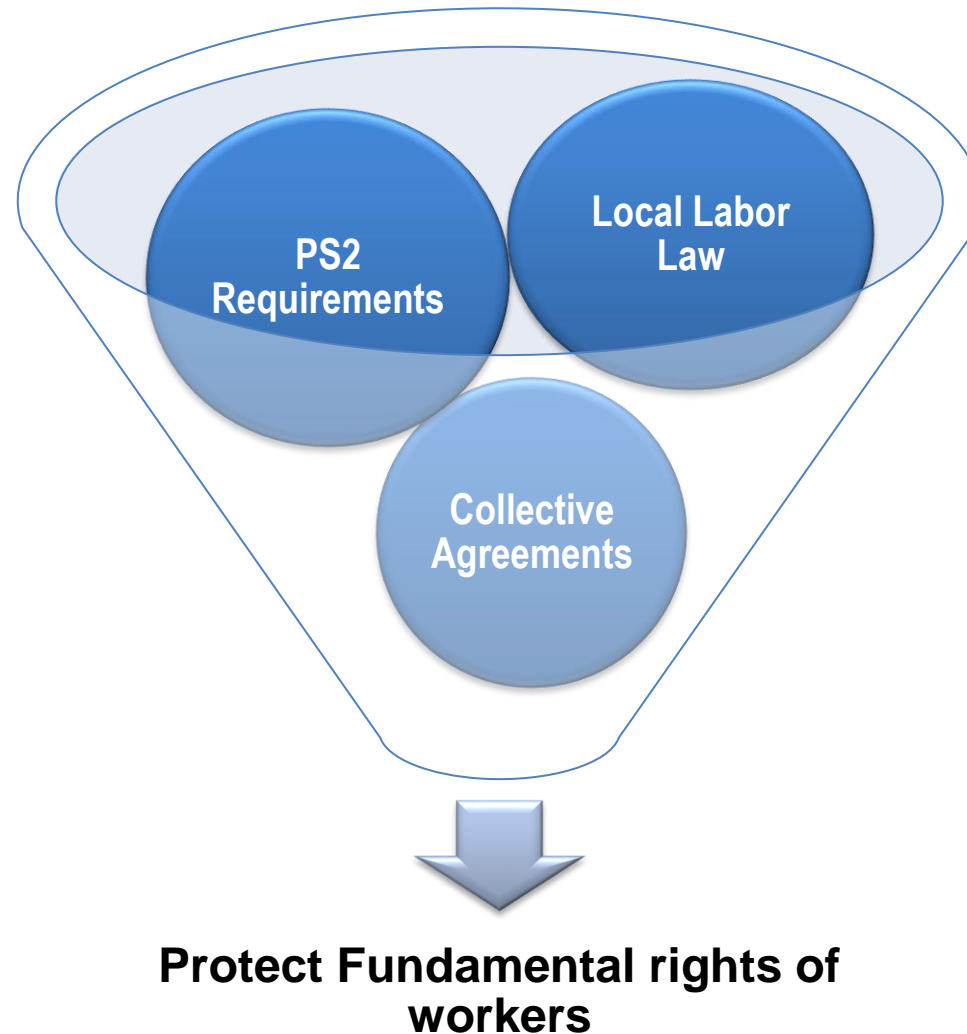


Supply Chain Workers: Workers engaged by the client's primary suppliers.

PS2 Objectives

- Promote the fair treatment, non-discrimination, and equal opportunity of workers.
- Establish, maintain, and improve the worker-management relationship.
- Promote compliance with national employment and labor laws.
- 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.
- Promote safe and healthy working conditions, and the health of workers.
- Avoid the use of force labor.

Overview of PS2: Overarching Principles



Overview of PS2: Overarching Principles

Sound worker-management relationship

- HR Policies and Procedures
- Working Conditions
- Terms of Employment
- Workers' Organizations
- Non-Discrimination and Equal Opportunity
- Retrenchment
- Access to Grievance Mechanism

Safe and healthy working conditions

- Address potential hazards consistent with GIIP and EHS Guidelines
- Address gender-specific risks

Protect the workforce

- Vulnerable groups
- Migrant workers
- Contracted and supply chain workers
- Harassment and abuse
- Avoid Forced Labor
- Avoid child Labor
- Not employ children above the minimum age for work in hazardous work*

**** Where national laws have provisions for the employment of minors, the client will follow those laws applicable to the client***

Working Conditions: Human Resources Policies and Procedures

- HR Policies and Procedures consistent with the requirements of PS2 and national law.
- Provide workers with documented information on **workers' rights under HR policy consistent with PS2 national law and applicable** collective agreements:
 - hours of work
 - wages
 - overtime
 - compensation, and
 - benefits

Working Conditions and Terms of Employment

- Respect collective bargaining agreements.
- Where collective bargaining agreements do not exist, provide reasonable working conditions and terms of employment.
- Identify **migrant** workers and ensure they are engaged on substantially equivalent terms and conditions to non-migrant workers.
- Implement policies for the quality and management of **accommodation** and provision of basic services and ensure such arrangements will not restrict workers' freedom of movement/association.

Working Conditions: Workers' Organizations

- If national law recognizes workers' organizations and collective bargaining → comply with local law.
- Where national law substantially restricts workers' organizations → do not restrict alternative mechanisms, or influence or control those mechanisms.
- Do not discourage workers' organizations or collective bargaining, do not discriminate or retaliate.
- Engage with workers' representatives and provide needed information to allow for meaningful negotiations.
- Worker's organizations are expected to fairly represent of the workers.



Working Conditions: Non-Discrimination and Equal Opportunity

- Basing employment relationship on the principle of equal opportunity and fair treatment. Apply to all workers inclusive of migrant workers.
- No discrimination on the basis of personal characteristics unrelated to inherent job requirements.
- Prevent and address harassment, intimidation, and/or exploitation, especially in regard to women.
- When national law is **not aligned with the principles of non-discrimination**, then apply principles to achieve objectives of non-discrimination and equal opportunity.

Working Conditions: Retrenchment

- Carry out an analysis of alternatives to retrenchment prior to implementing any collective dismissals.
- In absence of a viable alternative, develop a retrenchment plan to reduce the adverse impacts on workers taking into consideration:
 - principles of non-discrimination,
 - consultation with **stakeholders (worker's organizations and relevant authorities)**, and
 - compliance with local law, contracts, and bargaining agreements.
- Notify workers and make severance payments as per local law, retain evidence of payments.

Working Conditions: Grievance Mechanism

Mechanism → to raise workplace concerns

- Communicate Grievance Mechanism to workers at the time of recruitment.
- Involve appropriate level of management.
- Address concerns promptly.
- Use a trusted and transparent process.
- No retribution.
- Allow anonymous complaints.
- Do not impede access to other judicial or administrative remedies.

Working Conditions: Issues/Tips



- Not all workers are identified. Relationships between client and indirect workers are not assessed:
 - Obtain detailed information on types of contracts and outsourced/contracted services.
 - Request data on migrant workers and contractors.
 - Review sample of contracts and bargain agreements.
- Workers are not aware of their rights to organize or are not truly represented:
 - Meet workers' representatives.
 - Review local law/requirements—consider local context.
- Grievance Mechanisms are not functional.

Protecting the Workforce

CHILD LABOR

- Consider:
 - **National minimum age for work**
 - **Economically exploitative nature** of activity
 - Hazardousness of the job
 - Interference with the child's education
 - Child's health
- Identify presence of all persons under the age 18, conduct risk assessment, do regular monitoring of health, working conditions, and hours of work. Follow applicable laws.

FORCED LABOR

- Do not engage in any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements.

Q&A

Occupational Health and Safety

Objective: Provide a safe and healthy work environment

Consider:

- Inherent sector risks
- Physical, chemical, biological, and radiological hazards
- Specific threats to women



Accident



Disease

Occupational Health and Safety

The client will address the following areas in line with GIIP and WBG EHS Guidelines:

- Identification of potential hazards to workers.
- Provisions of preventive and protective measures.
- Training of workers.
- Documentation and reporting of occupational accidents, diseases, and fatalities.
- Emergency prevention, preparedness, and response arrangements (PS1).

Occupational Health and Safety: Issues/Tips



- OHS assessments are not included as part of the ESIA.
- OHS assessments do not cover all activities, particularly those performed by third parties.
- Focus only on occupational accidents (**not occupational disease**).
- Under-developed application of the hierarchy of control principles.
- Causal analysis of accidents is not comprehensive.
- Performance indicators focus mainly on accidents and rarely on prevention.

Workers Engaged by Third Parties

Apply to workers engaged (through third parties) to perform work related to core business processes. Core include production or services processes that are essential:

- Client will take commercially reasonable efforts to ascertain that the third parties who engage these workers are reputable and legitimate enterprises.
- Establish policies and procedures for managing and monitoring the performance of third-party employers.
- Ensure access to a grievance mechanism for third party workers.

Supply Chain

- Risk of Child/Forced Labor
 - Identify risks, remedy, and monitor primary supply chain on an ongoing basis.
- Safety Issues
 - Introduce procedures and mitigation measures to ensure that primary suppliers are taking steps to prevent or to correct life-threatening situations.
- The ability of the client to fully address these risks will depend upon the level of management control or influence over their primary suppliers. If risks are not possible to be addressed, alternative suppliers should be identified.

Third Party workers and Supply Chain: Issues/Tips



- Poor identification of third-party workers engaged on core activities.
- Responsibilities defined by local law might be different than the objectives of this PS.
- Poor identification of the scope of applicability for supply chain: including identification of primary suppliers and safety aspects.
- Use tools to identify if there is high risk on the sector and country/region:
 - Global Map of Environmental and Social Risks in Agro-Commodity Production(GMAP)
<https://gmaptool.org/tool>
 - List of Goods Produced by Child Labor or Forced Labor: US Bureau of International Labor Affairs (ILAB)

PS2 Resources



Guidance Notes



Guidance Notes to IFC's Performance Standards - Effective January 1, 2012



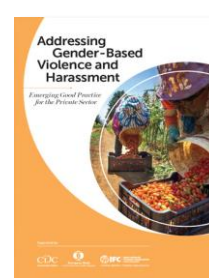
Workers' Accommodation: Processes and Standards (2009)

Handbook



Measure & Improve Your Labor Standards Performance: Performance Standard 2 Handbook for Labor and Working Conditions (2010)

Good Practice Notes



Addressing Gender-Based Violence and Harassment: Emerging Good Practice for the Private Sector (2020)



Good Practice Note: Managing Risks Associated with Modern Slavery (2018)



Good Practice Note: Managing Contractors' Environmental and Social Performance (2017)



Good Practice Note: Non-Discrimination and Equal Opportunity (2006)



Good Practice Note: Managing Retrenchment (2005)

Case Studies

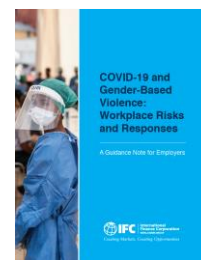


Case Study: Exploring Client Approaches to Gender-Based Violence Prevention and Response - Gas Natural Açú (GNA), Energy, Brazil (2020)



Powered by Women - Business Case for Gender Diversity and Equality in Nepal's Hydropower Sector (2020)

Interim Advice



COVID-19 and Gender-Based Violence: Workplace Risks and Responses (2020)



Interim Advice for IFC and EBRD Clients on Migrant Workers and COVID-19 (2020)



Interim Advice for IFC Clients on Supporting Workers in the Context of COVID-19 (2020)



Interim Advice for IFC Clients on Preventing and Managing Health Risks of COVID-19 in the Workplace (2020)



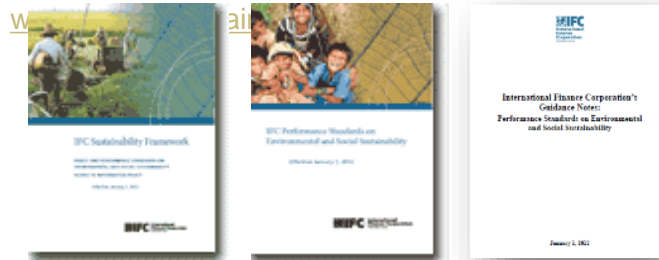
Gender and COVID-19: Key Considerations, Resources and Support for Infrastructure and Natural Resource Companies in Emerging Markets (2020)

More resources are available at <http://www.ifc.org/ps2>

ESG Resources



IFC Sustainability Framework (2012)



IFC Sustainability Framework - Effective January 1, 2012

IFC Performance Standards on Environmental and Social Sustainability - Effective January 1, 2012

Guidance Notes to IFC's Performance Standards - Effective January 1, 2012

ESG Publications:

For a full list, see:

www.ifc.org/sustainabilitypublications



Good Practice Handbook: Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain

Good Practice Handbook: Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets

IFC Sustainability Resources Brochure

Private Equity and Emerging Markets Agribusiness: Building Value Through Sustainability



www.ifc.org/disclosure

WBG EHS Guidelines

www.ifc.org/ehsguidelines



World Bank Group (WBG) Environmental, Health, and Safety (EHS) Guidelines
IFC has launched a three-year consultative process to revise the WBG EHS Guidelines. See www.ifc.org/EHSGuidelinesRevision



Raising the Bar on Corporate Governance: A Study of Eight Stock Exchange Indices

Emerging Trends in Environmental, Social, and Governance Data and Disclosure: Opportunities and Challenges

Corporate Governance Success Stories - Middle East and North Africa

Corporate Governance Success Stories - Europe and Central Asia

Also see: www.ifc.org/corporategovernance

ESG Resources



Learning / Tools / Methodology

See: www.ifc.org/sustainability and www.ifc.org/corporategovernance

- **E-Learning Course on Managing Environmental and Social Performance**



- **Sustainability Training and E-Learning Program (STEP) for Financial Intermediaries** Available in English, French, Russian



- **FIRST for Sustainability**
See: www.firstforsustainability.org
Available in English, French, Chinese, Russian and Spanish



- **Global Map of Environmental and Social Risks in Agro-Commodity Production (GMAP)**
See: www.ifc.org/gmap



- **Corporate Governance Methodology Tools**
- **Corporate Governance Development Framework Toolkit**
- **IFC Nominee Directors Training**
- **Environmental and Social Management System (ESMS) Toolkit and Handbooks**



Q&A