

Montenegro

Western Balkans Trade and Transport Facilitation Project Phase2

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LABOR MANAGEMENT PROCEDURES

Agreed at Appraisal Stage

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ABBREVIATIONS

E&S	Environmental and Social
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standards
GBV	Gender Based Violence
GIIP	Good International and Industry Practices
GM	Grievance Mechanism
GoMNE	Government of Montenegro
GRS	Grievance Redress Service
ILO	International Labor Organization
LHSW	Law on Health and Safety at Work
LL	Labor Law
LMP	Labor Management Procedures
MoCI	Ministry for Capital Investments
MoF	Ministry of Finance
OG	Official Gazette
OHS	Occupational Health and Safety
PIU	Project Implementation Unit
PPE	Personal Protective Equipment
SEA	Sexual Exploitation and Abuse
SH	Sexual Harassment
SMS	Safety Management System
TTF	Trade and Transport Facilitation
UN	United Nations
WB	World Bank
WBG	World Bank Group Environmental, Health and Safety guidelines
EHS	

The Environmental and Social Framework (ESF) for Investment Project Financing (IPF), which was approved by the WB Board in August 2016, became effective on October 1, 2018. All World Bank IPF, with Concept Note meetings on or after this date are applying the ESF.

The ESF sets out the mandatory requirements of the Bank in relation to the projects it supports through Investment Project Financing. To this end, the Bank has defined specific Environmental and Social Standards (ESSs), which are designed to avoid, minimize, reduce or mitigate the adverse environmental and social risks and impacts of projects. The Policy and the ESSs apply to all projects supported by the Bank through Investment Project Financing. Projects supported by the Bank through Investment Project Financing are required to meet, inter alia, Environmental and Social Standard 2 (ESS2): Labor and Working Conditions.

In response to the requirements for the Project to comply with the ESF, The Ministry of Capital Investments has adopted these Labor Management Procedures (LMP), laying out the approach to meeting the objectives of ESS 2: Labor and Working Conditions (ESS2) on the Project.

Key aspects of this LMP will be integrated into procurement documents and contractual obligations of contractors, suppliers and sub-contractors. It is the MoCI commitment to ensure the requirements and enforced and performance monitored.

The LMP is a living document. Any changes in labor and working conditions Montenegrin legislation following the date of this LMP in course of the implementation of the Project will be observed. Should any amended to the law impact compliance to commitments made under this LMP and in general towards the World Bank`s requirements shall be immediately addressed by including additional measures to bridge any newly identified gap.

The document identifies the categories of workers who are expected to be hired/engaged under the Project, sets out the terms and conditions for employment or engagement of workers on the Project, specifies the requirements and standards to be met and the policies and procedures to be followed, assesses risks and proposes the mechanisms for compliance measures implementation. The LMP is developed to help avoid, mitigate and manage risks and impacts in relation to project workers and set out the way in which project workers will be managed, in accordance with the requirements of the national law supplemented by measures to close any gaps to meet the requirements of ESS2.

This LMP consists of 14 chapters. Chapter 1 serves as introduction and provides background on and where the procedures originated from. Chapter 2 defines the scope of application of this LMP. The labor governance structure is presented in Chapter 3. An overview of labor use in the project is presented in Chapter 4. Key potential labor risks are listed in Chapter 5. The national labor regulatory framework governing employment relationship in Montenegro is discussed in chapter 6. Occupational health and safety in country legal requirements are dealt with in Chapter 7. Working conditions, management of employee relationships and protection of work force are addressed in Chapters 8, 9,10 and 11, the grievance mechanism in Chapter 12 and third parties' management and primary supply workers in the last two chapters.

In the light of the unfolding COVID-19 crisis, pandemic impact considerations are included as a crosscutting element among the majority of labor issues and are addressed in the LMP under each relevant chapter.

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1. PROJECT DESCRIPTION AND BACKGROUND

The Government of Montenegro has requested support from the World Bank (Hereinafter: The Bank) to implement the Second Phase of the Western Balkans Trade and Transport Facilitation Project

The ultimate leadership of the Project will be with the Ministry of Capital Investments (MoCI), and oversight of the project will be in the hands of the MoCI, while the governance of the Project is also expected to include a Project Implementation Unit (PIU) housed under the MoCI. The Fiduciary Arrangements are nested in the Central Fiduciary Unit (CFU) housed under the Ministry of Finance (MoF).

The project aims at reducing trade costs and increase transport efficiency in the Western Balkans Six. The program is structured around the following four components:

Component 1: Facilitating movement of goods across the Western Balkans focusing on (i) the design and implementation of a National Single Window (NSW) solution for trade and the associated reform and modernization of Customs and other border management agency requirements; and (ii) the improvements of crossing points in selected trade corridors

Component 2: Enhancing transport efficiency and predictability focusing on (i) the digitalization of the Port of Bar, (ii) the improvement of Railway Level Crossings on section Podgorica – Bar (RLC), (iii) development and update to various transport sector strategy documents, and (iv) the preparation of the corridor monitoring system.

Component 3: This component will support the implementation of commitments to improve market access in services and foster regional investments.

Component 4: This component will support project implementation units (PIUs) and provide additional technical support, including policy coordination, operating costs, and monitoring and evaluation of the project

2. SCOPE OF APPLICATION

This LMP applies to all **Project workers** hired under the Project as defined by ESS2¹.

In the context of this Project the term “**Project worker**” refers to:

- (a) people employed or engaged directly by the MoCI to work specifically in relation to the project (**Direct workers**). Direct workers are expected to be staff and consultants engaged by the MoCI including Project Implementation Unit (PIU), and personnel engaged for the Central Fiduciary Unit (CFU) housed within the MoF to provide fiduciary support for the Project.

¹ The term “project worker” refers to: (a) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (direct workers); people employed or engaged through third parties³ to perform work related to core functions⁴ of the project, regardless of location (contracted workers); (c) people employed or engaged by the Borrower’s primary suppliers⁵ (primary supply workers); and (d) people employed or engaged in providing community labor⁶ (community workers). ESS2 applies to project workers including fulltime, part-time, temporary, seasonal and migrant workers.

- (b) people employed or engaged through third parties ('Third parties' may include contractors, subcontractors, brokers, agents or intermediaries) to perform work related to core functions of the project, regardless of location (**contracted workers**). Contracted workers are expected to be employees of firms and service providers engaged in providing technical assistance, trainings, capacity building, legal and financial

The LMP applies to project workers including fulltime, part-time, temporary, seasonal and migrant workers.

For any civil servants of the MoCI who may be engaged in carrying out project activities, the terms and conditions of their public sector employment will continue to apply. ESS2 provisions on OHS, as well as prohibition of child and forced labor, will apply to civil servants.

Employees of final beneficiaries are not considered project workers under ESS2 definition. They shall remain subject to the national labor and OHS requirements.

The category of primary suppliers are currently not relevant within the scope of this Project given the application will depend on the procurement arrangements (whether this will be one tender for all Rail Level Crossings or one for each).

Community workers will not be engaged as the nature of the project does not require engagement of the community labor.

The Montenegrin legal framework guiding Labor and Working Conditions, including OHS, is, except for a few minor gaps, fully aligned with the standards set out in ESS2 as Montenegro is signatory to the International Labor Organization (ILO) and United Nations (UN) Conventions informing the ESS2.² Montenegro has ratified more than 70 ILO Conventions including the 8 Core Conventions. Where the national legal framework falls short in compliance, measures to bridging the gaps will be implemented as outlined below.

3. OVERVIEW OF LABOR USE ON THE PROJECT

The following categories of **Project workers**, are expected to be engaged:

Direct workers. Direct workers will include independent consultants hired specifically to work in relation to the project. These will include:

- Staff of the **Project Implementation Unit (PIU)**, housed by the MoCI.
- Staff of the **Central Fiduciary Unit (CFU)** housed by the Ministry of Finance (MoF).

The **PIU** will be established nested in the **MoCI** within 30 days following the signature of the Loan Agreement. The PIU will be adequately staffed to implement the Project activities and the extended scope of the environmental and social requirements brought by the Environmental and Social Framework (ESF) of the World Bank

² These include: 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 2 Guidance Note – ESS2: Labor and Working Conditions • 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)

The Central Fiduciary Unit (CFU) nested in the **MoF** will perform fiduciary responsibilities i.e. procurement and financial management. The CFU was established, with the aim to provide fiduciary support to all World Bank supported projects in Montenegro. The CFU is adequately staffed with knowledgeable and experienced consultants but will subsequently express their needs as to the number and profile of the potential personnel who will be assigned to the project work if needed. Their employment/engagement contract will incorporate the terms and conditions consistent with LMP and the labor and any other applicable law as they are not civil servants.

These workers will be engaged through the standard form of Contracts for Consultancy services provided by The Bank and whose application is covered under the Loan Agreement to be signed between the Republic of Montenegro and the Bank.

Labor and working conditions of civil servants who are or will be working in connection with the project in the PIU remain subject to the national civil servants legislation. Their employment relationship will remain subject to the terms and conditions of their existing public sector employment agreements or arrangements with the exception of requirements in the area of protecting the workforce and Occupational Health and Safety (OHS) and prohibition of child and forced labor shall apply to civil servants engaged in the project. Until and unless a legal transfer (compliant to legal requirements) of their employment or engagement is made such that they are direct project workers, during the life of the Project, their status remains unchanged as civil servants.

The number of **direct workers** is estimated between 5-10, to be engaged for management, technical, social, environmental, financial, procurement, and administrative functions within the PIU. It is estimated that 2 specialists either form the existing CFU staff, or as new hires, will be assigned to work on this Project. Direct workers will be experienced, national and internationally recruited professionals in their respective fields, with high education prevalently and various educational backgrounds (e.g., engineers, IT experts, lawyers, bankers, financial experts, economists, environmental and social science and similar). They will be hired under individual contracts, with different time inputs (full-time or part-time), and will be assigned specific tasks and responsibilities as their services process essential for the core functions of the project.

Contracted workers: Contracted workers will be engaged or employed by third parties such consultants providing restructuring assistance based on the corporate governance review, consultants for financial restructuring or corporate restructuring, capital market training for directors and management of corporates etc. technical assistance for the development of specific products, such as green/ thematic bonds, municipal bonds, and other products in line with the strategy, and comprehensive suite of technical, financial, and advisory services. Sub-contractors to the extent that such sub-contracting is permitted under the parent contracts are subjected to this LMP alike. These imply professionals and support staff assigned by the Consultants, or by any Sub-Contractor or Sub-Consultants, to perform the Services or any part thereof.

In its contractual and legal relationship with any third party, the MoCI will have the role of the employer/client as assigned under the respective contracts. Contract awards will follow World Bank standard procurement procedures (incorporating standards wording for labor and working conditions requirements, which to which these LMP shall be appended to; alternatively excerpts from this LMP may

be used). Third party engagement shall be subject to a competitive open tendering procedure, or restrictive selection procedures as agreed with the World Bank.

Given the scope of Contracts, the number of locations where project work is to be carried out and the qualifications required for performance of design, supply and construction activities, it is expected that Contracts will be awarded to well-known reputable national or international companies that have already established their operations in Montenegro or have satisfactory track records and are complying with and operate under the Montenegrin regulatory framework, including Labor and Occupational Health and Safety (OHS) Laws. Should Contracts be awarded to multiple entities forming a Joint Venture or a business association, each company shall be bound by this LMP as well as labor provisions of other Environmental and social instruments (ESIA, ESMP, ESMP Checklist). The subcontractors' workforce will be also considered as contracted workers.

The number of contracted workers is not yet firm, but based on industry practice and recent experience, it is estimated that the total number of workers working on Rail Level Crossings will range between 5-15 workers involved in civil engineering / construction works (depending on the sub-project activities) and additional 5 persons involved in the supervision of works. The number of contracted worker for the soft components of the Project are not yet known as the technical specifications and further preparation activities will present the ToR and required staffing and personnel for each of the activity

Migrant Workers: The Project relies more on soft activities and will have minor civil works . It is possible that migrant workers who have migrated from one country to another or from one part of the country to another for purposes of employment on the Project. Migrant workers shall have the rights and protection as granted by this LMP and Montenegrin Law as the Category of Contracted Workers.

Primary Supply Workers: The Project will require the procurement of a substantial amount of materials and goods, including railway tracks. Primary suppliers will be engaged for the continuous procurement of all goods and materials essential for Project implementation. All primary suppliers must be formal businesses who procure and produce materials subject to high standards. Workers engaged by primary suppliers for procuring said goods and materials are defined as primary supply workers. As part of the procurement of such essential materials from primary suppliers, the contractor will assess if significant risk of child labor or forced labor, and of safety risks, exist, and if so, take appropriate steps to remedy them.

Since the Montenegrin national framework is fully aligned with ESS2 and ILO standards the risk of child labor and forced labor in relation to primary suppliers is minimal. Primary supply workers are covered separately by chapter 14.

4. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Project activities: The Project will be implemented nationwide with most

Key labor risks under the Project can be divided between those associated with office work (office-based activities) and those associated with minor construction/rehabilitation activities (construction site- based activities).

Key office –based risks may involve:

Project workers (external consultants and civil servants, and employees of service providers) are anticipated to be office staff with most of their work done indoors. These educated knowledge workers will have desktop jobs, although direct workers may carry out minor off-site travel may be needed to supervise project beneficiaries direct workers, and contracted workers may be required to travel to conduct training/TA (. Service providers engaged to provide TA are anticipated to be reputable firms with regulated employment conditions for workers. Thus, labor risks both in terms of working conditions and occupational health and safety are minor and negligible for all project. Off-site travel (i.e., visit to beneficiaries, training events) might expose them to travel and site related risks and requires some caution, but in terms of occupational health and safety these risks are minimal. Due preparations will have to be made for each visit or event focusing on traffic safety and provision of adequate gear or equipment. Given the nature of the project work and the expected profile of project workers, the risk of child or forced labor tends to be nil. None of the identified project workers are considered vulnerable. No other labor risks are considered to be significant.

The office work related risks can be mitigated or reduced through improved organization of work processes and regular HR policies.

National legislation requires each employer to assess labor risks specific to each job/position. The recognized risks have to be addressed in compliance with the OHS legislation. OHS officers with each employer are responsible to ensure that adequate prevention and protection measures are in place and that safety regulations are obeyed. With the use of protection equipment, induction, proper training and organization of site, the risk of work-related injuries and occupational health can be significantly reduced.

The Project is assessed as Low on gender-based violence including sexual exploitation and abuse (SEA) and sexual harassment (SH). Mitigation measures to address SEA/SH risks are included in the section on Policies and Procedures. The risk factors assessment considered the institutional capacity of the implementing agency, low volume labour influx, no pre-existing social conflict and tensions, strong local law enforcement which resulted in the conclusion that this is a low labor risk project and risks can be managed through the requirements of this LMP.

Key labor risks associated with civil/mechanical/electrical works at construction sites could include following occupational health and safety hazards, including but not limited to:

- Installation of manually and automatic rail barriers;
- Medium scale pavement works with asphalt or concrete;
- Work with electrical installation;
- Mechanical and electrical equipment and signaling installation;
- Soil stabilization;
- Cutting of trees and high vegetation in the area of RLC under ongoing traffic;
- Demolition of railway structures unfit to be incorporated into new structures;
- Exposure to chemicals (paints, solvents, refrigerant oil for transformers and switches, lubricants, and fuels, asphalt fumes, pulverized silica, rail lubricants, fuels, etc.);
- Traffic accidents;
- Ergonomic hazards during construction;

- Exposure to chemicals (asphalt fumes, pulverized silica, rail lubricants, fuels, solvents, paints);
- Welding hazards (aluminum thermite welding fume emissions, burns and radiation);
- Excavations, earth works hazards vibration;
- Vibration of heavy construction equipment;
- Dust, noise;
- Use of rotating and moving equipment;
- Lack of workers' awareness on occupational health and safety requirements such as the use of personal protective equipment (PPE) and safe workplace practices.

National legislation requires each employer to assess labor risks specific to each job/position. The recognized risks have to be addressed in compliance with the OHS legislation (in case of construction work, in addition to umbrella legislations, rulebooks for example, specifically addressing assessment of work-related risks, work on construction sites and protection at work during construction works are applicable). OHS officers with each employer and work execution coordinators at construction sites are responsible to ensure that adequate prevention and protection measures are in place and that safety regulations are obeyed. With the use of protection equipment, proper training and organization of site, the risk of work-related injuries and occupational health can be significantly reduced. The ISO standards set additional requirements in terms of quality management, environment and OHS or impose clear and string technical conditions for different activities. The PIU should work on adoption of these standards, and encourage the contractors to meet these requirements and conditions in everyday practice in order to assess, mitigate and reduce various risks.

If construction activities involve potentially hazardous work, even after preventive and protective measures have been put in place (residual risk), persons under the age of 18 will not be employed by the Project, to avoid any unnecessary risks. Consequently, the risk of child labor tends to be nil.

The PIU and the Supervision Consultant to be hired to supervise the civil works on the five RLC will supervise and monitor labor risks of contracted parties. In case of an emerging or increasing risk, the LMP shall be amended to provide for an appropriate response.

The Project is assessed as Low on gender-based violence (SEA/SH) risk. Mitigation measures to address SEA/SH risks are included in the section on Policies and Procedures. The influx of workers and subsequently followers is not expected to be large and is not expected to have adverse social impacts. The risk factors weighted where the institutional capacity of the implementing agency, low volume Labour influx, no pre-existing social conflict and tensions, strong local law enforcement which resulted in the conclusion that it is a low risk environment and risks can be managed through the requirements of ESMF and this LMP and there is no need to develop a more specialized instrument.

The identified labor associated risks are based on experience built over time in the railway sector. However, if other labor risks arise during project implementation, the Borrower will develop procedures to prevent further impacts.

COVID-19 continued risk considerations: All categories of workers may be involved in activities that raise an COVID-19 exposure concerns, as most activities include physical contact between the workers and/or

physical interactions with other people. To mitigate the risk, the project will overall follow applicable national guidance and WHO guidelines, and the Bank’s ESF/SAFEGUARDS INTERIM NOTE: COVID-19 CONSIDERATIONS IN CONSTRUCTION/CIVIL WORKS PROJECTS³. The identification of the risks will assist designing appropriate mitigation measures to address those risks, such as controlling entry and exit from site/workplace, rearranging work tasks or reducing number of workers on the worksite to allow social/physical distancing, providing appropriate forms of personal protective equipment (PPE) and putting in place alternatives to direct contact when and if needed and possible.

However, if other labor risks arise during the project implementation, the Borrower will develop procedures to prevent further impacts. The contracts with third parties (e.g. contracted and sub-contracted firms) will include requirements for management of labor risks.

5. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

This section sets out the *key aspects* of national labor legislation with regard to terms and conditions of work, and how national legislation applies to different categories of workers identified in Section 1. The overview focuses on legislation which relates to the items set out in ESS2, paragraph 11 (i.e., wages, deductions and benefits).

The Labor Law (hereinafter: “LL”)⁴ is the main law that guides labor practices in Montenegro. It provides for the minimum rights of employees, such as the right to a corresponding salary/wage, occupational health and safety, health care, protection of personal integrity, personal dignity, and other rights in the event of illness, reduction or loss of work ability and old age, including unemployment financial benefits during temporary unemployment, as well as the right to other forms of protection, in conformity with the law and by-laws and the employment contracts. Employed women are entitled to special protection during pregnancy and upon childbirth. Special protection is also guaranteed to employees under the age of 18 years and workers with disabilities. Amended in

In accordance with the Law on of Foreign Citizens (2018,2019 and 2022)⁵, foreign citizens employed in Montenegro enjoy the same rights in terms of work, employment and self-employment as Montenegrin citizens, provided that the conditions set in the law have been fulfilled.

Asylum seekers and the asylees once granted the status of refugees have the right to access the labor market, in accordance with the law regulating employment of foreign citizens) Law on asylum Article 44). The asylum seekers and the asylees are entitled to health care.

A. Working conditions and management of worker relationships

³ https://worldbankgroup-my.sharepoint.com/:w:/r/personal/gegrigorian_worldbank_org/_layouts/15/Doc.aspx?sourcedoc=%7BA3543F54-A3E2-4BCF-8BFE-43691E659F1E%7D&file=COVID-19%20ESF%20Safeguards%20Interim%20Note%20Considerations%20on%20Construction%20Civil%20Works%20Version%201%20March%207%202020.docx&action=default&mobileredirect=true

⁴ Official Gazette of MNE no. 74/2019,8/2021,68/2021 and 145/2021

⁵ Official Gazette of MNE No. 12/2018, 3/2019 and 86/2022

Employees are entitled to limited working hours, leaves, absences, dormancy of employment rights and obligations, security and safety at work, adequate wages, compensation, and benefits in accordance with the law, collective agreements, and employment contracts. Employment is deemed to be concluded for an indefinite period of time if the employee starts working for the employer without having entered into a written contract. (LL Arts. 29 and 30) In this case, the employee must conclude a written contract for an indefinite period of time within five days from the day they began working. (LL Art. 30)

Provision of information and forms of employment contracts

Employers may enter into employment contracts only with persons who meet general and specific requirements stipulated by law, by-laws, and policies on the organization and systematization of jobs. The employment contracts must be in writing and signed by the employers and employees or their authorized representatives.

An employment contract must include the following information: (1) employer's name and headquarters; (2) employee's name and address; (3) employees' unique personal identification number or personal identification number in case the employee is a foreign citizen (4) employees' qualifications and education; (5) position and brief job description; (6) place of work; (7) period of time for which the contract has been signed, indefinite or definite; (8) contract duration if the contract is for a definite period of time; (9) the start date; (10) working hours, (fulltime, part-time, or reduced hours); (11) length of the notice period in the event of termination of the employment contract; (12) the collective agreements binding on the employer ; (13) wages, compensation, and other employment-related benefits; (14) employers' and employees' rights, obligations, and responsibilities regarding health and safety at work. (LL Art. 31) Furthermore, contracting parties may include all other relevant information they deem important in accordance with law and collective agreements. (Id.) Under special conditions determined by the LL, employment contracts may also include a non-compete clause. (LL Art. 161)

Employment contracts may provide for a probationary period, which may not exceed six months except for members of merchant ship crews where it may last longer, e.g., until the return of the ship to the home port. (LL Art. 34) Employers cannot conclude one or more employment contracts with the same employee for a definite period of time if their duration, continuously or with interruptions shorter than 70 days, exceeds 36 months. The period of 36 months does not include the duration of: (1) internships; (2) the period for which the employment agreement was extended due to pregnancy leave, maternity, or parental leave, or in case of adoption or foster care leave. This limitation does not apply to contracts regulating the work of directors, worker leasing agencies, and employment contracts with athletes. (LL Art. 37)

Part-time employment contracts may be entered into for a definite or indefinite term. (LL Art. 42)

Employers may also enter into traineeship contracts with first-time jobseekers. Such contracts must be for a fixed period of time not exceeding six months and nine months for trainees with VI and VII levels of education (junior college and university graduates). (LL Art. 46)

Additionally, employers may hire persons registered with the state Employment Bureau to perform temporary and occasional jobs the duration of which does not exceed 120 working days in one calendar

year. This contract must be in writing and shall contain: (1) the name and headquarters of the employer; (2) personal data of the worker (name, surname and unique personal identification number); (3) type and description of work to be performed; (4) the period for which the contract is concluded; it may also stipulate conditions under which the contract can be terminated before the expiration of the term for which it was concluded; (5) place and manner of work; and (6) remuneration. (LL Art. 200)

Employees may be temporarily seconded to work for other employers (beneficiaries) by the Temporary Employee Secondment Agency. (LL Art. 52) In this contractual relationship, the Agency is the employer that concludes an employment contract on temporary employee secondment. (Id.) This type of employment contract must contain the following information: (1) number of employees to be seconded; (2) duration of assignment; (3) place of work; (4) implementation of health and safety measures at the workplace; (5) wages and method of payment. (LL Art. 54) This type of contract cannot be concluded in order to replace workers on strike and the like. (LL. Art 54)

Employers are prohibited from amending contracts and imposing less favorable conditions on employees due to their pregnancy, childbirth or breastfeeding. (LL Art. 120)

Wages and deductions

In Montenegro, remuneration shall be adequate, paid in intervals not exceeding one month, and in legal tender. Employees have equal rights for the same work or work of equal value. Employee wages are set by law, collective agreements, and employment contracts. Employers must deliver the pay slips to the employees at the time of salary payment. A salary shall comprise a base salary, a portion of pay based on the employee's performance, and increased salary in accordance with the LL. Namely, increased salary comprises of earnings for nighttime, overtime and work during public holidays, and years of service. (LL Arts. 94 -100) Employers must keep wage and income records. (LL Art. 107) The minimum wage may not be less than 30% of the average wage in Montenegro in the previous six months, according to official statistical data. (LL Art. 101)

Employers may collect monetary claims against employees by garnishing their wages but only based on a final court decision, in cases determined by the law or with the employee's consent. Furthermore, garnishment may not exceed one half of the wage for the purpose of mandatory alimony or child support pursuant to a final court decision, and one third in case of other obligations. (LL Art. 106)

Pension, social benefits – contributions

Social security contributions for pension and disability insurance, health insurance, and unemployment insurance are calculated and withheld by the employer from the salary paid to an employee. All employees, including farmers, must pay mandatory pension and disability insurance. (Law on Pension and Disability Insurance ("LPDI") Art. 9) Therefore, employers must register employees for the purpose of mandatory social insurance (health, pension, disability, and unemployment insurance) as of the date they start work and they must furnish employees with a copy of the registration within the following 10 days. (LL Art. 33) Also, workers who entered into contracts on additional work, temporary and occasional jobs are entitled to retirement benefits and health insurance. (LL Art. 203)

Under the Law on Mandatory Social Security Contributions (“LMSSC”), employers generally pay the following rates: pension and disability insurance - 5.5%; health insurance - 2.3%; unemployment insurance - 0.5%, while the employees pay the following rates: pension and disability insurance - 15%; health insurance - 8.5%; unemployment insurance - 0.5%. (LMSSC Arts. 15-18)

Old-age pension - Insured persons shall be entitled to an old-age pension when they turn 66 (men) or 64 (women) if they have accrued at least 15 years of pension insurance. (LPDI Art. 17) or at least 61 if they have 40 years of pension insurance. Insured persons shall acquire the right to an old-age pension when they have 30 years of pension insurance, of which they accrued at least 20 years effectively performing jobs in mines where service is calculated at accelerated rate. However, this right will cease to exist on December 31, 2021. (LPDI Art. 17) Insured persons are entitled to a premature old-age pension when they turn 63 and have at least 15 years of pension insurance. (LPDI Art. 17a)

Disability pension - A disability shall be deemed to exist when an insured person suffers complete loss of working capacity due to health impairments that cannot be eliminated by treatment or medical rehabilitation. A disability shall also be deemed to exist when an insured employee suffers a partial loss of working capacity of at least 75% due to health impairments that cannot be eliminated by treatment or medical rehabilitation. A disability may arise as a consequence of a work-related or non-work-related injury or disease. (LPDI Art. 30) Insured employees who have suffered complete loss of working capacity are entitled to a full disability pension, while those who have suffered partial loss of working capacity are entitled to a partial disability pension. (LPDI Art. 31)

Employees are entitled to wage compensation in the amount determined by collective agreements and labor contracts for absence from work during: public and religious holidays that fall on non-business days; annual leave; paid leave; acting upon the invitation by the state bodies (unless paid by the state); professional training at the order of the employer; temporary incapacity to work under health insurance regulation and during use of maternity leave and leave to care for a child in accordance with the LL; work interruption through no fault of their own employee; refusal to work due to non-implementation of the prescribed health and safety measures; absence from work based on previously agreed participation in the work of the employer’s body or trade union’s body; during requalification, upskilling and capacity building to perform other jobs; and in other cases determined by the collective agreements and labor contracts. (LL Art. 102)

Additionally, employees are entitled to salary compensation during absence from work due to interruption of work that occurred through no fault of their own. Such compensation shall equal 60% of the compensation base, which cannot be lower than the minimum wage in Montenegro. (LL Art. 103) Employees are also entitled to other labor-related income determined by the collective agreements, and labor contracts. (LL Art. 104) Also, workers who entered into contracts on additional work and contracts on temporary and occasional jobs are entitled to retirement benefits and health insurance. (LL Art. 203)

Under the Law on Mandatory Health Insurance (“LMHI”) employees are entitled to compensation of salary during temporary incapacity for work if they have not exercised the right to retirement, in accordance with the regulations governing pension and disability insurance. Thus, employees are entitled to wage compensation if they are: (1) temporarily prevented from working due to illness or injury; (2) placed under

health supervision or quarantined; (3) isolated as carriers or due to the occurrence of an infection in the household; (4) designated to care for a sick member of the immediate family; (5) prevented from working due to voluntary donation of blood, organs, tissues and cells; and (6) designated as a companion of a sick person referred for treatment or medical examination to another place or during hospital treatment. Temporary incapacity for work not exceeding 30 days is determined by the selected medical team or doctor, while incapacity exceeding 30 days is determined by the competent medical commission, depending on the type and nature of the disease, in accordance with the regulations of the Fund. (LMHI Art. 37) Employers are under the obligation to calculate and pay the wage compensation to employees during their temporary incapacity for work. Wage compensation to employees whose incapacity for work exceed 60 days is calculated and paid by the employers, which are refunded by the Fund. (LMHI Art. 38) In case of longer temporary incapacity for work caused by an illness or injury, after ten months of continuous incapacity for work, or after 12 months during which an employee was unable to work a total of ten months with interruptions, the Fund is obliged to refer the medical documentation to the competent authority for the assessment of the employee's working ability or disability, in accordance with regulations on pension and disability insurance. (LMHI Art. 44)

Working hours

Article 60 of the Labor Law defines working hours as the period during which employees are required to perform tasks for their employers in accordance with their employment contracts. The time employees are at the employer's disposal, whether they are at the workplace or elsewhere, is also considered working hours. (LL Art. 60) However, periods when employees are on standby to report for duty, if necessary, are not considered working hours. The duration of standby periods and remuneration for those hours shall be regulated by collective agreements. Work performed by employees on standby, and their commute to the workplace are considered working hours. (LL Art. 60)

The legal workweek is 40 hours unless a shorter workweek is provided for under a collective agreement. (LL Art. 61) However, the working hours may be reduced if the workers cannot be protected against adverse harmful effects despite compliance with health and safety regulations. In such cases, the hours worked must be reduced in proportion to the harmful effects of the working conditions, but not under 36 hours a week. In such situations, the reduced hours shall be deemed full working hours. (LL Art. 63)

Overtime

Employees may work over 40 hours a week if a suddenly increased workload cannot be completed by an appropriate organization of work and working hours, in case of a force majeure and in other exceptional circumstances. (LL Art. 64) Overtime must be pre-notified in writing, except when circumstances preclude such pre-notification. However, when overtime is pre-notified orally, the employers are under the obligation to subsequently furnish a written decision to employees, no later than three days from the moment the reasons for introduction of overtime have ceased. (LL Art. 64) Employers are also under the obligation to inform the labor inspector about the introduction of overtime within three days from the day they rendered the decision. (Id.) The overtime work may last only as long as necessary but, in general, it should not require work over 48 hours a week (but it can go up to 50 hours) within a period of four months. (LL Art. 64)

Exceptionally, collective agreements may provide that overtime work per year can be 250 hours per annum. The LL does stipulate the right to increased pay for overtime work. (LL Art. 98)

However, an employee who works full time may conclude a contract on additional work with the same or another employer, for a period of up to one half of full time. (LL Art. 202)

The LL allows redistribution of hours if so required by the nature of the job, better or more rational use of resources, and the like. Accordingly, employees may work longer hours during one period and shorter hours during another period, but the working hours cannot be longer than determined in the employment contract. (LL Art. 68) The redistribution of hours cannot last less than one month nor more than six months per annum. (LL Art. 68) Employees working overtime due to redistribution of hours may not work more than 48 hours a week. (Id.) Exceptionally, overtime work in such situations may last up to 54 hours per week or up to 60 hours per week for seasonal workers. (LL Art. 68)

Employees, who cannot be protected against harmful effects regardless of their employers' compliance with health and safety regulations, may not work overtime. (LL Art. 63)

One of the parents, adoptive parents, guardians, or foster parents of children with developmental disabilities, as well as single parents of children under seven may work overtime or at night only with their written consent. (LL Art. 124)

Nightwork and Shift Work

Night-time work entails work performed between 10 pm (22:00) and 6 am (06:00). (LL Art. 70) Employees who work at least three hours a day during night-time are entitled to special protection under OHS regulations. (LL Art. 70) Employees, who work at least three hours a day during night-time for four months, shall not work more than eight hours a night every 24 hours. (LL Art. 70) The same limitation applies to employees working at three hours a day during night-time who are exposed to danger and hard mental and physical labor. (LL Art. 70) All employers who organize night-time work must notify Labor Inspection thereof. (Id.) Employees may work night-shifts for a maximum of one week. (LL Art. 74) Employees shall be paid higher remuneration for night-time work. (LL Art. 98)

See below for specific rules regarding employees under the age of 18, women, and persons with disabilities.

Rest period

Employees working six or more hours a day are entitled to at least a 30-minute break, while employees working between four and six hours a day are entitled to minimum 15-minute breaks during working hours. Employees working more than 10 hours a day are entitled to at least a 45-minute break. (LL Art. 73) While daily rest periods shall be minimum 12 continuous hours within each 24-hour period. (LL Art. 75)

Employees are entitled to a weekly uninterrupted 24-hour rest period in addition to a daily rest period of at least twelve hours between two consecutive working days, usually Sunday. Employers must offer alternative days of rest to employees required to work on their weekly rest day. (LL Art. 76) There are certain exceptions that allow employers to organize daily and weekly rest periods differently, e.g. if so required by the nature of business. (LL. Art. 78).

See below for specific rules regarding employees under the age of 18, women, and persons with disabilities.

Leaves

Annual leave

In general (1) employees, who have not worked 6 months continuously in a calendar year shall be entitled to 1/12 of the annual leave (proportional part) for each month of work that calendar year; (2) employees are entitled to paid annual leave of at least 20 working days; (3) employees working six days a week are entitled to paid annual leave of at least 24 days; and (4) employees working under conditions impinging on their health are entitled to paid annual leave of at least 30 days. (LL Arts. 79 - 81) Employees may not waive their right to annual leave nor may they be denied it. Monetary compensation in lieu of annual leave is prohibited except in case of termination of the employment contract. (LL Art. 79) Employees with disabilities are entitled to paid annual leave of at least 26 working days. (LL Art. 119) Employees under 18 are entitled to paid leave of at least 24 working days. (LL Art. 120) One of the adoptive or foster parents of a child under eight is entitled to one-year paid leave. (LL Art. 135)

Annual leave shall not include public holidays, absence from work with wage compensation and temporary inability to work in accordance with regulations on health insurance. (LL Art. 80)

Paid leave

Employees are entitled to paid leave every year in special circumstances, such as entry into marriage, birth of a child, illness of an immediate family member, professional examination, and other events specified in collective agreements and employment contracts. The duration of such leave shall be specified in the collective agreements or agreements between employees and employers. Furthermore, employees are entitled to seven workdays of paid leave due to death of a close relative. (LL Art. 87)

Unpaid Leave

Employees may use unpaid leave from work in cases determined by collective agreements and employment contracts. Employees on unpaid leave are entitled to health care, which is to be paid by their employers, while their other employment related rights and responsibilities shall be dormant. (LL Art. 88) Additionally, one of the parents is entitled to unpaid childcare leave until the child turns three and may not continue exercising it if they go back to work in the meantime. Employees on such unpaid leave are entitled to health and pension - disability insurance, while their other rights and obligations are dormant. Funds for health

care and pension-disability insurance shall be paid from the health and pension-disability insurance funds. (LL Art. 138)

One of the parents is entitled to unpaid childcare leave until the child turns three and may not continue exercising it if they go back to work in the meantime. Employees on such unpaid leave are entitled to health and pension - disability insurance, while their other rights and obligations are dormant. Funds for health care and pension-disability insurance shall be paid from the health and pension-disability insurance funds. (LL Art. 138)

Maternity/Family Leave

Female workers are entitled to mandatory 98 days of paid maternity leave, 28 of which shall be used before delivery and 70 days after it. Fathers may also exercise the right to paternity leave if the mother has passed away, abandoned the baby, been incarcerated, or deprived of parental rights. (LL Art. 126) Parents of twins or more children are entitled to use maternity leave in the duration of 70 days at the same time. (LL Art. 126)

Parental leave is the right of each parent to go on paid leave from work to care for the child. Parental leave may be used after the expiration of 98 days until the child turns one. (LL Art. 127) Any parent may go on parental leave, and such leave may be transferred from one parent to another, after the expiration of a period of 30 days from the moment it is taken. (Id.)

Sick Leave

Employees are entitled to paid sick leave in case of temporary disability due to illness, injury at work or in other cases in accordance with health insurance regulations. They must inform their employers of such leave within three days at the latest and submit a report on temporary disability to the employer within five days from the day it was issued. Furthermore, employees are entitled to be absent from work due to their voluntary donation of blood, tissues and organs, in accordance with the law and the collective agreements. (LL Art. 90)

Written notice and severance payments

Employment may be terminated by force of law, by agreement between the employee and the employer, and by termination of the employment contract by the employer or employee. (LL Art. 163) On the day of termination, the employers are obliged to return to the employees their duly completed employment booklets (certifying duration of employment). (LL Arts. 204 and 205)

Employers may terminate an employment contract for a justified reason without conducting any procedure for determining the employee's accountability. (LL Art. 172) The employer may issue a decision on termination only after previously warning the employee of the reasons for dismissal in writing. The warning must include the reasons for dismissal and the deadline for response, which cannot be shorter than five workdays. (LL Arts. 172 and 174). Warnings, notices, invitations to oral hearings, and decisions shall be delivered to the employee in person at the employer's premises or the employee's address. Employers

unable to deliver such enactments to the employee must draft a notice thereof and post it on the bulletin board at their premises. The employee will be deemed notified eight days later. (LL Art. 176)

The employee has the right and duty to remain working at least 30 days from the day of delivery of the notice or the decision on termination of employment. (LL Art. 177) However, the employer may terminate the employment contract without a notice period in specific situations, such as serious breach of employment conditions by the employee. (LL Art. 177)

Employees who cease work before the expiry of the notice period at their employer's request are entitled to wages and other employment-related rights as if they had worked until the expiration of the notice period. During the notice period, the employees are entitled to spend at least four working hours a week seeking new employment. (LL Art. 177)

In case of termination of employment, employers must pay all outstanding wages, compensations, social security benefits, and other incomes earned by the employee until the day of termination of employment, within 30 days from the day of termination at the latest. (LL Art. 179). This provision does not fully comply with the ESS2 requirement to pay all statutory payments prior or on the date of employment contract termination. Hence this is recognized as a gap with ESS2. Gap filling measures which require the Employer to pay all outstanding dues prior to or at termination of employment are provided in section 7 – Policies and Procedures.

Nondiscrimination and equal opportunities

The Constitution prohibits both direct and indirect discrimination on any grounds. (Con. Art. 8) The Labor Law prohibits any direct or indirect discrimination against job-seekers and employees, based on their gender, birth, language, race, color of skin, age, pregnancy, health or disability, ethnic origin, religion, marital status, family obligations, sexual orientation, gender reassignment, political or other beliefs, social background, financial status, membership in a political organization, trade union, or any other personal characteristic. Furthermore, discrimination against employees is prohibited in relation to working conditions, professional education and training, promotion, and employment termination. (LL Art 7-9; 11-13) Discrimination against employees is prohibited in relation to working conditions, professional education and training, promotion, and employment termination. (LL Art 7 – 9; 11-13) Also, harassment and sexual harassment at work and in relation to work are prohibited.

Worker's Organizations

Employees are free to associate in and join trade unions. Employers are entitled to set up and join associations of employers. Trade unions and associations of employers may be established without any prior approval and membership is voluntary. (LL Arts. 188-190) Employers must inform unions of major developments and other issues stipulated in the LL at least once a year. (LL Art. 192)

Collective agreement

Collective agreements may be concluded at different levels and include general, branch, and individual collective agreements. Employers are under the obligation to submit to the Ministry of Labor collective agreements with their employees. (LL Arts. 181-187)

The successor employer is obliged to apply the collective agreement of the predecessor employer for at least one year from the day of change of employer and under the same terms, unless: (1) the time for which the collective agreement was concluded with the predecessor employer expired in the meantime; (2) a new collective agreement has been concluded with the successor employer in the meantime. (LL Art. 109)

Seasonal Work

Seasonal work is work performed in seasonal activities, such as agriculture, tourism, forestry, and other activities, where work is performed during one period of the year, lasting no more than eight months. The rules applicable to fixed-term contracts are applicable to these contracts as well. (Id.) Thus, persons who entered into fixed-term contracts have the same rights, obligations, and responsibilities as employees who entered into indefinite term contracts. Seasonal workers can work up to 60 hours a week, if this is in accordance with collective agreements and workers agreed to it.

B. Protecting the work force

Minimum age of employment

Minors between 15 and 18 years of age may conclude employment contracts, i.e., take up employment with the consent of their legal representative, provided they have obtained a medical certificate of general health proving their ability to work; additionally, the work may not adversely affect or pose greater risks to their lives and health, education, development, or morality. Furthermore, they are not allowed to work underwater or underground and may not be reassigned to jobs outside their place of residence. (LL Arts. 20, 22, 120) However, children between the age of 15 and 18 attending compulsory education may not be employed. (LL Art. 20)

Working hours shorter than full time hours may be deemed full time employment if provided in collective agreements. (LL Art. 120) Employees under 18 working at least four hours a day are entitled to a 30-minute continuous break, two-day weekly breaks, and at least 24 days of paid annual leave. (LL Art. 120)

Forced Labor

Article 68 of the Constitution prohibits forced labor. The Criminal Code also prohibits forced labor and trafficking in persons. (CC Arts. 444-446). In addition, Montenegro ratified the ILO Forced Labor Convention.

C. Grievance mechanism

Labor disputes

Employees who think that their employer has violated their employment related rights may submit them a request to ensure the exercise of such rights. However, the filing of the aforementioned request does not stay the execution of the employers' decision or action contested by the employee. Employers must forward a written notice to the employee or decide on their request within 15 days from the day the request was filed. This decision is deemed final. Employees may also apply to the Labor Inspection for the protection of their rights. (LL Art. 139)

Employees are entitled to contest annexes to their employment contracts with the Labor Inspection, the Agency for the Peaceful Settlement of Labor Disputes, the Alternative Dispute Resolution Center or the relevant court within 15 days from the day of their conclusion. (LL Art. 48)

Before initiating proceedings before a competent court, employees who believe that their employment right have been violated are obliged to file a motion for amicable settlement of their dispute with the Agency for the Peaceful Settlement of Labor Disputes or Alternative Dispute Resolution Center. In this case, the employer is obliged to accept the procedure for the amicable settlement of the labor dispute. If the labor dispute is not resolved before the aforementioned authority, the employee may bring the dispute before the competent court. However, individuals whose employment has been terminated may immediately initiate court proceedings. (LL Arts. 16 and 140) Job seekers who believe that they have been discriminated against may file a complaint with the competent court without initiating proceedings before the dispute resolution authorities. (LL Art. 16)

The procedure before the court may be initiated within 15 days from the day of delivery of the decision by which the procedure for the peaceful settlement of the dispute has been suspended. The employer is obliged to execute the final court decision within 15 days from the day of delivery of the decision, if no other deadline has been set in the court decision. (LL Art. 141)

Brief Summary

In summary, there are a few minor areas in which the national legislation is partially aligned with ESS2. Employers must pay all outstanding wages, compensations, social security benefits, and other incomes earned by the employee until the day of termination of employment; however, the LL allows employers to make the aforementioned payments within 30 days from the day of termination at the latest, which is not aligned with the ESS2. Regarding overtime, employees may work over 40 hours a week if a suddenly increased workload cannot be completed by an appropriate organization of work and working hours, in case of a force majeure and in other exceptional circumstances. The overtime work may last only as long as necessary but, in general, it should not require work over 48 hours a week (but it can go up to 50 hours) within a period of four months. Exceptionally, collective agreements may provide that overtime work per year can be 250 hours per annum. The LL does stipulate the right to increased pay for overtime work but does not provide for the rate. The LL allows redistribution of hours if so required by the nature of the job, better or more rational use of resources, and the like. Accordingly, employees may work longer hours during one period and shorter hours during another period, but the working hours cannot be longer

than determined in the employment contract. The redistribution of hours cannot last less than one month nor more than six months per annum. Employees working overtime due to redistribution of hours may not work more than 48 hours a week. Exceptionally, overtime work in such situations may last up to 54 hours per week or up to 60 hours per week for seasonal workers. Finally, there are no specific provisions requiring employers to conduct an appropriate risk assessment prior to the work commencement by minors; however, employers are under the general obligation to issue a risk assessment enactment for all workplaces, to determine the methods and measures to eliminate any risks and ensure their implementation.

6. BRIEF OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY

This section sets out the *key aspects* of the national labor legislation concerning occupational health and safety, and how national legislation applies to the different categories of workers identified in Section 1. The overview focuses on legislation which relates to the items set out in ESS2, paragraphs 24 to 30.

The Occupation Health and Safety Law (hereinafter “OHS”) is the key legislative act in this area. This Law defines the occupational health and safety measures, the employers’ obligations and the employees’ rights and duties in the field of occupational health and safety, as well as preventive measures against occupational risks, elimination of accident-related risk factors, information, consultation, training of workers and their representatives and their engagement in planning and implementing occupational health and safety measures. The provisions of this Law shall apply to all persons employed in the territory of Montenegro with legal entities and entrepreneurs in all sectors, government bodies, state administration and local self-government units, employees who were sent to work abroad if the regulations of the receiving State provide less favorable measures of health and safety at work (hereinafter referred to as protective measures) than those provided for in this Law, unless otherwise regulated by a special law.

Identification of potential hazards to project workers, particularly those that may be life threatening

Employers are under the obligation to issue a risk assessment enactment for all workplaces, to determine the methods and measures to eliminate any risks and ensure their implementation. In their risk assessment enactments, the employers must specify at-risk jobs, the health requirements to be met by employees for performing specific work, and the use of specific work equipment based on an expert assessment of the institution charged with the employees’ health care.

The risk assessment enactment specify: (1) any risks; (2) jobs exposed to the identified risks; (3) the probability of injury, occupational or work-related disease; (4) the acceptability of the risks; and (5) measures to be introduced to reduce unacceptable risks.

Employers must amend the risk assessment enactment in the event: (1) of appearance of any new risk and changes in the level of risk; (2) the existing measures of protection are insufficient or inappropriate; (3) of adaptation, reconstruction, disaster, overhaul; (4) of serious, collective and fatal injuries at work; (5) the risk assessment is based on data that do not correspond to the actual situation; and (6) of changes in activity. (OHS Art. 17) Employees must be familiarized with the risk assessment enactment in a transparent manner. (OHS Art. 17)

Employers must inform their employees, among other things, about obligations and responsibilities arising from the regulations on protection and health at work. (LL Art. 19) Furthermore, employers are, among other things, under the obligation to put OHS, signs, labels and warnings in the official language and languages in official use at the workstations and on the work equipment in accordance with the act of the state authority in charge of labor. (OHS Art. 18)

Preventive and protective measures

The employer shall take protective measures involving the prevention, control and elimination of risks at work, notification and training of employees, and provision of the necessary means and organization of works. (OHS Art. 14) Furthermore, employers must inform all employees who are or may be exposed to a serious or imminent danger of the type of risk and protective measures involved. (OHS Art. 29)

Protective measures are planned and provided in all work processes to prevent or reduce risks to life and health of employees, in the process of: (1) design, construction, operation and maintenance of facilities designated as working and auxiliary facilities, and facilities for outdoor work, in order to secure safe work processes; (2) design, construction, operation and maintenance of technological work processes with all the accompanying work equipment in order to secure safe work, as well as compliance of chemical, physical and biological hazards, microclimate and lighting at the workplace, work and auxiliary premises with the prescribed measures and standards for the activity performed in such workplaces and premises; (3) design, manufacturing, operation and maintenance of the work equipment, construction and facilities for collective protection and health at work, ancillary structures and facilities and other resources used or in any way associated with the work process to ensure prevention of any injury or damage to the health of employees ; (4) production, packaging, transport, storage, use and destruction of hazardous substances in the manner and in accordance with rules and regulations aiming to prevent injuries or damage to the health of employees; (5) design, manufacture and use of personal protective equipment at work, the use of which eliminates the risks or hazards that cannot not be eliminated by the relevant protective measures; (6) education and training in OHS.

The design, manufacture and use of work equipment and personal protective equipment, the use of which eliminates the risks or hazards that cannot not be removed by applying the relevant protective measures, shall be applied in the manner and in accordance with the implemented technological procedure. The employer shall procure and provide employees with work equipment and personal protective equipment required for their jobs, only if he possesses the appropriate documentation in the official language and languages in official use in which the manufacturer or supplier has specified all the safety and technical data relevant to the risk assessment of working with such equipment and has put in place all protective measures prescribed in the documentation in accordance with OHS regulations. In exceptional cases, an employer unable to provide adequate documentation may acquire it from legal entities or entrepreneurs registered for such work. The employer shall ensure that employees use the work and personal protective equipment in accordance with their intended use and apply all the protective measures while using it. (OHS Art. 27)

Employers must implement all measures for protection and health at work by preventing, eliminating, and controlling risks at work. (LL Art. 19) As mentioned, the employees' working hours may be reduced if they

cannot be protect against harmful effects, regardless of compliance with health and safety regulations. In such cases, the hours worked must be reduced in proportion to the harmful effects of the working conditions, but may not be lower than 36 hours a week. (LL Art. 63)

Employers organizing night work or work in shifts, are under the obligation to make sure that the organization of work is adjusted to the employees, as well as the conditions for protection and health at work, in accordance with the nature of work. (LL Art. 72) Furthermore, employers must provide employees working at least three hours during the night with OHS and the relevant protective equipment. (LL Art. 72) Employers also have to organize regular check-ups of employees working at least three hours during the night. (Id.) Employees working s at least three hours during the night every day shall be reassigned to day-time work if a relevant health professional finds that night-time work would impinge on their health. (Id.)

Training of project workers and maintenance of training records

Employers are under the obligation to provide trainings in safe operations to employees when hiring them, assigning them to other positions, introducing new technologies, introducing new or replacing work equipment, in case of changes in the work process, and re-assigning them after an absence exceeding one year. The training of employees must be tailored to new and evolving risks, and if necessary, it shall be repeated at regular intervals. The training must be organized during working hours and the training costs shall be borne by the employer. (OHS Art. 20) Also, employers who engage employees of another employer under a contract or on other legal grounds must provide those employees with adequate instructions on life and health risks and familiarize them with safety measures. (OHS Art. 20) Furthermore, employers must provide appropriate OHS training to employees' representatives. (OHS Art. 25)

Employers must keep employee records, which contain data on employees, working hours, and annual and other leaves. (LL Art. 19) However, neither the Labor Law nor the OHS Law require of employers to keeping training records.

Documentation and reporting of occupational accidents, diseases, and incidents

Employers are obliged to keep records of occupational and work-related diseases/injuries. (OHS Art. 50) Furthermore, employers must submit a written report to the Labor Inspection of each death, collective, serious and other injury at work resulting in an employee's absence from work for more than three days, and any dangerous phenomena that might jeopardize the employees' health or safety, immediately and not later than 24 hours from their occurrence. Also, they must issue to the injured employee and the medical facility that examined said employee a report on the employee's injury at work, within the deadline and in the template prescribed by the enactment of the state authority responsible for health. (OHS Art. 51)

Furthermore, employers must inform employees or their representatives in writing of reports on occupational injuries resulting in the employee's absence from work exceeding three working days. (OHS Art. 23)

Emergency prevention and preparedness and response arrangements to emergency situations

Employers must take the necessary measures and designate employees charged with providing first aid, firefighting, and the evacuation of employees, depending on the type of job and activities, and the number of employees and the involvement of other persons in accordance with the OHS and the regulations governing this area. The number of designated employees, their training and available equipment depends on the size and/or specific hazards at the workplace. (OHS Art. 28)

Remedies for adverse impacts such as occupational injuries, deaths, disability, and disease

As mentioned, employers are under the obligation to provide mandatory insurance to employees against industrial accidents, occupational and work-related diseases. Insurance premiums shall be borne by the employer, depending on the level of risk from injury, occupational and work-related diseases. (OHS Art. 30) Furthermore, they are under the obligation to compensate employees who suffered work-related injuries or damages. The amount, circumstances under which the injury or damage occurred, who caused it and the manner of compensation shall be determined by a special commission formed by the employer. If not, the competent court shall decide on the damage. (LL Art. 159)

Employers must arrange medical examinations of employees assigned jobs with special conditions of work or at increased risk and of employees returning after an absence exceeding one year. At the request of the employee, the employer shall arrange their medical examination suitable to OHS risks, as well as in cases not covered by paragraph 2 of this Article, at least once every three years. (OHS Art. 19) If the doctor performing the medical examination ascertains that the employee does not meet specific health requirements for carrying out work with special conditions or at-risk work, the employer shall assign them to another position suiting their health, in accordance with the enactment on systematization of jobs. If this is impossible, the employer must provide the employee with other rights in accordance with the law. (OHS Art. 19)

Procedures to establish and maintain a safe working environment

Besides the aforementioned duties, under the Health Care Law (HCL), when planning and performing their activities, employers are under the obligation develop and use technologies not harmful to human health and the environment and introduce and implement specific measures to protect the health of their employees. Such specific measures shall provide for: the prevention and detection of occupational diseases, prevention of injuries at work and administration of appropriate first aid; protection of health of employees exposed to specific health hazards at work; and health care measures established by specific regulations. (HCL Art. 19)

Specific health measures shall include: medical examinations for ascertaining the employees' work capacity; monitoring the employees' state of health; identification and assessment of health risks at work; general medical check-ups, pre-employment, periodic, and follow-up medical examinations of employees considering their gender, age, and working conditions, incidence of occupational diseases, injuries at work, and chronic diseases; counseling on health, safety, hygiene at work, organization, and protection devices; medical examinations of employees at risk of hazard, protection of consumers or service users and other mandatory medical examinations; organization and administration of first aid and urgent interventions on the scene and in the working process; assessment of working conditions of particular jobs for the protection from occupational diseases; assessment of the needs and referral of workers who are exposed to health

hazards at work and those chronically overtired and physically exhausted to health-preventive active rest and early rehabilitation and monitoring results of such rest and rehabilitation; health education of employees. Specific health care of employees extended by the employer shall be implemented on the basis of an agreement between the employer and the health institution. (HCL Arts. 20-21)

Jobs with special conditions of work are those may be assigned to and performed only by employees who fulfil both the general employment requirements and special requirements in terms of sex, age, level of education, vocational training, health and mental abilities. (OHS Art. 21)

Employers are required to keep and maintain detailed records of: (1) jobs with special conditions or increased risk; (2) employees assigned to positions, especially the employees assigned to jobs with special conditions of work or increased risk; (3) injuries, occupational and work-related diseases; (4) employees trained in safe operation; (5) hazardous substances used at work; (6) performed tests of working environment; (7) examination and testing of work and personal protective equipment; (8) annual reports on health and safety at work; (9) pre-employment and periodic medical examinations; (10) technical documentation (major projects); (11) OHS documentation (attestation, expert reports, work equipment handling and maintenance instructions, and the like). (OHS Art. 50)

Right and responsibility to report unsafe situation, right to leave the workplace and prohibition of retaliation for reporting

Employers are under the obligation to take measures and issue instructions enabling employees to halt work in the event of a serious, imminent and unavoidable danger and proceed to a place of safety. The employer cannot require of employees to resume work in the presence of persisting serious and imminent danger, unless to save lives. (OHS Art. 29)

Employees must inform their employers of any type of potential life and health threatening conditions they can deal with on their own or of any situation giving the employees reasonable grounds to believe that it poses an immediate and serious danger to their life or health. (LL Art. 18) Employees are entitled to refuse to work if: (1) they were not previously familiarized with the dangers or hazards and risks at work, or if the employer did not arrange their prescribed medical examination; (2) there is an immediate threat to their life and health because the prescribed protective measures have not been applied, pending their implementation; (3) the protective measures are not in place on the work equipment, and so it poses immediate threat to their life and health. Employees refusing to work must require of their employer in writing to take measures that, in their opinion, have not been implemented. In the event the employees refused to work, and the employer considers their request ill-founded, the employer shall inform the Labor Inspection. (OHS Art. 33)

In the event of a serious and imminent threat to life and health, employees may take appropriate measures in accordance with their knowledge and technical means at their disposal. In case of an unavoidable danger, they are entitled to leave the dangerous workplace, work processes or work environment and will not be held liable for any damage that may occur, unless they had acted in a careless or negligent way. (OHS Art. 34)

Among other things, employers must inform, in writing, employees or their representatives of decisions on protective measures to be taken, and if necessary, of personal protective equipment to be used and make

available to them records and reports on occupational injuries resulting in an employee's absence from work exceeding three working days. (OHS Art. 23)

Facilities for workers

The employer shall ensure that employees perform work in a safe manner through the safe design, construction of new and reconstruction of existing work processes, and their use and maintenance and the accompanying facilities and work equipment, and through the compliance of chemical, physical (except for ionizing and non-ionizing radiation) and biological hazards, microclimate and lighting at the workplace and the working and auxiliary premises comply with the relevant protective measures and regulations. (OHS Art. 10)

Contractors and collaboration with project workers on OHS

Employers are under the obligation to ensure that the planning and introduction of new technologies is the subject of consultations with the employees or their representatives in charge of health and safety at work (hereinafter referred to as the employees' representatives) about the choice of work equipment, the working conditions, the working environment and their implications for health and safety at work. (OHS Art. 14) Furthermore, employees have the right and obligation to give suggestions and comments to and inform their employers of OHS issues. (OHS Art. 32)

System for regular OHS review

Employers are under the obligation to organize and carry out professional activities depending on the organization, nature and extent of the work process, the number of employees involved in the process, number of shifts, the estimated risks and the number of separate units. In order to carry out the activities they may: (1) designate a qualified employee; (2) organize a professional OHS service (hereinafter referred to as the professional service); (3) hire a legal person or entrepreneur authorized to perform professional activities. An employer's professional service may not extend professional services to other employers. However, employers are responsible for the health and safety at work of employees regardless of the manner of organization and implementation of these tasks. (OHS Art. 38) Employers shall, among other things, allow designated qualified employees adequate absence from work, without loss of pay, and provide them with all the necessary means to carry out tasks related to health and safety at work. (OHS Art. 39)

Professional tasks may be performed by a legal entity or an entrepreneur meeting the requirements in terms of personnel, organization, technical and other requirements imposed by the state authority responsible for labor affairs. (OHS Art. 41)

OHS risks which may be specific to female workers and children

Special rights, liabilities and measures related to workplace health and safety of youth (particularly in connection with their mental and physical development), women doing jobs potentially jeopardizing maternity, disabled employees and employees suffering from occupational diseases are governed by the LL, OHS, other regulations, collective agreements, general employers' acts and employment contracts.

The Law does not require a balanced representation of women on OHS committees to help design policies responding to the needs of female project workers.

Brief summary

While the OHS regulations address the main ESS2 requirements related to occupational health and safety, coverage of certain requirements is partial. Although the law provides for OHS representatives and OHS boards and allows employees and their representatives to give suggestions and information, initiate measures and demand inspection, the Law does not require a balanced representation of women on OHS committees to help design policies responding to the needs of female project workers. Regarding occupational health and safety trainings employers are obliged to train employees in safe work in accordance with the law. The cost of trainings is covered by the employers. The trainings should be organized during working hours if they are related to OHS or upskilling; however, there is no requirement for employers to keep training records. Neither the Labor Law nor the Law on Safety at Work addresses contractors' OHS responsibility. However, employers are under the obligation to ensure that the planning and introduction of new technologies is the subject of consultations with the employees or their representatives in charge of health and safety at work (hereinafter referred to as the employees' representatives) about the choice of work equipment, the working conditions, the working environment and their implications for health and safety at work. Finally, in the event of a serious and imminent threat to life and health, employees may take appropriate measures in accordance with their knowledge and technical means at their disposal. In case of an unavoidable danger, they are entitled to leave the dangerous workplace, work processes or work environment and will not be held liable for any damage that may occur, unless they had acted in a careless or negligent way. Prohibition of retaliation is not explicitly mentioned neither in the LL nor in the OHS.

7. RESPONSIBLE STAFF

The PIU housed under MoCI, will be responsible for the following:

- Implement this labor management procedure to direct workers
- Maintain records of recruitment and employment process of direct workers
- Monitor employment process of contracted workers to ensure it is carried out in accordance with this labor management procedure and national labor law
- Ensure that the grievance mechanism for project workers is established, monitor and report on its implementation

The *Project Implementing Unit* within the Ministry of Capital Investment will be responsible for the following:

- Apply this labor management procedure to project workers.

- Ensure that contractor(s) responsible for Rail Level Crossings prepare their labor management procedure, in compliance with this labor management procedure, and occupational health and safety plan before Construction stage.
- Ensure that Consultants responsible for implementation of components 1-4 prepare their labor management procedure, in compliance with this labor management procedure, and occupational health and safety plan before commencement of services.
- Monitor and report on implementation of project contractors' labor management procedures.
- Monitor that the contractors are meeting obligations towards contracted and sub-contracted workers as included in the General Conditions of Contract the World Bank Standard Bidding Documents, and in line with ESS2 and Montenegrin labor law and occupational health and safety laws.
- Maintain records of recruitment and employment process of direct workers.
- Monitor employment process of contracted workers to ensure it is carried out in accordance with this labor management procedure and Montenegrin labor law.
- Monitor that occupational health and safety standards are met at workplaces in line with national occupational health and safety legislation, ESS2 and Occupational Health and Safety Plan.
- Ensure that project workers receive training on SEA/SH prevention and Code of Conduct at the start of the employment and monitor SEA/SH prevention measures implementation during the life of the project.
- Ensure and monitor training of the project workers on OHS, and any other required trainings.
- Ensure that the grievance mechanism for project workers is established, monitor and report on its implementation.
- Ensure that dedicated SEA/SH grievance mechanism is established, monitor and report on its implementation.
- Monitor implementation of the workers Code of Conduct.
- Establish and implement a procedure for documenting specific incidents such as project-related occupational injuries, illnesses, lost time accidents and incidents related to sexual exploitation and abuse and sexual harassment. Maintain such records and require from all third parties and primary suppliers to maintain them. Such records will form an input into the regular review of OHS performance and working conditions.
- Implement disciplinary measures in instances of sexual exploitation and abuse and sexual harassment misconduct.
- In instances of medium, severe, fatal and mass accidents, inform the law enforcement bodies and Labor Inspectorate.

For direct workers hired or to be hired by the MoF and Central Fiduciary Unit (CFU) management responsibilities lies within MoF. The provisions of the LMP will be communicated within the institution and copies both on English and Montenegrin made available. The Head of the CFU will be responsible for selection, engagement and management of the CFU staff while the employee relations/HR issues of civil servants employed by the MoF being temporarily seconded to the CFU will be dealt with in line with the Ministry's human resources (HR) policies and by their Personnel / HR Department, while these relations for staff engaged in the CFU is subject to the Labor Law (as they are not civil servants but consultants engaged through consultancy contracts) with labor management responsibilities distributed among the Head of CFU and HR Department of the MoF. The management of OHS is within the remit of the OHS

Officer within MoF, CFU (person appointed in compliance with the Law on Safety and Health at Work). Any third party hiring contracted workers shall be responsible to manage employee relations/HR issues in line with this LMP and national labor and OHS laws. The requirements will be embedded into the bidding documents through which this LMP will become contractually binding for any third-party providing goods and services to the Project. The Bidding documents shall include a written Commitment Statement (please refer to Annex 02) that in case contract is awarded, the LMP shall be implemented and a Monitoring template to be used for monitoring of labor management performance (please refer to Annex 01). As for the implementation of these Labor Management Procedures, unless a Labor and Employee Relations/HR Manager or OHS Specialist is assigned to the project by the third party, the team leader/authorized representative will be responsible for compliance with the LMP provisions.

The Project will likely include selection of a supervision consultant to oversee physical interventions on the RLC and BCP. Such consultant will also oversee labor and safety performance, on the behalf of the Employer i.e. MoCI.

The Contractors will be responsible for the following:

- Employ or appoint qualified social, labor and occupational safety experts to prepare and implement project specific labor management procedure, occupational health and safety plans, and to manage subcontractor performance.
- Develop their own labor management procedure and occupational health and safety plan, consistent with this LMP and ESS2, which will apply to contracted and sub-contracted workers. These procedures and plans will be submitted to the Supervision Consultant for review and approval before the contractors mobilize for the design stage.
- Contractors will supervise their subcontractors' implementation labor management procedures and occupational health and safety plans.
- Maintain records of recruitment and employment process of contracted workers.
- Clearly communicate job description and employment conditions to contracted workers and provide them with one copy of the employment contract.
- Develop, implement and maintain workers' grievance mechanism and address the grievance received from the contracted and sub-contracted workers. Report on grievance mechanism implementation to the Supervision Consultant and the Employer
- Have a system for regular review and reporting on labor, and occupational safety and health performance.
- Deliver regular work induction trainings including but not limited to OHS, HSE, social induction, SEA/SH prevention training to employees.
- Ensure that all contractor and sub-contractor workers understand and sign the Code of Conduct prior to the commencement of works .Ensure that contracted and sub-contracted workers receive training on SEA/SH prevention and Code of Conduct at the start of the employment and monitor SEA/SH prevention measures implementation during the life of the project.
- Ensure that dedicated SEA/SH grievance mechanism is established, monitor and report on its implementation. Establish and implement a procedure for documenting specific incidents such as project-related occupational injuries, illnesses, lost time accidents and incidents related to sexual exploitation and abuse and sexual harassment. Maintain such records and require all third parties

and primary suppliers to maintain them. Such records will form an input into the regular review of OHS performance and working conditions.

- Implement disciplinary measures in instances of sexual exploitation and abuse and sexual harassment misconduct.
- In instances of medium, severe, fatal, and mass accidents, inform the law enforcement bodies and Labor Inspectorate.

After the bidding process is completed and the Contractors are known, this labor management procedure can be updated to include additional details about companies, as necessary.

8. POLICIES AND PROCEDURES

This section sets out information on OHS, reporting and monitoring and other general project policies. Where relevant, it identifies applicable national legislation.

Where significant safety risks have been identified as part of Section 2, this section outlines how these will be addressed. Where the risk of forced labor has been identified, this section outlines how these will be addressed (see ESS2, paragraph 20 and related GNs). Where risks of child labor have been identified, these are addressed in Section 7.

Where the Borrower has stand-alone policies or procedures, these can be referenced or annexed to the LMP, together with any other supporting documentation.

For example, to address employment and non-discrimination, the following approach can be used:

The Contractors will prepare labor management procedures in line with this labor management procedure and national labor code. The principles and procedures presented below represent the minimum requirements but is not an exhaustive list of requirements.

As specified in the LL of Montenegro, the employment of project workers will be based on the principles of non-discrimination and equal opportunity. There will be no discrimination with respect to any aspects of the employment relationship, such as recruitment, compensation, working conditions and terms of employment, access to training, promotion or termination of employment. The following measures will be developed by the contractors and monitored by the PIU and supervision consultant to ensure fair treatment of all employees:

- As per Labor Law requirements, recruitment procedures will be transparent, public and non-discriminatory with respect to ethnicity, religion, sexual orientation, disability, gender, and other grounds included in the Labor Law and other relevant laws.
- Applications for employment will be considered in accordance with the application procedures established by the contractors.
- Clear job descriptions will be provided in advance of recruitment and will explain the skills required for each post.
- All workers will have written contracts describing terms and conditions of work and will have the contents explained to them. Workers will sign the employment contract. Terms and conditions of employment will be available at work sites.

- Merit-based employment is needed; however, the contractors may prioritize candidates from local communities and disadvantaged groups such as women and the disabled.
- Unskilled labor will be preferentially recruited from the affected communities, settlements and municipalities.
- Employers intending to carry out a collective dismissal of at least 20 employees within a period of 90 days, must initiate consultations, request and consider the opinion and proposals of the trade union or employees or their representatives in the absence of a trade union, before they render the dismissal decision. These consultations may not last less than 30 days.
- The contracted workers will not pay any hiring fees. If any hiring fees are to be incurred, these will be paid by the Employing party.
- Depending on the employer's and employee's origin the contracts will be developed in corresponding language understandable for both parties.
- In addition to written documentation, an oral explanation of conditions and terms of employment will be provided to workers who may have difficulties with understanding the documentation.
- While communication language related problems are not expected, attention should be given to ensuring coordination between different contractors and means to address any language differences.
- Foreign workers will require residence permit, which will allow them to work in Montenegro.
- PIU will include in contracts that all contractor (and subcontractor) personnel must be of the age of 18 years or older.
- The LL allows work at night for persons under the age of 18 however only under specific legally defined circumstances.

For example, to address OHS issues, the bellow approach can be used:

OHS Plans: The Borrower will include into the bidding documents specific OHS standard requirements that all contractors and sub-contractors will meet under this project. The standards will be consistent with local regulations, WBG EHS guidelines and GIIP (Good International and Industry Practices). The following OHS standard requirements should as a minimum be included in the OHS Plan to be prepared by the contractors:

- Risk Assessment Procedure.
- Work permitting for hazardous work (working at heights, hot work, work on energized lines, work within confined spaces).
- Golden rules for life threatening works.
- Emergency response procedure.
- Fall prevention and working at heights.
- Excavation, ladders, and scaffolders safety; welding and cutting safety; cranes, derricks, and forklifts safety; power and hand tools safety.
- Respiratory prevention to chemical and airborne hazards (including dust, silica and asbestos); electrical safety (hazardous energies control, lock out tag out, energy verification, safe distance work, wiring and design protection, grounding, circuit protection, arc fault protection, Electrical safety, PPE and dielectric tools); hazards communication; noise and vibration safety; steel erection safety; fire safety; material handling safety; concrete and masonry safety.
- Construction PPE.

- OHS training.
- Refuse to work policy.

OHS Staff: In addition, occupational health and safety plans, will among other issues, include the following: the construction contractor will define an OHS accountability matrix for all staff including Project manager, contract manager, OHS staff, foremen, and all employees with clear roles and OHS responsibilities. Each Contractor must have its own OHS staff that will be responsible for the implementation and supervision of the OHS program.

Risk Assessment: All contractors are required to develop risk assessment analysis to identify hazards and OHS risk at the workplace. The contractors will develop risk management plans, including Risk Assessment Procedures, to mitigate OHS risks. The procedure should aim to establish and maintain a safe working environment, including that workplaces, machinery, equipment, and processes under their control are safe and without health risk. The Contractors must keep the training records.

Safety Standards and PPE: Contractors will provide a safe workplace; therefore, a risk assessment will be completed before the commencement of any construction activities, and safety measures will be implemented in accordance with applicable safety standards. PPEs and other preventive measures will be provided at no cost for employees. All employees will strictly follow Golden rules⁶ for life threatening works (OHS rules that cannot be broken in any circumstances), which will be enforced under contractual matrix of consequences. The employer will provide special clothing, footwear, and other personal protective equipment (PPE) to employees free of charge. Such PPE is to be delivered to employees involved in work related to the elimination of the consequences of accidents and natural disasters. When the PPE is dysfunctional, the employer is obliged to replace PPE at their own expense without the employee's responsibility. If the employee purchases PPE at their own expense, the employer is obliged to reimburse such costs.

OHS Trainings: The employer is responsible for providing OHS training to employees in language understandable to the workers before the work is commenced on:

- General principles of health and safety.
- Working procedures, equipment, machinery, and manual and instructions for the use and repair of work equipment.
- Emergencies and evacuation plans, and their implementation activities.
- Existing threats and risks and also on measures to be taken with regards to overcoming such situations.

Contractors will control the access to the construction site only to authorized people and verify if workers are meeting training and accreditation requirements in accordance with the set training standards and applicable regulatory requirements (i.e., in many countries truck drivers, crane and derrick operators must be accredited, as well as electricians. Workers must be trained to perform hazardous works such as working at heights, confined spaces, welding etc.). All workers must complete at minimum an OHS induction to have access to the construction site.

⁶ Golden rules usually address issues such as work at heights, work in confined spaces, excavation work, personal protective equipment (PPE), system of work permits, lifting, working on powered systems, traffic, work in high risk situations, etc. Employers should define their Golden rules in accordance with the nature of work.

Refuse to Work Policy: Employees have a right to refuse to perform tasks or instructions assigned by the employer, creating health and safety risks for the employees. Employees are entitled to leave the workplace in the event of danger. The contractors will not dismiss an employee from their job or place them in a less advantageous position than other employees if such employees exercise the rights of reporting or leaving the workplace during the threat of danger.

All contractors are obliged to take appropriate protective measures whenever avoidance of health and safety hazards is not possible. These measures include controlling the hazard at source using protective solutions and providing adequate personal protective equipment (PPE) at no cost to the project/sub-projects worker.

The employer will develop and implement reporting system for any accidents, diseases, and incidents.

OHS Committee: There will be a construction OHS committee with representatives of employees, the Borrower and all subcontractors. Biweekly OHS meetings will be conducted to discuss preventive measures, deviations and non-compliances, accidents and corrective actions. Contractors will conduct internal OHS surveys and audits to verify compliance of OHS practices. Non-compliances will be documented and reported internally. A time frame for a corrective action will be set and followed up. Daily OHS briefings will be conducted before the commencement of the works highlighting the hazards and preventive measures from each job. Contractors will document and report to the Borrower all accidents and illnesses with a day lost or more, fatalities or serious injuries that may happen at the work site.

First Aid: There must be on site resources for first aid and for more serious injuries. Furthermore, there must be a pre-approved health facility for medical treatment, as well as appropriate transportation of injured workers. Projects with major civil works should have medical doctors on site.

Worker's accommodation: If accommodations are provided for workers, Contractors will ensure that they are provided in good hygiene standards, with fresh drinking water, clean beds, restrooms and showers, clean bedrooms, good illumination, lockers, proper ventilation, safe electrical installation, fire and lightning protection, separate cooking and eating areas. There will be separate facilities provided for men and women. The contractors will be liable to comply with "Workers' Accommodation: processes and standards A guidance note" by IFC and the EBRD

Monitoring and Reporting: The Supervision Consultant will conduct periodic supervision of contractor's OHS performance, including site visits, at least monthly and weekly in case of large infrastructure works. These supervisions will cover compliance with above mentioned standards, accidents, violations of golden rules, recommendations, and progress of ongoing corrective actions. The Borrower will include in the contract(s) as requirement for contractors to report on issues such as number of accidents rates, severity rates, number of recurring non-compliances, violations of Golden rules, fatalities and serious injuries; and penalties for non-completion. Furthermore, the supervision consultant will review and approve contractors' safety plans and procedures. The contractors will be required to provide the periodic information on the performance in terms of labor, occupational health and safety issues. The information will be included in the construction contractor's monthly report and will be reviewed by the supervision consultant's team.

In addition, the contractor shall report to the Borrower about any inspections and audits carried out by the respective ministries such as the Labor Inspection. The findings of the labor audits will be presented to the Borrower and the Bank, if requested.

Reporting on accidents and incidents: Immediately or not later than 24 hours, the PIU or the contractor shall report to the labor Inspectorate and the Ministry of Interior (police), verbally and in writing, any fatality, collective or individual serious injury, due to which the employee is unable to work for three consecutive working days, as well as any dangerous event that may put health and safety of the employees at risk.

The Borrower will inform the Bank within 48 hours about any incident or accident related to the project which has or is likely to have a significant adverse effect on the environment, the affected communities, the public or workers (labor, health and safety, or security incident, accident or circumstance), but no later than three calendar days after the occurrence of the event. Such events can include strikes or other labor protests, serious worker injuries or fatalities, project-caused injuries to community members or property damage. The Borrower will prepare a report on the event and the corrective action and submit to the Bank within 30 calendar days of the event.

Code of Conduct: The construction contractor will develop and implement Code of Conduct. The construction contractor should also submit the Code of Conduct to supervision consultant for review and approval. The Code of Conduct will reflect the company's core values and overall working culture. The content of the Code of Conduct is included in the World Bank Standard Bidding Documents and will include provisions relating to SEA/SH prevention.

Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH): Sexual exploitation is any actual or attempted abuse of a position of vulnerability, differential power or trust for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another (UN Glossary on Sexual Exploitation and Abuse 2017, pg. 6). Sexual abuse is actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions (UN Glossary on Sexual Exploitation and Abuse 2017, pg. 5). Sexual harassment is any unwelcome sexual advances, request for sexual favors, and other verbal or physical conduct of a sexual nature. Project workers are prohibited to commit any acts of SEA/SH. Project workers are required to sign a Code of Conduct at the start of employment. Project workers will receive a training on the Code of Conduct and prevention of SEA/SH.

Montenegrin law prohibits harassment and sexual harassment in the workplace. Harassment is defined in the Labor Law as any unwanted conduct aiming at or amounting to the violation of dignity of a person that seeks employment, or an employed person, which causes fear or creates a hostile, degrading or offensive environment. Sexual harassment is any verbal, non-verbal or physical behavior aiming at or amounting to the violation of dignity of a person seeking employment, as well as of an employed person in the sphere of sexual life, and which causes fear or creates a hostile, degrading or offensive environment.

Montenegrin Law on Gender Equality provides that harassment, sexual harassment or sexual extortion at work or related to work, which is committed by an employee to other employee are considered violation of duties at work and the grounds to terminate the employment contract and to expel the employee from work. An employee should inform the employer in writing about the circumstances indicating his/her exposure to harassment, sexual harassment or sexual blackmail and request efficient protection.

9. AGE OF EMPLOYMENT

The minimum working age in this project will normally be 18 years of age. The national legislation prohibits child labor. However, in exceptional circumstances, persons between the minimum age (15 years) and the age of 18 years will be allowed to work in certain tasks which are in line with national law and subject to the screening and risk assessment of such tasks. No person under 18 years will be allowed to be engaged in hazardous work.

The contractors will be required to verify the identity and the age of all workers. This will require workers to provide official documentation to verify age such as a national identification card, passport, driver's license, birth certificate, valid medical or school records. No other restrictions regarding the age of employment will be imposed. The age of workers will not be used as a criterion in deciding on hiring and promoting project workers or terminating their contracts. The contractors will be required to verify their workers identify and age. This will require workers to provide official documentation, which could include a birth certificate, national identification card, passport, or medical or school record.

If a child under the minimum age is discovered working on the project, measures will be taken to immediately terminate the employment or engagement of the child in a responsible manner, taking into account the best interest of the child.

For projects where there is a risk of child labor, the following additional mitigation measures can be implemented:

- Trainings/awareness sessions about detrimental aspects of child labor and awareness about national legislation pertaining prohibition of child labor.
- The trainings will include age verification procedure.
- PIU will inform contracted [and community workers] about the grievance mechanism which can be used to report child labor, including anonymous reports.
- The contracts with [include beneficiary/firm/NGO] will include provisions on the prohibition of child and forced labor, and appropriate penalty clauses in the event that they are found to use child or forced labor.
- PIU will carry to periodic supervision visits to monitor that child labor Is not engaged in the project's activities.
- A full-time Social Specialist will be employed in PIU.
- If available, collaborate with competent national institutions with a mandate to prevent and eliminate child labor.

In a project where persons between the ages of 15 and 18 years are engaged as project workers, following measures shall be implemented:

- Carry out risk assessment of works which will be performed by persons between ages of 15 and 18 years;

Ensure that persons between ages of 15 and 18 years are not engaged in nigh shift and hazardous work, or any other work which may jeopardize their health, safety, psychological and education developments, and morals.

Conduct regular monitoring of health, working conditions, hours of work payment of wages, and other requirements of ESS2 and Montenegrin employment and safety legislations.

10. TERMS AND CONDITIONS

This section sets out details regarding:

- Specific wages, hours and other provisions that apply to the project
- Maximum number of hours that can be worked on the project
- Any collective agreements that apply to the project. When relevant, provide a list of agreements and describe key features and provisions
- Other specific terms and conditions

The terms and conditions applying to PIU and CFU employees are set out in their internal regulation or human resources policy which provides for the rights of employees in line with the national Labor Code, which is described in Section 3. These internal labor rules and regulations will apply to PIU and CFU employees who are assigned to work specifically in relation to the project (direct workers).

Existing Collective Agreements will apply to employees.

Wages will be paid at least once a month.

As per Montenegrin Labor Law, the working week lasts five days, and regular working time per week is 40 hours. The overtime work may last only as long as necessary but, in general, it should not require work over 48 hours a week (but it can go up to 50 hours) within a period of four months. Exceptionally, collective agreements may provide that overtime work per year can be 250 hours per annum. If the project engages workers below the age of 18 years, working hours of such workers cannot exceed 35 hours a week nor eight hours a day.

Project workers shall be compensated: for working on a holiday which is a non-working day, for working at night, if such work has not been considered when the base salary was determined and for overtime work in line with the internal regulations of the company employing the workers.

Project workers are entitled to a weekly rest for a minimum of 24 consecutive hours plus 12 hours (within 24 hours). The weekly rest is normally on Sunday. However, an employer may determine another day for using the weekly rest, should the nature or organization of work be so required.

The project workers shall have a right to annual, sick, and parental leave as provided in the Montenegrin Labor Law.

All wages earned, social security benefits, unused leave time, pension contributions and any other entitlements will be paid on or before termination of employment contract. The notice periods shall be compliant with Montenegrin Labor Law requirements.

The contractors' labor management procedure will set out terms and conditions for the contracted workers. These terms and conditions will be in line, at minimum, with this labor management procedure, Montenegrin Labor Law and General Conditions of the World Bank Standard bidding documents and comparable industry standards.

11. GRIEVANCE MECHANISM

The PIU will develop and implement a grievance mechanism for direct workers to address workplace concerns. The grievance mechanism will be established by the beginning of the project implementation and will be maintained over the life of the project.

PIU will require contractors to develop and implement a grievance mechanism for their workforce (contracted workers) including sub-contractors, prior to the start of works. The construction contractors will prepare their labor management procedure before the start of civil works, which will also include detailed description of the workers grievance mechanism.

The workers grievance mechanism will include, at minimum:

- Procedures to receive grievances such as comment/complaint form, suggestion boxes, email address, a telephone hotline, focal point department;
- Stipulated timeframes to respond to grievances and to address cases.
- Register to record and track the timely resolution of grievances.
- Responsible department to receive, record, address and track resolution of grievances.

The the PIU will monitor the contractors' recording and resolution of grievances, and report these to PIU in their monthly progress reports. The process will be monitored by the GRM Focal Point, a PIU representative who will be responsible for the project GRM.

The workers grievance mechanism will be described in staff induction trainings, which will be provided to all project workers. The mechanism will be based on the following principles:

- The process will be transparent and allow workers to express their concerns and file grievances.
- There will be no discrimination and retaliation against those who express grievances, and any grievances will be treated confidentially.
- Anonymous grievances will be treated equally as other grievances, whose origin is known.
- Management will treat grievances seriously and take timely and appropriate action in response.
- Any worker including subcontracting workers can express concerns, complaints, and grievances at any time, without fear of retribution and retaliation.
- All grievances will be treated in a fair and respectful manner.
- Anonymous grievances will be treated equally as other grievances whose origin is known.
- When a grievance is received, the PIU will ensure to confirm its receipt within 3 business days. At this time, the complaint will also be provided information about response times, next steps and a contact within the team.
- All grievances will be documented to the grievance mechanism, including those received by supervisors, project managers, or any management staff.
- Grievance mechanism will have a dedicated procedure to address complaints related to workplace harassment and sexual harassment. The sexual harassment grievance mechanism shall be operated by the trained staff and complaints will be recorded and kept in a data protected data base,

Information about the existence of the grievance mechanism will be readily available to all project workers (direct and contracted) through notice boards, the presence of “suggestion/complaint boxes”, and other means as needed.

GRM Focal Points shall be trained to operate grievance mechanism and to maintain confidentiality.

The Project workers’ grievance mechanism will not prevent workers from using any other administrative or judicial mechanisms provided by the national laws.

12. CONTRACTOR MANAGEMENT

The Borrower will use the Bank’s Standard Procurement Documents for solicitations and contracts, and these include labor and occupational, health and safety requirements.

As part of the process to select contractors who will engage contracted workers, the PIU and/or CFU may review the following information:

- Information in public records, for example, corporate registers and public documents relating to violations of applicable labor law, including reports from labor inspectorates and other enforcement bodies.
- Business licenses, registrations, permits, and approvals.
- Documents relating to a labor management system, including OHS issues, for example, labor management procedures.
- Identification of labor management, safety, and health personnel, their qualifications, and certifications.
- Workers’ certifications/permits/training to perform required work.
- Records of safety and health violations, and responses.
- Accident and fatality records and notifications to authorities.
- Records of legally required worker benefits and proof of workers’ enrollment in the related programs.
- Worker payroll records, including hours worked and pay received.
- Identification of safety committee members and records of meetings; and
- Copies of previous contracts with contractors and suppliers, showing inclusion of provisions and terms reflecting ESS2.

The contracts with selected contractors will include provisions related to labor, working conditions, and occupational health and safety, as provided in the World Bank SPD and require contractors to comply with this LMP and Montenegrin labor, occupational health and safety, and employment laws.

The PIU will manage and monitor the performance of Contractors in relation to contracted workers, focusing on compliance by contractors with their contractual agreements (obligations, representations, and warranties). This may include periodic audits, inspections, and/or spot checks of project locations or work sites and/or of labor management records and reports compiled by contractors. Contractors’ labor management records and reports may include: (a) a representative sample of employment contracts or arrangements between third parties and contracted workers; (b) records relating to grievances received and their resolution; (c) reports relating to safety inspections, including fatalities and incidents and

implementation of corrective actions; (d) records relating to incidents of non-compliance with national law; and (e) records of training provided for contracted workers to explain labor and working conditions and OHS for the project.

13. COMMUNITY WORKERS

Community workers will not be involved in the project.

14. PRIMARY SUPPLY WORKERS

The category of primary suppliers are currently not relevant within the scope of this Project given the application will depend on the procurement arrangements (whether this will be one tender for all Rail Level Crossings or one for each). No significant risk of child or forced labor or serious safety issues in relation to primary suppliers has been so far identified. Notwithstanding, the primary suppliers shall be companies that have passed the risk assessment of labor and working condition performance including suspected forced and child labor.

In instances where local suppliers would be engaged, contractors shall be required to carry out due diligence procedure to identify if there are significant risks that the suppliers are exploiting child, forced labor or exposing worker to serious safety issues. In instances where foreign suppliers would be contracted, contractors will be required to inquire during their procurement process whether the supplier has been accused or sanctioned for any of these issues and also their corporate requirements related to child labor, forced labor, and safety. If there are any risks related to child and forced labor, and safety identified, the PIU will prepare the procedures to address these risks.

ANNEX 01 - Sample Code of Conduct

CODE OF CONDUCT FOR PROJECT WORKERS

We are the Contractor, *[enter name of Contractor]*. We have signed a contract with *[enter name of Employer]* for *[enter description of the Works]*. These Works will be carried out at *[enter the Site and other locations where the Works will be carried out]*. Our contract requires us to implement measures to address environmental and social risks related to the Works, including the risks of sexual exploitation and abuse and sexual harassment.

This Code of Conduct is part of our measures to deal with environmental and social risks related to the Works. It applies to all our staff, labourers and other employees at the Works Site or other places where the Works are being carried out. It also applies to the personnel of each subcontractor and any other personnel assisting us in the execution of the Works. All such persons are referred to as “**Contractor’s Personnel**” and are subject to this Code of Conduct.

This Code of Conduct identifies the behaviour that we require from all Contractor’s Personnel.

Our workplace is an environment where unsafe, offensive, abusive or violent behaviour will not be tolerated and where all persons should feel comfortable raising issues or concerns without fear of retaliation.

REQUIRED CONDUCT

Contractor’s Personnel shall:

1. carry out his/her duties competently and diligently;
2. comply with this Code of Conduct and all applicable laws, regulations and other requirements, including requirements to protect the health, safety and well-being of other Contractor’s Personnel and any other person;
3. maintain a safe working environment including by:
 - a. ensuring that workplaces, machinery, equipment and processes under each person’s control are safe and without risk to health;
 - b. wearing required personal protective equipment;
 - c. using appropriate measures relating to chemical, physical and biological substances and agents; and
 - d. following applicable emergency operating procedures.
4. report work situations that he/she believes are not safe or healthy and remove himself/herself from a work situation which he/she reasonably believes presents an imminent and danger to his/her life or health;
5. treat other people with respect, and not discriminate against specific groups such as women, people with disabilities, migrant workers or children;
6. not engage in any form of sexual harassment including unwelcome sexual advances, requests for sexual favors, and other unwanted verbal or physical conduct of a sexual nature with other Contractor’s or Employer’s Personnel;
7. not engage in sexual exploitation, which means any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. In World Bank financed

projects/operations, sexual exploitation occurs when access to or benefit from Bank financed Goods, Works, Consulting or Non-consulting services is used to extract sexual gain;

8. not engage in rape, which means physically forced or otherwise coerced penetration—even if slight—of the vagina, anus or mouth with a penis or other body part. It also includes penetration of the vagina or anus with an object. Rape includes marital rape and anal rape/sodomy. The attempt to do so is known as attempted rape. Rape of a person by two or more perpetrators is known as gang rape;
9. not engage in sexual assault, which means any form of non-consensual sexual contact that does not result in or include penetration. Examples include: attempted rape, as well as unwanted kissing, fondling, or touching of genitalia and buttocks not engage in any form of sexual activity with individuals under the age of 18, except in case of pre-existing marriage;
10. complete relevant training courses that will be provided related to the environmental and social aspects of the Contract, including on health and safety matters, and sexual exploitation, and sexual abuse (SEA);
11. report violations of this Code of Conduct; and
12. not retaliate against any person who reports violations of this Code of Conduct, whether to us or the Employer, or who makes use of the [Project Grievance [Redress] Mechanism].

RAISING CONCERNS

If any person observes behavior that he/she believes may represent a violation of this Code of Conduct, or that otherwise concerns him/her, he/she should raise the issue promptly. This can be done in either of the following ways:

1. Contact [*enter name of the Contractor's Social Expert with relevant experience in handling gender-based violence, or if such person is not required under the Contract, another individual designated by the Contractor to handle these matters*] in writing at this address [] or by telephone at [] or in person at []; or
2. Call [] to reach the Contractor's hotline (*if any*) and leave a message.

The person's identity will be kept confidential, unless reporting of allegations is mandated by the country law. Anonymous complaints or allegations may also be submitted and will be given all due and appropriate consideration. We take seriously all reports of possible misconduct and will investigate and take appropriate action. We will provide warm referrals to service providers that may help support the person who experienced the alleged incident, as appropriate.

There will be no retaliation against any person who raises a concern in good faith about any behavior prohibited by this Code of Conduct. Such retaliation would be a violation of this Code of Conduct.

CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT

Any violation of this Code of Conduct by Contractor's Personnel may result in serious consequences, up to and including termination and possible referral to legal authorities.

FOR CONTRACTOR'S PERSONNEL:

I have received a copy of this Code of Conduct written in a language that I comprehend. I understand that if I have any questions about this Code of Conduct, I can contact [enter name of Contractor's contact person with relevant experience in handling gender-based violence] requesting an explanation.

Name of Contractor's Personnel: [insert name]

Signature: _____

Date: (day month year): _____

Countersignature of authorized representative of the Contractor:

Signature: _____

Date: (day month year): _____

ANNEX 02 - LABOR AND WORKING CONDITIONS COMPLIANCE REPORT (to be used by third parties engaging contracted workers)

Assignment name:
Contract ref. No:
Contract period: Start date (M/D/Y) End date (M/D/Y)
Service Supplier:
Reported period:
Date of report:
Signature of authorized person:

LABOR AND WORKING CONDITIONS COMPLIANCE REPORT

I/ COMPANY EMPLOYEES* STATISTICS:

1. Total number of employee's gender disaggregated: M _____ F _____
2. Number of employees with an employment contract
3. Number of persons engaged without established employment relationship

4. Number of employees with access to social security, pension and health insurance
5. Number of employees/engaged persons who receives wages/salaries regularly at least once a month
6. Number of employees who left the company in the reported period
7. Number of employees hired in the reported period
8. Number of hours worked per employee (monthly average)
9. Total overtime (monthly average per employee)

10. Number of injuries at work (in reporting period and cumulative since contract start)
11. Number of fatalities at work (in reporting period and cumulative)
12. Number of reported violence
13. Number of reported harassment/ abuses
14. Availability of an accessible and functioning employee grievance mechanism (Y/N)
15. Number of grievances raised with the GM (in reporting period and cumulative since contract start)
16. Number of grievances resolved by GM (in reporting period and cumulative since contract start)
17. Number of suits filed with regard to labor, employment and OHS issues
18. Number of disputes brought to peaceful settlement/ voluntary arbitration procedure
19. Number of visits by labor/ OHS inspection

**The employee is any natural person employed or engaged to work or perform service for the employer
 1 The number of employees refers to the actual number/headcount on the date of the report.*

II/ PROJECT WORKERS STATISTICS:

1. Total number of project workers:

2. Number of project workers with an employment contract:
3. Number of project workers with other types of contract:
4. Number of project workers with access to social security, pension and health insurance verified by confirmation from the registry:

Working and Labor Conditions Screening Check List

	Terms and conditions	Yes / No	Notes
1	All project workers have an employment contract or engagement agreement in writing.	Yes .. No ..	If “No” please specify and explain
2	All project workers are paid at least once a month	Yes .. No ..	If “No” please specify and explain
3	All project workers worked 8 hours a day, 40 hours a week, or less	Yes .. No ..	If “No” please explain and specify the hours worked
4	All project workers had a regular daily and weekly rest	Yes .. No ..	If “No” please specify and explain
5	Project workers were terminated from employment	Yes .. No ..	If “Yes” please specify number and explain conditions of termination

	Terms and conditions	Yes / No	Notes
6	Project workers attended OHS related training program	Yes .. No ..	If “Yes” please specify number and explain
7	Project workers were granted leaves they are entitled to	Yes .. No ..	If “Yes” Please specify the type and number of leaves
8	Project workers were involved in accidents at work resulting in injuries or fatalities	Yes .. No ..	If “Yes” please specify and explain
9	Project workers reported on cases of discrimination, harassment, sexual harassment or non-compliance with law	Yes .. No ..	If “Yes” please specify and explain
10	Project workers raised grievances or started voluntary arbitration / legal proceedings to settle a dispute	Yes .. No ..	If “Yes” please specify and explain
11	In the reported period there were some incidents on noncompliance with the LMP	Yes .. No ..	If “Yes” please specify and explain

ANNEX 03- THIRD PARTIES STATEMENT ON COMMITMENT TO COMPLY WITH PROVISIONS OF LABOR LEGISLATION and THE PROJECT'S LMP

Date and place of issuance: _____

Name and address of the issuer (Bidder): _____

STATEMENT OF LEGAL AND REGULATORY COMPLIANCE

Hereby we declare that

- We are aware of, and comply with, the standards laid down in the WB ESS2;
- We conform to all national laws* and applicable regulations concerning employment, labor and employee relations, and labor and working conditions;
- We are committed to providing a safe and healthy environment for our employees and to implementing all occupational health and safety requirements as stipulated by national legislation and WB ESS2;
- We do not tolerate any form of child, forced or slavery work.
- We prohibit any form of harassment, sexual harassment, abuse, violence, including Gender Based Violence (GBV) at work and forbid direct or indirect discrimination against any employee or groups of employees on any ground and for whatever reason.
- We confirm that a worker Grievance Mechanism will have been available to all our employees and persons hired to work with us by the commencement date of the contract.

We hereby state that should we be awarded with the contract; we shall adopt the Labor Management Procedures in line with WB ESS2, applicable to the project, and incorporate them in our practice.

We hereby acknowledge our understanding that our company may be subjected to announced and unannounced visits, site checks and labor and working condition audits by authorized Employer's representatives or independent third parties with the aim to verify compliance with the above statement.

We understand that the failure to respect any of the above stated commitments could lead to termination of the contract and exclusion from the project.

Signature:

Name:

Position:

*National Laws refers both to the Laws of Republic of Montenegro and the domicile Law of the country in case the Bidder is foreign

