



**Ministry of Ecology, Sustainable Development, and Northern
Region Development**

LABOUR MANAGEMENT PLAN

Prepared for the

WASTE MANAGEMENT REFORM PROJECT (WMRP)

Final

March, 2026

TABLE OF CONTENTS

- [REVISION HISTORY](#)..... Error! Bookmark not defined.
- [LIST OF TABLES](#)..... v
- [LIST OF ABBREVIATIONS](#) vi
- [1. INTRODUCTION](#) 1**
 - [1.1. Purpose](#) 3
 - [1.2. Scope](#)..... 3
- [2. LEGISLATIVE FRAMEWORK AND REFERENCE STANDARDS](#) 4**
 - [2.1. National Requirements](#) 4
 - [2.2. International Standards and Conventions](#) 5
- [3. LINKAGE WITH OTHER PROJECT PLANS AND PROCEDURES](#) 6**
- [4. ROLES AND RESPONSIBILITIES](#) 7**
- [5. LABOUR MANAGEMENT](#) 11**
 - [5.1. Minimum Age and Child Labour](#) 12
 - [5.2. Equal Opportunity and Non-Discrimination](#) 13
 - [5.3. Forced Labour](#) 13
 - [5.4. Sexual Exploitation and Abuse \(SEA\) and Sexual Harassment \(SH\) Risks](#) 13
 - [5.5. Supply Chain](#) 14
 - [5.6. Health and Safety](#) 15
 - [5.7. Workers’ Welfare](#) 17
 - [5.8. Freedom of Association](#) 17
 - [5.9. Local Recruitment](#)..... 17
 - [5.10. Working Conditions and Labour Influx](#)..... 17
 - [5.11. Disciplinary Measures](#) 18
 - [5.12. Working Hours and Overtime](#) 19
 - [5.13. Holidays and Weakly Leave](#) 19
 - [5.14. Sick Leave](#) 19
 - [5.15. Social Security](#) 19
 - [5.16. Workers’ Grievance Mechanism \(WGM\)](#) 20
- [6. MITIGATION MEASURES FOR LABOUR RELATED RISKS AND IMPACTS](#) 23**
 - [6.1. Construction Phase Mitigation Measures](#) 23
 - [6.2. Operation Phase Mitigation Measures](#) 24
- [7. TRAINING](#) 26**
- [8. MONITORING AND REPORTING](#) 27**
 - [8.1. Key Performance Indicators](#) 27
 - [8.2. Reporting](#) 28
- [9. AUDIT AND REVIEW](#) 29**

LIST OF TABLES

[Table 4.1 Roles and Responsibilities](#) 9
[Table 8.1 Labour Management Monitoring](#) 27
[Table 8.1.1 Key Performance Indicators](#) 27

LIST OF ABBREVIATIONS

| | |
|----------------|---|
| AETR | European Agreement concerning the Work of Crews of Vehicles engaged in International Road Transport |
| WMRP | Waste Management Region Improvement Project |
| CSC | Construction Supervision Consultant |
| E&S | Environmental and Social |
| EHS | Environmental, Health, and Safety |
| SEA | Sexual Exploitation and Abuse |
| SH | Sexual Harassment |
| ESF | Environmental and Social Framework |
| ESIA | Environmental and Social Impact Assessment |
| ESMP | Environmental and Social Management Plan |
| ESMS | Environmental and Social Management System |
| ESS | Environmental and Social Standards |
| FI | Financial Intermediary |
| GRM | Grievance Mechanism |
| GBVH | Gender-Based Violence and Harassment |
| WGM | Workers' Grievance Mechanism |
| IFC | International Finance Corporation |
| WB | World Bank |
| KPIs | Key Performance Indicators |
| KAP-M | Management of KAP |
| OHS | Occupational Health and Safety |
| PPE | Personal Protective Equipment |
| SEP | Stakeholder Engagement Plan |
| LMP | Labour Management Plan |

1. INTRODUCTION

The Waste Management Region Project (hereinafter referred to as “WMRP”) aims to enhance the country’s waste management capacity and sector performance, supporting Montenegro’s progress toward European Union (EU) accession. The WMRP adopts an integrated approach through three main components.

The main components of the Project are:

Component 1: The objective of this Component is to strengthen regulatory frameworks, enforcement mechanisms, and institutional capacities to ensure compliance with the Waste Management Law and support implementation of the recently approved National Waste Management Plan, enhance data collection and transparency and improve the management of challenging waste streams through inter-agency coordination and exploration of public-private partnerships. Where relevant, policy updates and regulatory improvements will consider sector resilience, including the potential impacts of climate and environmental risks on waste management systems. This Component will mainstream gender considerations and climate resilience across all activities by promoting inclusive participation in decision-making, ensuring equitable access to capacity-building opportunities, and integrating climate-smart waste management approaches that contribute to greenhouse gas reduction, resource efficiency, and the transition toward a circular and low-carbon economy. Paying attention to practical measures that help the sector adapt to changing climate conditions and maintain service continuity will be part of regulatory and operational enhancements.

Component 2: The objective of this component is to build and develop a regional domestic waste management center in Nikšić, promoting sustainable domestic waste processing solutions, and fostering expertise in modern waste management practices to improve capacity and quality of waste services, strengthen inter-municipal cooperation, reduce environmental risks and ensure compliance with EU environmental standards, while ensuring facility design and operational protocols account for climate risks such as flooding and heat stress and incorporate resilience measures. The center will serve at least 72,000 of Montenegro’s population and 30% or more of its national territory¹. In addition, the center will host a dedicated Knowledge Sharing and Visitors Center, which will provide capacity building, professional development, and knowledge sharing opportunities for waste management professionals and municipal staff. The training (delivered both through Component 1 and to operationalize RWMC under Component 2) will take the form of workshops, technical training sessions, and exchange programs, supporting the adoption of best practices and innovative approaches in waste management across the region. This Component will promote greater gender inclusion in the waste management workforce by expanding opportunities for women across technical, operational, and managerial roles. In partnership with the RWMC, it will support targeted recruitment, provide tailored technical and managerial training (including facility operations, data systems, and safety protocols), and offer inclusive outreach and support mechanisms to ensure equitable access. These efforts will also build on pathways created through internships under Component 1, helping new entrants transition into longer-term roles in the sector.

Component 3: The objective of this component is to support the environmental cleanup and risk reduction of uncontrolled waste disposal site that still exist in Montenegro. Project activities focus on the remediation of a waste disposal site at the KAP facility to mitigate immediate and long-term environmental and public health risks, rehabilitate degraded areas, and strengthen Montenegro’s capacity for sustainable waste management. Under this component, for the waste disposal area at the KAP location, where historically both hazardous and non-hazardous waste from aluminum production at the KAP site were dumped, the project will finance the removal of waste materials and cleanup of the waste disposal area, construct tailored containment cells for these materials and secure the fully encapsulated and safe disposal of all waste into these cells.

Component 4: This component will finance activities to ensure effective management, coordination, and implementation of the project. It will cover the costs of staffing, operational costs, training, and monitoring and evaluation (M&E). A dedicated Project Implementation Unit (PIU) will be established within the implementing agency to coordinate day-to-day execution of activities, ensure adherence to the Environmental and Social Framework (ESF), and monitor progress toward the Results Framework. The

¹ Based on MONSTAT data and including the municipalities of Nikšić, Savnik, Plužine.

PIU will comprise key staff including a PIU Coordinator, Environmental Specialist, Social Specialist, and Civil Engineer (Technical Expert on Waste Management). The PIU Coordinator will provide overall leadership, coordination, and reporting, serving as the main liaison between the implementing agency, the Technical Services Unit (TSU, resorting under the Ministry of Finance), and the World Bank. The Environmental and Social Specialists will ensure compliance with environmental and social standards and oversee the implementation of ESF instruments. The Civil Engineer (Technical Expert on Waste Management) will provide technical guidance on the design, implementation, and monitoring of technical aspects related to waste management infrastructure improvements and other activities. Fiduciary functions, including procurement and financial management, will be carried out by the TSU, which will ensure compliance with World Bank procedures, sound financial control, and transparent procurement processes. The establishment and operation of a robust M&E system to track progress, assess performance, and inform adaptive management throughout implementation is part of this project component.

The Waste Management Region Project (hereinafter referred to as “WMRP” or “the Project”) includes a range of activities aimed at strengthening waste management systems, remediating environmentally degraded sites, and reducing risks associated with historical and uncontrolled waste disposal practices. The Project seeks to improve environmental performance, public health outcomes, and long-term sustainability of waste management infrastructure in Montenegro. It also supports the evaluation of potential future land use options for remediated sites, aligned with national development priorities and applicable environmental safeguards.

The Ministry of Ecology, Sustainable Development, and Northern Region Development (MESDNRD) acts as the lead implementing agency for the WMRP. MESDNRD is responsible for coordinating project preparation and implementation, engaging with relevant national stakeholders, and ensuring that environmental and social considerations — including labor and working conditions — are incorporated into project planning and execution in compliance with national legislation and the World Bank Environmental and Social Framework (ESF).

These activities will involve a combination of direct and contracted labor, including skilled and unskilled workers, technical staff, environmental specialists, and transport personnel, whose working conditions and occupational health and safety requirements are addressed under this Labor Management Plan (LMP).

This LMP has been prepared by ENCON - E3 JV (hereinafter referred to as “the Consultant”) as part of the Environmental and Social Impact Assessment (ESIA) studies for the Project, in alignment with the World Bank Environmental and Social Standards (ESS): Labour and Working Conditions (ESS2) and Assessment and Management of Environmental and Social Risks and Impacts (ESS1), and applicable Montenegro national labour legislation. The Plan aims to reduce environmental hazards and rehabilitate degraded industrial land, thereby enhancing public health and safety while enabling future opportunities for community benefit and potential redevelopment. In order to achieve these objectives, a diverse workforce will be involved in site preparation, remediation, construction, transportation, and operational support activities. Ensuring that all workers are employed under fair, safe, and non-discriminatory working conditions is essential to maintaining compliance with national labour legislation of Montenegro, applicable EU requirements, and international environmental and social standards.

This LMP outlines the key principles, procedures, and management measures that will govern labour-related practices throughout the Project. These include, but are not limited to, transparent recruitment and engagement processes, protection of workers’ rights, occupational health and safety provisions, grievance mechanisms for workers, and contractor management requirements. The plan also ensures that risks associated with labour and working conditions are identified, monitored, and effectively mitigated in accordance with good international industry practice.

The LMP is a living document and will be updated as necessary throughout the lifecycle of the Project to reflect changes in workforce composition, project activities, and regulatory requirements. The Project proponent and all engaged contractors are responsible for implementing the measures set forth in this document and ensuring continuous alignment with the ESIA commitments and broader environmental and social management system.

1.1. Purpose

The purpose of this Plan is to identify and mitigate labour-related risks and impacts that may arise during the Project lifecycle. This includes preventing, minimizing, and managing potential adverse effects on workers' rights, occupational health and safety, labour influx, and workforce-related social risks that may occur during preparation/construction and operational phases.

The LMP defines the key principles, mitigation measures, and monitoring responsibilities necessary for ensuring fair treatment of all project workers, safe and healthy working conditions, and compliance with applicable national labour legislation, World Bank ESS2 and relevant international labour standards.

The Plan also provides guidance on the management of labor-related risks associated with subcontractors and third-party employers, including working hours, terms and conditions of employment, occupational health and safety, and the establishment and operation of grievance mechanisms for project workers.

1.2. Scope

The scope of this LMP covers all labour-related activities associated with the Project during both the preparation/construction and operation phases. It includes the management of direct workers, contracted workers, and subcontractor personnel in accordance with national labour legislation and international standards, particularly the World Bank ESS2 on Labour and Working Conditions.

This Plan is applicable to all Project personnel, including those employed by the Construction Contractor and subcontractors. All parties are required to comply with the requirements and provisions outlined in this Plan to ensure fair, safe, and legally compliant working conditions.

The Plan defines:

- Applicable national labour legislation and international standards,
- Roles and responsibilities for labour and workforce management,
- Measures to prevent child labour and forced labour,
- Principles of equal opportunity and non-discrimination,
- Mechanisms for addressing workers' grievances,
- Provisions for occupational health and safety (OHS),
- Guidelines for monitoring and reporting on labour practices.

2. LEGISLATIVE FRAMEWORK AND REFERENCE STANDARDS

This section outlines the national and international regulations, standards, and guidelines that govern labour management activities related to the Project. All workforce-related planning, implementation, and oversight shall comply with the applicable legal framework to ensure fair employment practices, occupational health and safety, and alignment with international labour standards throughout the Project Lifecycle.

2.1. National Requirements

Laws

- Labor Law (Official Gazette of Montenegro, No. 74/19 with amendments 008/21, 059/21, 068/21, 145/21, 077/24, 084/24, 086/24 and 122/25),
- Law on Employment Mediation and Rights during Unemployment (Official Gazette of Montenegro, No. 024/19 and 029/25),
- Law on Mandatory Health Insurance (Official Gazette of Montenegro, No. 145/21, 048/24),
- Law on Pension and Disability Insurance (Official Gazette of Montenegro, No. 054/03, 039/04, 061/04, 079/04, 081/04, 029/05, 014/07, 047/07, 012/07, 013/07, 079/08, 014/10, 078/10, 034/11, 039/11, 040/11, 066/12, 036/13, 038/13, 061/13, 006/14, 060/14, 060/14, 010/15, 044/15, 042/16, 055/16, 080/20, 145/21, 145/21, 086/22, 099/23, 125/23, 077/24, 011/25, 122/25),
- Law on Prohibition of Discrimination (Official Gazette of Montenegro, No. 46/10, 40/11, 18/14, 42/17),
- Law on Labor Inspection (Official Gazette of Montenegro, No. 79/08, 40/11),
- Law on Strike (Official Gazette of Montenegro, No. 11/15, 84/24),
- Law on Social Council (Official Gazette of Montenegro, No. 44/18)
- Law on Health and Safety at Work (Official Gazette of Montenegro, No. 034/14, 044/18, and 84/24),
- Law on Foreigners (Official Gazette of Montenegro, No. 12/18, 3/19, 86/22, 77/24),
- Law on Administrative procedures (Official Gazette of Montenegro, No. 56/14, 20/15, 40/16, 37/17),
- Law on the Prohibition of Harassment at Work (Official Gazette of Montenegro, No. 30/12, 54/16, 84/24)
- Law on Amicable Settlement of Labour Disputes (Official Gazette of Montenegro, No. 145/21)
- Law on Personal data protection (Official Gazette of Montenegro, No. 79/08, 70/09, 44/12, 22/17, 77/24).

Rulebooks

- Rulebook on the Use of Personal Protective Equipment and Equipment at Work (Official Gazette of Montenegro, No. 135/21),
- Rulebook on the Manner and Procedure for Performing Previous and Periodical Specialist Medical Examinations of Workers (Official Gazette of Montenegro, No. 43/17),
- Rulebook on Health and Safety Measures at Works against Exposure to Noise (Official Gazette of Montenegro, No. 37/16),
- Rulebook on Protection Measures at the Workplace (Official Gazette of Montenegro, No. 104/20),
- Rulebook on Protection Measures during Using of Working Equipment (Official Gazette of Montenegro, No. 34/14),
- Rulebook on Equipment and Procedure for First Aid and Organization of Rescue Service in the Event of an Accident at Work (Official Gazette of FRY, No. 15/65 and 28/66),
- Rulebook on Technical Requirements for Personal Protective Equipment (Official Gazette of Montenegro, No. 143/21),
- Rulebook on the Manner and Procedure of Training Employees for Safe Work (Official Gazette of Montenegro, No. 57/06),
- Rulebook on the Content and Method of Issuing the Report on Injuries at Work (Official Gazette of Montenegro, No. 18/93),
- Rulebook on the Manner and Procedure of Risk Assessment at the Workplace (Official Gazette of Montenegro, No. 43/07, 14/14),

- Rulebook on Keeping Records in the Field of Safety at Work (Official Gazette of Montenegro, No. 79/04),
- Rulebook on Signs for the Health and Safety at Work (Official Gazette of Montenegro, No. 24/15),
- Rulebook on Occupational Safety and Health Measures Against Risks Arising from Exposure to Carcinogenic, Mutagenic or Reprotoxic Substances (Official Gazette of Montenegro, No. 127/25),
- Rulebook on Occupational Safety and Health Measures Against Risks Arising from Exposure to Chemical Substances (Official Gazette of Montenegro, No. 81/16, 30/17, 40/18, 77/21, 93/25),
- Rulebook on Health and Safety Measures against Exposure to Noise (Official Gazette of Montenegro, No. 37/16),
- Rulebook on the Manner and Procedure of Training Employees for Safe Work (Official Gazette of Montenegro, No. 79/04),
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These legal instruments define the mandatory requirements for fair employment practices, occupational health and safety, workplace conditions, and labour rights protections that must be implemented and monitored throughout the preparation/construction and operation phases of the Project.

2.2. International Standards and Conventions

In addition to national legislation, the Project shall be implemented in accordance with internationally recognized labour guidelines and performance standards. These standards are essential for meeting the expectations of international financial institutions and for ensuring best practices in labour management, occupational health and safety, and protection of workers' rights throughout the Project lifecycle.

- Relevant EU labour and occupational health and safety directives
- World Bank Environmental and Social Standards; ESS2 and ESS1
- IFC Performance Standard 2 (2012) - Labour and Working Conditions
- International Labour Organization (ILO) Core Conventions
 - C29 – Forced Labour Convention
 - C105 – Abolition of Forced Labour Convention
 - C182 – Worst Forms of Child Labour Convention
 - C111 – Discrimination (Employment and Occupation) Convention
 - C87 – Freedom of Association and Protection of the Right to Organize Convention
 - C100 – Equal Remuneration Convention
 - C138 – Minimum Age Convention
- ILO Conventions
 - C155 – Occupational Safety and Health Convention
 - C187 – Promotional Framework for Occupational Safety and Health Convention
 - C161 – Occupational Health Services Convention
 - C162 – Asbestos Convention
 - C171 – Night Work Convention
 - C98 – Right to Organise and Collective Bargaining Convention
 - C190 – Violence and Harassment Convention (The Convention will enter into force for Montenegro on 27 Feb 2026)

These international standards and conventions shall guide the planning and implementation of labour management practices and support continual improvement in managing labour-related risks and promoting safe and equitable working conditions throughout the construction and operation phases of the Project.

3. LINKAGE WITH OTHER PROJECT PLANS AND PROCEDURES

The LMP establishes a common framework for labor management, working conditions, workers' rights, and occupational health and safety applicable across all WMRP activities.

In particular, the LMP is implemented in coordination with the site specific ESMP, the Stakeholder Engagement Plan (SEP), the Worker Grievance Mechanism and the Emergency Preparedness and Response procedures. Provisions related to contractor and subcontractor management, including labor requirements and compliance monitoring, are also aligned with the relevant contractual and supervision arrangements under the Project.

Where labor-related issues overlap with other project plans and procedures, the more stringent requirements shall apply. All contractors and subcontractors will be required to comply with the provisions of this LMP as well as the relevant requirements set out in the associated environmental and social management instruments throughout the preparation/construction and operational phases of the Project.

4. ROLES AND RESPONSIBILITIES

The organizational structure for the Project defines the roles and responsibilities of the institutions and entities involved in the implementation and oversight of the WMRP, including its subprojects. The Project is financed by the WB and is implemented under the leadership of the MESDNRD.

The Ministry of Ecology, Sustainable Development, and Northern Region Development (MESDNRD) will serve as the lead implementing agency, responsible for overall project management, coordination, and oversight. Given its mandate to formulate and implement national waste management strategies, policies, and regulations, as well as to ensure compliance with environmental legislation, the MESDNRD is well positioned to lead the project. The Ministry will provide strategic direction and ensure that project activities are aligned with Montenegro's national environmental and waste management priorities, as well as the country's EU accession agenda. The MESDNRD will work in close collaboration with the Environmental Protection Agency (EPA), which has the regulatory responsibility for monitoring waste flows, issuing environmental and operational permits, and enforcing compliance with waste management regulations. The EPA will play a critical role in providing technical inputs, facilitating regulatory approvals, and ensuring adherence to environmental standards during project implementation. At the local level, municipalities (which are responsible for the collection, transport, disposal of municipal waste, and the introduction of segregated waste collection for recycling, often through municipally owned public companies) will serve as key implementation partners, particularly under Component 1, which, among others, focuses on strengthening local waste management systems and service delivery. For Component 2, which will support infrastructure improvements in the Municipality of Nikšić, the municipality will take an active role in the implementation of civil works related to the construction of the Nikšić Waste Management Center. This will include facilitating permits, coordinating local engagement, supporting community consultations, and contractual arrangements with participating municipalities. Securing operational finance monitoring and compliance with national construction and environmental regulations as well as World Bank ESF (the compliance of which will be monitored by the municipal environment protection secretariat in coordination with the PIU).

To ensure effective and timely implementation, a Project Implementation Unit (PIU) will be established within the MESDNRD. The PIU will be responsible for day-to-day management, coordination, and technical oversight of all project activities. It will ensure compliance with the World Bank's fiduciary, environmental, and social standards, monitor progress toward achievement of the Project Development Objective (PDO), and prepare all required reports and documentation. The PIU will be composed of the following: a PIU Coordinator, who will provide overall leadership and coordination, serve as the main point of contact with the World Bank, the TSU, and other stakeholders, and ensure timely preparation of work plans, budgets, and progress reports; an Environmental Specialist and a Social Specialist, who will oversee the preparation and implementation of the Environmental and Social Framework (ESF) instruments, monitor compliance with the Environmental and Social Commitment Plan (ESCP), and ensure that environmental and social risks are effectively managed throughout the project cycle; a Civil Engineer (Technical Expert on Waste Management), who will provide technical guidance on design, supervision, and quality assurance of infrastructure works and other technical activities; and a Project Assistant, who will support administrative and logistical functions. The PIU will report directly to the Minister or State Secretary of Ecology, Sustainable Development, and Northern Region Development, ensuring high-level accountability and strong institutional ownership. The PIU will provide regular progress updates (on a monthly or quarterly basis) to the Minister and the World Bank.

To guide strategic decision-making and ensure policy coherence, a Project Steering Committee (PSC) will be established. The PSC will be chaired by the Minister of Ecology, Sustainable Development, and Northern Region Development and will include representatives of key ministries and agencies (e.g., Ministry of Finance, EPA) and participating municipalities (notably Nikšić). The PSC will provide high-level oversight, review implementation progress, ensure alignment with government policies, and address major challenges requiring cross-sectoral coordination. The PSC will convene on a quarterly basis or as needed.

Fiduciary functions, including procurement and financial management (FM) will be handled by the TSU, housed within the Ministry of Finance. The TSU has extensive experience in managing fiduciary aspects of World Bank-financed projects in Montenegro and will ensure compliance with the

World Bank’s Procurement Regulations for IPF Borrowers and Financial Management Manual. The TSU will manage all procurement processes, maintain accounting records, prepare interim financial reports, and ensure that all financial transactions are carried out in accordance with sound financial control principles. This arrangement leverages the TSU’s established systems and institutional capacity to ensure efficiency, transparency, and accountability. **M&E arrangements for the project will be managed by the PIU, which will be responsible for monitoring and reporting on the project indicators and outcomes specified in the Results Framework**, including for compiling and consolidating necessary information and data. In addition, the PIU will assist the project involved entities in preparing annual work plans, so that the implementation progress is to be measured against planned activities. The MESDNRD will oversee the M&E function, ensuring adherence to agreed procedures and enhancing the M&E process as needed. Semiannual progress reports will be prepared by the PIU and submitted to the Government and the World Bank to inform them on the project’s implementation progress and performance, including towards achievement of the development outcomes. The M&E arrangement, including third-party validation, baseline assessment, and impact evaluations, will be covered under Component 4.

Contractors engaged under the Project will be responsible for the day-to-day management of project workers, including recruitment, employment conditions, occupational health and safety, and the establishment and operation of worker grievance mechanisms, in accordance with this LMP and applicable subproject-specific environmental and social instruments.

The Consultant is responsible for supporting the preparation and periodic updating of this LMP at the Project level, as required.

Roles and responsibilities related to labor management, occupational health and safety, and grievance management will be further detailed in contractual documents and site-specific procedures prior to commencement of construction and operational activities.

The table below summarizes the roles and responsibilities of the relevant parties to ensure the effective implementation of the LMP during the construction and operation phases. During the construction phase, MESDNRD is ultimately responsible for the overall oversight of the Project and the LMP, monitors the performance of the contractor, coordinates monitoring activities with the supervision consultant and the World Bank, and acts as the final authority for grievances that cannot be resolved at the contractor level. The construction supervision consultant oversees the day-to-day implementation of LMP requirements on-site, while the construction contractor is responsible for implementing labour management practices in compliance with national legislation and contractual obligations, carrying out monitoring and reporting activities, and implementing corrective actions in case of non-compliances. The contractor’s E&S staff support on-site monitoring and reporting related to labour conditions, working conditions, and occupational health and safety. During the operation phase, the respective subproject operator or facility management entity is responsible for ensuring long-term compliance with national labour legislation and ESS2 requirements, monitoring labour conditions, operating the grievance mechanism, and ensuring the continuation of fair labour practices. For detailed information on the roles and responsibilities of the parties, please refer to Table Error! No text of specified style in document..1.

Table Error! No text of specified style in document..1 Roles and Responsibilities

| Party | Role | Key Responsibilities |
|-------------------------------------|--|--|
| Construction Phase | | |
| MESDNRD | Management | <ul style="list-style-type: none"> • Ultimately responsible for the implementation and oversight of the Project and this LMP. • Monitor the performance of the contractors and ensure that LMP requirements are integrated into relevant tender documents and contracts. • Coordinate with the supervision consultant and World Bank for monitoring activities. • Provide final authority for grievance escalation if complaints remain unresolved at the contractor level. • Support capacity building and training activities as needed. |
| | - E&S Team - Environmental staff - Social staff - OHS staff | <ul style="list-style-type: none"> • Monitor compliance of contractors activities with national legislation, ESS2, and LMP provisions. • Coordinate with supervision consultants and contractors to ensure collection and consolidation of labour data for periodic reports. • Support KAP-M in enforcement of corrective actions where necessary. • Ensure that vulnerable groups are considered in compliance evaluations. |
| Construction Supervision Consultant | Management and E&S staff | <ul style="list-style-type: none"> • Participate in the training sessions to be organized by MESDNRD in line with the requirements of this LMP. • Supervise the construction works of contractor on-site, including implementation of LMP requirements on a daily basis. • Ensure sufficient capacity for implementation of LMP requirements. • Review monitoring reports prepared by the contractors for early identification of labour management issues and/or non-compliances and submit them to MESDNRD upon finalization. • Identify non-compliances on site and enforce contractors to undertake corrective actions within defined and agreed timeframes. • Notify the MESDNRD of any significant incident or accident that has taken place in Project related operations within 24 hours. |
| Construction Contractor (CC) | Project Management | <ul style="list-style-type: none"> • Ensure the satisfactory execution of LMP together with site specific ESMP. • Ensure sufficient E&S capacity for implementation of E&S requirements as set out in the construction contracts. • Participate in the training sessions to be organized by MESDNRD in line with the requirements of LMP. • Comply with the requirements of national legislation and implement the labour related requirements. • Submit periodic self-monitoring reports to MESDNRD through Construction Supervision Consultant (CSC) in line with the format agreed with MESDNRD. • Implement corrective actions in case of non-compliances under the supervision of construction supervision consultants. • Promptly notify the KAP-M ve MESDNRD of any significant labour related incident or accident that has taken place in Project related operations within 24 hours. • Supports the coordination, planning, and timely and effective implementation of labour management activities by construction personnel. |
| | E&S Staff | <ul style="list-style-type: none"> • Monitor implementation of the LMP from environmental, social, and OHS perspectives. • Conduct site inspections and identify non-conformities related to labour and working conditions. • Ensure that workers' welfare facilities meet applicable standards. • Assist in managing worker complaints and grievances in line with the GRM. • Ensure the rights and needs of vulnerable worker groups (e.g. women, disabled, migrant workers) are adequately considered. • Contribute to risk assessments related to labour and working conditions. • Support implementation of awareness campaigns and induction training on worker rights, OHS measures, and the Code of Conduct. • Follow up on labour-related incidents and support investigations and reporting. • Ensure compliance with occupational health and safety protocols. |

| Party | Role | Key Responsibilities |
|------------------------|-------------------------|--|
| | | <ul style="list-style-type: none"> Participate in LMP-related training programs organized by MESDNRD or consultants. |
| Operation Phase | | |
| Operation Contractor | Management and E&S Team | <ul style="list-style-type: none"> Oversee long-term compliance with national labour legislation and applicable ESS2 requirements during the operational phase. Ensure regular monitoring and reporting on labour conditions of operation and maintenance team. Maintain a functioning grievance mechanism for operation and maintenance team workforce and ensure follow-up on complaints. Coordinate with contractors or subcontractors to verify that fair labour practices are maintained during operations. Support inspections and assessments related to working hours, wages, and employment terms. Ensure adequate resources and institutional capacity for ongoing labour management compliance. Monitor any changes in labour practices during operation that could impact compliance with LMP provisions. |

5. LABOUR MANAGEMENT

MESDNRD will develop and adopt a participatory and value-creating Labour Management approach at the Project level within the framework of its vision, mission, competencies, and ethical values. The MESDNRD commits to respecting human rights and to addressing any adverse human rights impacts associated with Project activities.

Labour management processes will be implemented by contractors and subcontractors engaged under the WMRP subprojects (including KAP and Nikšić) in accordance with their Human Resources Policies, aligned with national legislation, the World Bank Environmental and Social Framework (ESS2), and ILO standards.

5.1. Project Workers

In accordance with the World Bank Environmental and Social Framework (ESF), specifically Environmental and Social Standard 2 (ESS2) on Labor and Working Conditions, the following categories of workers are anticipated under the WMRP:

(i) Direct Workers

Direct workers are individuals employed or engaged directly by the Project to support the planning, coordination, and implementation of MSWIP activities.

This category includes:

- **Civil servants** from the Ministry of Ecology, Sustainable Development and Northern Region Development (MESDNRD), assigned to the Project Implementation Unit (PIU) or otherwise engaged in project activities on a full-time or part-time basis while retaining their status as government employees. They will be responsible for technical coordination, project management, safeguards oversight, and sectoral supervision of WMRP activities.
- **Civil servants** from the Ministry of Finance assigned to the Technical Services Unit (TSU), responsible for fiduciary aspects of the Project, including procurement, financial management, disbursement, and financial reporting.
- **External consultants**, engaged through individual consultancy contracts, providing technical, environmental, social, fiduciary, engineering, legal, and policy advisory services essential for Project implementation.
- **Working Group (WG) Members**, drawn from national and municipal institutions.

All direct workers will operate under the conditions stipulated by their employment contracts (for civil servants²) or consultancy agreements (for external consultants), in accordance with national labor legislation and supplemented by the standards established in this Labor Management Procedure (LMP).

The Project will ensure that direct workers, including Working Group members, benefit from:

- Non-discriminatory and fair treatment;
- Adequate occupational health and safety (OHS) standards;
- Access to a functional Grievance Redress Mechanism (GRM).

Direct workers' labor rights and protections will be monitored and enforced throughout the Project lifecycle, consistent with ESS2 and national law.

(ii) Contracted Workers

² Where government civil servants are working in connection with the project, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project. ESS2 will not apply to such government civil servants, except for the provisions of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety).

Contracted workers are individuals employed or engaged by third-party contractors and subcontractors to carry out Project-related works and services.

Under the MSWIP, contracted workers will primarily be engaged in:

- Remediation of the KAP site and post remediation monitoring;
- Construction of the Regional waste Management Centre at Nikšić;
- Construction of the RWMC in Nikšić, including civil works, installation of processing equipment, and commissioning activities;
- Transportation, handling, and temporary storage of waste, recyclables, and contaminated materials;
- Operation-related activities during the initial operational phase of the RWMC, including waste sorting, composting, equipment operation, and maintenance, where contracted operators are engaged;
- Environmental monitoring, laboratory sampling, and technical surveys carried out by specialized service providers;
- Security, site maintenance, cleaning, and other support services provided through third-party contracts.

Contractors and subcontractors will be responsible for ensuring that:

- Workers are employed under fair terms and conditions compliant with national legislation and ESS2 requirements;
- Adequate OHS measures are applied on all construction and installation sites, aligned with the World Bank Group Environmental, Health and Safety (EHS) Guidelines;
- Child labor, forced labor, discrimination, and harassment are strictly prohibited;
- Contracted workers have access to an independent, confidential, and safe grievance mechanism;
- Monitoring, reporting, and corrective actions are implemented to address labor-related risks.

Where subcontractors are engaged, their workers will equally be classified as contracted workers and subject to the same ESS2 requirements.

(iii) Primary Supply Workers

Primary supply workers are individuals employed by companies that supply ongoing goods, materials, or equipment critical to the success of Project infrastructure investments. The Project is not expected to engage primary supply workers, as materials and goods will be sourced through regular market suppliers and there will be no dedicated supply chains established specifically for the Project.

(iv) Community Workers

At the time of preparation of this Labor Management Procedure, the WMRP Project does not anticipate engaging community workers.

The Labour Management will include the following principles, which are also applicable to all subcontractors, lower-tier subcontractors and suppliers, to promote fair, safe, and decent working conditions across all Project components.

5.2. Minimum Age and Child Labour

In accordance with Montenegro labour law and ILO Conventions, the employment of children under the age of fifteen is strictly prohibited. Furthermore, no individuals under the age of eighteen shall be employed in any capacity under this Project, regardless of their education level or work classification.

Given the nature of construction and remediation activities under the WMRP — categorized as hazardous work — contractors and subcontractors must ensure that no persons under the age of 18 are engaged in site-based works.

MESDNRD will oversee compliance with minimum age requirements throughout the Project lifecycle. Contractors must establish procedures for age verification during the recruitment process and apply corrective actions in case of non-compliance.

5.3. Equal Opportunity and Non-Discrimination

Contractors working under the Project commit to ensuring that all employment-related decisions are made solely based on merit, qualifications, and professional competencies. Personal characteristics unrelated to job requirements -including but not limited to gender, age, disability, ethnicity, language, religion or belief, political opinion, marital or social status, or pregnancy status- shall not influence any part of the employment relationship. All aspects of employment, including recruitment, job assignment, compensation (wages and benefits), working conditions, access to training, promotion, disciplinary action, termination, and retirement, will be governed by the principles of equal opportunity and fair treatment.

Contractors will foster a work environment that is fair, inclusive, transparent, and conducive to professional development, with a particular emphasis on promoting gender equality. Employees at all levels will be made aware of these commitments through internal communications and awareness-raising efforts. An inclusive and non-discriminatory tone will be used in all written and verbal communication, both within the organization and externally, focusing on the value of skills and competencies rather than personal attributes. Where necessary, reasonable workplace accommodations will be made to ensure that persons with disabilities can participate fully and equally in the workplace.

MESDNRD will monitor compliance with these commitments. Contractors are expected to align their internal human resources policies and practices with Montenegro labour laws, World Bank Environmental and Social Standard 2, and relevant International Labour Organization (ILO) conventions, including Convention No. 100 on Equal Remuneration and Convention No. 111 on Discrimination in Employment and Occupation. Any failure to adhere to these principles will be addressed through corrective action and may impact the contractor's standing with MESDNRD. This commitment must be embedded in all contractor operations to ensure the creation and maintenance of a respectful, safe, and inclusive working environment.

5.4. Forced Labour

All forms of forced or compulsory labour are strictly prohibited under the Project. This includes any work performed involuntarily under threat of penalty.

Contractors must ensure that all employment is entered into freely and voluntarily, without coercion or restriction. No bonded labour, involuntary prison labour, or similar practices shall be tolerated. Workers must be free to leave their employment in accordance with national labour law.

5.5. Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) Risks

SEA and SH risks will be assessed in accordance with the World Bank's Environmental and Social Framework, particularly ESS2 and ESS4, and the World Bank's Good Practice Note on SEA/SH Risk Mitigation. While the overall contextual risk level for the Project is expected to be moderate, proportional and proactive mitigation measures will be integrated into project planning and management processes. A SEA/SH Action Plan will be prepared and included in the ESMP that focuses on preventive measures, risk mitigation, and establishing safe reporting channels within [World Bank](#) guidelines. Key actions include implementing signed Codes of Conduct (CoCs) for workers, conducting community awareness campaigns, establishing a survivor-centric Grievance Redress Mechanism (GRM), and mapping local service providers for referrals.

The following risk management elements will be implemented or recommended:

A context-specific and comprehensive Code of Conduct will be developed, clearly outlining prohibited behaviors, expectations regarding respectful workplace conduct, and consequences for SEA/SH violations. All site personnel, including contractors and subcontractors, will be required to sign and comply with this code. Templates and guidance will be aligned with the World Bank guidance.

Regular SEA/SH awareness sessions will be conducted for project personnel and, where applicable, local communities. Trainings will address gender sensitivity, respectful behavior, reporting protocols, and confidentiality. These programs will be adapted to local context and will be updated as needed throughout the Project Lifecycle.

Confidential, accessible, and survivor-centered grievance mechanisms will be embedded in both the community GRM and the labor GRM systems. Multiple reporting channels will be considered (e.g., anonymous boxes, email, hotlines), with clear procedures for handling SEA/SH-related complaints.

Project procedures will include clearly defined steps for investigating SEA/SH allegations, ensuring fairness, confidentiality, and non-retaliation. Designated personnel or focal points will be responsible for overseeing the response and referral process, in coordination with relevant authorities if needed.

Referral pathways will be established for survivors to access psychological, medical, and legal support. The availability and capacity of local GBV service providers will be assessed and mapped as part of the ESIA processes.

SEA/SH mitigation measures will be tracked through the ESIA and monitored during Project implementation. Indicators will be incorporated into progress reporting, and lessons learned will be used to adapt strategies over time. Project teams will promote a culture of transparency, accountability, and continuous improvement.

5.6. Supply Chain

The working conditions within the supply chain are a critical factor that directly impacts workers' rights and plays a pivotal role in achieving a company's sustainability goals. Violations such as forced labor, child labor, and gender-based violence and harassment (GBVH) negatively affect workers' lives and tarnish the company's reputation. Preventing such violations and ensuring a fair, safe work environment is not only a legal requirement but also a core part of a company's corporate social responsibility. In this context, it is essential to implement measures to uphold human rights and eliminate harmful practices within the supply chain.

Under this Project, supply chain companies are expected to be primarily engaged during the remediation and construction phases, when large volumes of construction materials, equipment, and specialized services are required. Supply chain risks are therefore mainly associated with material sourcing, equipment provision, and service delivery related to infrastructure development and environmental remediation activities.

In the context of this Project, primary suppliers are defined as companies providing essential construction materials such as crushed stone, geotextile, sand, gravel, cement, steel, refrigeration units, specialized laboratory equipment, and other infrastructure-related inputs required for the construction and operationalization of project facilities. These suppliers are expected to operate within formal and regulated markets in Montenegro; therefore, the overall risk of labor rights violations within the primary supply chain is assessed as low. Nevertheless, mitigation and monitoring measures will be applied to ensure compliance with national legislation and World Bank ESS2 requirements.

The following measures will be implemented or recommended in this regard.

The selection of companies to be included in the supply chain should not be based solely on operational factors such as cost and efficiency. Contractors will be required to conduct due diligence on primary suppliers as part of the procurement and contracting process, including background checks to identify any past unethical practices or negative behaviors. Suppliers must have a history free from serious violations, such as workplace accidents, discrimination, and corruption, and must demonstrate a commitment to workers' rights and ethical business practices. Additionally, their past performance and reputation within the sector should be considered; any legal issues, ethical violations, or negative media reports should be taken into account. This type of vetting ensures the selection of reliable and

responsible suppliers, helping the company meet its commitments regarding labor rights, safety, and environmental responsibilities.

All bidding documents and contracts will include provisions requiring contractors and primary suppliers to comply with national labor legislation and the World Bank ESS2, including provisions related to forced labor, child labor, and gender-based violence (GBV), Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) . Compliance will be monitored by the PIU as part of routine project supervision.

To combat forced labor, suppliers should first establish clear policies that prohibit forced labor and make these policies known to all employees. Suppliers should also provide documentation confirming that no forced labor is used in the hiring process and that workers are employed freely. In this regard, all recruitment processes must be transparently recorded, and these records should be regularly audited. Suppliers should guarantee that workers have the right to leave their jobs at any time without facing any barriers. Furthermore, suppliers must ensure that workers have a safe and healthy working environment and must provide awareness-raising training on workers' rights and freedoms. A contract should be signed for each worker, which should be clear and transparent, and workers must keep a copy of their contract.

To address child labor, suppliers must create strict rules to prevent child labor during workforce recruitment. Each employee's identity and age must be verified during the hiring process, and it should be checked that the worker meets the legal minimum working age. If child labor is identified, the case must be immediately reported to the relevant authorities, and efforts should be made to redirect the child to school or another supportive program.

Regarding GBV, SEA/SH, suppliers should first implement zero-tolerance policies in the workplace. These policies must clearly state that harassment, sexual assault, and all forms of violence are strictly prohibited, and that any violations will be punished severely. Suppliers must establish confidential complaint mechanisms where workers can anonymously report incidents of violence or harassment. These mechanisms should ensure that victims do not suffer irreversible harm and that they receive the necessary support. Additionally, suppliers must organize training sessions for employees on gender-based violence and harassment, providing guidance on how to deal with such incidents, what support mechanisms are available, and the legal rights of the victims.

Suppliers should also ensure safe working conditions for female employees and take preventive security measures to avoid potential harassment and violence. A respectful communication environment must be fostered among workers, and it should be guaranteed that complaints regarding harassment and violence are dealt with swiftly and without creating further victimization. Suppliers should establish quick and effective response protocols for any incidents of violence or harassment. These measures will not only ensure the safety of workers but also contribute to the creation of an equal and fair working environment.

The PIU will oversee the implementation of these measures through contractor supervision, review of supplier documentation, and follow-up actions in cases of identified non-compliance. Corrective measures will be required where necessary, in line with contractual provisions and ESS2 requirements.

In conclusion, implementing effective measures against forced labor, child labor, and gender-based violence within the supply chain helps companies fulfill their legal obligations while making a significant difference in terms of ethical business practices and social responsibility. These measures not only protect each worker within the supply chain but also assist companies in building a globally responsible and sustainable business model.

5.7. Health and Safety

Contractors are responsible for ensuring safe and healthy working conditions for all workers engaged in the Project. Occupational health and safety (OHS) measures will be implemented in line with national legislation and good international industry practice, taking into account the risks associated with residual waste handling, transport, temporary storage, and encapsulation activities at an industrial remediation site.

While detailed, site-specific OHS measures will be further elaborated in contractor-specific OHS Plans and technical design documentation prepared during implementation, this Labour Management Plan provides the overarching framework for managing OHS risks across all Project activities.

Key occupational health and safety risks anticipated under the Project include, among others: exposure to hazardous and contaminated materials during remediation works (Component 3); risks related to excavation, heavy machinery, traffic, noise, vibration, and working at heights during construction activities (Component 2); manual handling, equipment operation, and ergonomic risks during initial operational activities of waste management facilities; and general workplace health and safety risks associated with administrative and supervisory functions (Components 1 and 4).

All contractors will be required to prepare and implement site-specific Occupational Health and Safety Plans consistent with national legislation and the World Bank ESS 2, which will be reviewed and monitored by the PIU.

Given the environmentally sensitive nature of the Project and the risks associated with remediation and construction activities, worker health and safety is treated as a priority throughout implementation. The Project applies preventive and proactive measures to minimize workplace hazards, protect workers, and reduce risks to surrounding communities and the environment.

Site-specific OHS Plans will address, as relevant, fire safety, electrical hazards, hazardous material storage, emergency preparedness, first aid, and occupational health services. Contractors will assign qualified personnel responsible for OHS implementation and monitoring at the site level.

Contractors will establish and maintain appropriate occupational health services to support the prevention of work-related injuries and diseases, health surveillance, and worker fitness for assigned tasks, in line with ILO Convention No. 161 on Occupational Health Services. Where legacy contamination is present, specific risk assessments will be conducted for hazardous substances, including asbestos or asbestos-containing materials, and appropriate control measures will be applied in accordance with ILO Convention No. 162 on Asbestos.

Site-specific OHS plans will include hazard identification and risk assessment, provision and use of personal protective equipment (PPE), training and toolbox talks, incident reporting, and emergency preparedness and response procedures. These measures are consistent with the principles of ILO Convention No. 155 on Occupational Safety and Health, Convention No. 187 on the Promotional Framework for Occupational Safety and Health, and relevant conventions addressing hazardous work environments.

Compliance with OHS requirements will be monitored by the PIU as part of routine project supervision, with overall oversight provided by the MESDNRD.

Information related to labor management, occupational health and safety, grievance mechanisms, and workers' rights will be disclosed in a manner accessible to all relevant stakeholders. Key project documents, including the Labour Management Plan and summaries of applicable procedures, will be made publicly available through the official website of the MESDNRD and other appropriate government platforms.

In addition, relevant information will be shared with affected stakeholders through stakeholder engagement activities, including public consultations, meetings with municipalities, and community outreach events. For project workers and contractors, information will be communicated directly at worksites through induction trainings, notice boards, toolbox talks, and distribution of written materials in a language understood by workers.

Stakeholders will also be able to access information and raise questions or concerns through the Project's SEP and GRM, which provide multiple entry points for communication, including in-person, written, and electronic channels.

5.8. Workers' Welfare

Appropriate welfare facilities will be provided to ensure acceptable living and working conditions for all workers engaged under the Project. Where construction sites are located within reasonable commuting distance of nearby towns or cities, the establishment of on-site worker accommodation will not be required. Should accommodation be necessary for specific subprojects or sites, it will be provided in accordance with national regulations and international good practice.

Adequate catering arrangements will be ensured for workers. Where feasible, meals will be procured from licensed off-site food providers, and no on-site cooking will be carried out. Dedicated dining areas will be provided for meal consumption, maintained in a clean and hygienic condition, and subject to regular sanitation. Hygiene standards will be strictly enforced, and structured meal times will be arranged.

Sanitary facilities, including an adequate number of mobile toilets and handwashing stations, will be available at all construction sites. These facilities will be regularly cleaned, maintained in hygienic condition, and monitored to ensure continuous usability. The surrounding work areas will also be kept clean to support overall worker health and welfare.

Each contractor will be required to provide appropriately equipped first aid kits at all work locations. First aid supplies will be accessible at all times, and designated workers will receive first aid training to ensure immediate response in case of injury or health emergencies. In the event of a work-related accident, injured workers will be promptly transported to the nearest appropriate healthcare facility.

Contact information for the nearest medical facilities will be displayed on-site and regularly updated. Contractors will monitor workers' health conditions, promote occupational hygiene, and implement preventive measures to address workplace illnesses and health risks. These measures are intended to ensure safe, dignified, and healthy working conditions across all Project sites.

5.9. Freedom of Association

Contractors shall respect all workers' rights to freedom of association and collective bargaining, in line with national labour laws and ILO Convention No.87.

Workers must be free to form or join trade unions or other representative organizations of their choice without fear of discrimination, retaliation, or interference. Contractors is expected to engage in good faith with worker representatives in accordance with applicable legal provisions. MESDNRD will enforce these principles and monitor compliance with them throughout the Project lifecycle.

5.10. Local Recruitment

As part of the Project, Contractors are encouraged to prioritize the employment of local residents, particularly for unskilled and semi-skilled roles, to the extent possible. This approach aims to enhance local socio-economic benefits during the construction phase and will be monitored by the MESDNRD and CSC.

All employment will be formalized through written contracts in compliance with Montenegro labour legislation, and proper records of working hours, duties, and trainings will be maintained for each local employee.

5.11. Working Conditions and Labour Influx

At this stage of Project design, the exact number of workers required for construction activities and remediation activities under the WMRP subprojects has not yet been finalized; however, the workforce is expected to remain relatively limited. Based on the anticipated scale of works, the Project is not expected to result in significant labour influx or cause adverse demographic or socio-economic impacts on host communities.

Given the nature and scale of the Project and the location of its subproject sites within or near urbanized areas, the workforce is expected to be recruited largely from local communities or nearby districts, with workers commuting on a daily basis where feasible.

However, for specific activities—particularly remediation works involving hazardous or contaminated materials—specialized contractors and skilled workers with relevant technical expertise may be required. In such cases, these workers may be mobilized from outside the immediate project area.

Even where specialized external workers are engaged, their numbers are expected to be limited, and no large-scale worker accommodation camps are anticipated under the Project. Where temporary accommodation is required, it will be arranged in existing licensed facilities in accordance with national regulations and ESS2 requirements.

As a result, risks commonly associated with labour influx — including pressure on local infrastructure and services, housing, public health, safety, or community cohesion — are expected to be low. Nevertheless, contractors will be required to implement appropriate labour management and community health and safety measures, including adherence to codes of conduct, grievance mechanisms, and awareness-raising activities, to prevent and manage any potential social risks related to workforce presence.

5.12. Disciplinary Measures

Contractors involved in the Project shall refrain from using any form of abuse -whether psychological (such as mobbing), physical, or verbal- or corporal punishment as a disciplinary measure under any circumstances. All disciplinary measures shall be based on clear, documented procedures and aligned with Montenegro labour legislation and international standards. These procedures will be applied fairly and consistently to all employees without discrimination.

Contractors will adopt a zero-tolerance policy against all forms of violence, harassment, bullying, intimidation, exploitation, and particularly GBV, SEA/SH. This policy will be clearly communicated to all employees, and deterrent mechanisms will be put in place to address any violations effectively and promptly.

All disciplinary processes will be implemented in a transparent and equitable manner. Employees will be informed in advance of the types of misconduct that may lead to disciplinary action, and this information will be conveyed clearly to avoid any ambiguity or misinterpretation.

When disciplinary issues arise, contractors will follow a stepwise approach to address them. Initial concerns may be addressed through informal verbal discussions, during which the employee will be informed of potential consequences if the issue continues. If the matter remains unresolved or is of a more serious nature, a formal interview will be conducted by the human resources representative. This may result in a written warning that outlines the problem, sets a timeframe for improvement, and states the consequences of non-compliance. In severe cases, a first and final written warning may be issued directly.

If there is no improvement or if further violations occur, a final written warning will be given. Continued misconduct, violations of internal policies, or serious breaches -such as fraud or gross misconduct- may ultimately lead to termination of employment. Termination decisions will comply with Montenegro labour laws and be communicated to the employee with appropriate notice, except in cases of gross misconduct that warrant immediate dismissal. In all cases, employees will receive their due wages, compensation for any unused leave, and other legal entitlements as required by law.

MESDNRD (as the implementing agency) will oversee compliance with these disciplinary and grievance procedures, ensuring that contractors maintains a lawful, safe, and respectful working environment for all personnel engaged under the project.

5.13. Working Hours and Overtime

Working hours and overtime under the Project shall be managed in accordance with Montenegro labour laws. The standard work schedule is 8 hours per day, 5 days per week.

All overtime work must be voluntary and compensated at legally mandated rates. Workers' consent is required for overtime, and actual working hours shall be recorded and monitored by the contractors. Voluntary weekend work may be permitted depending on construction needs, provided that total working time remains within legal limits.

Contractors are responsible for ensuring full compliance with these requirements, and MESDNRD/CSC will oversee monitoring and reporting as part of labour risk management.

5.14. Holidays and Weekly Leave

Weekly rest days and public holidays shall be provided in accordance with Montenegro labour laws. In addition to national holidays, contractors should make reasonable efforts to accommodate other religious or cultural holidays based on the personal beliefs of workers, provided that such arrangements do not conflict with project timelines or safety requirements.

All workers are entitled to weekly leave and official holidays without discrimination.

5.15. Sick Leave

The employee who is absent because of illness should notify his/her manager immediately. Absence for a period longer than 3 days must be supported by a medical certificate from a medical practitioner stating the illness and the period the certificate is intended to cover. A further letter must be presented if the employee is still unable to return to work upon the expiry of the previous one.

Contractors will fully pay salary for the sick leave period, in case the employee submits the relevant medical certificate.

5.16. Social Security

In Montenegro, all employees must be officially registered with the competent social security institutions from the first day of employment, in accordance with the Labour Law (*Zakon o radu*) and applicable social security legislation. The contractor and subcontractors are responsible for ensuring that all workers, whether permanent or temporary, are duly registered for pension and disability insurance, health insurance, and unemployment insurance, as required under national legislation.

Contractors shall ensure that employment registration and social insurance notifications are submitted in a timely manner to the relevant authorities, including the Tax Administration of Montenegro and the competent social insurance funds (such as the Pension and Disability Insurance Fund and the Health Insurance Fund), prior to or at the commencement of employment, in accordance with legal requirements.

Failure to register a worker, late registration, or incomplete registration may result in administrative fines and other legal liabilities for the employer, as prescribed under Montenegro labour and social security legislation. Contractors are required to maintain accurate and up-to-date records of social security registration for all workers and to make such records available for inspection or audit by the MESDNRD, relevant authorities and CSC, as part of project oversight and labour compliance monitoring.

5.17. Workers' Grievance Mechanism (WGM)

A Grievance Mechanism for civil servants in MNE is already established in the form of the Appeal Commission for workers' complaints. The Civil Service Appeal Commission is an independent and autonomous authority for performing activities stipulated under the Law on Civil Service of MNE. The Commission is competent for decision making on all appeals lodged against decisions with regard to the rights, obligations and responsibilities of civil servants. The deadline for responses to appeals cannot be later than 30 days from the day the appeal is received. The appeal shall be filed through the first instance body and may be submitted directly or by post to the Appeal Commission. The Law on Civil Service of MNE does not specify anything further about procedure of grievance mechanism, confidentiality, etc.³

The WMRP Project will establish a dedicated Workers' Grievance Mechanism (W-GRM) to enable all project workers to raise concerns regarding their working conditions, health and safety, labor rights, and other employment-related matters in a transparent, confidential, and non-retaliatory manner.

For direct workers, such as external consultants engaged by the PIU, a special grievance mechanism will be established and administered by the PIU. This mechanism will provide clear guidance on how to lodge grievances, the timeframe for receiving responses or feedback, escalation steps to higher levels if needed, and assurances of confidentiality and protection against retaliation. All direct workers will be informed about the availability of this mechanism upon their engagement, including through induction sessions and written communications.

Contractors and subcontractors involved in the WMRP Project will be contractually required to establish their own internal grievance mechanisms for their workforce. These mechanisms must comply with the requirements set out in this Labor Management Procedure (LMP) and the World Bank's ESS2. If such mechanisms are not already established, contractors must develop and operationalize them prior to the signing of any contracts with the PIU. These requirements will be clearly communicated during the tendering process and contractual obligations. Contractors will be responsible for informing all their workers about the existence and functioning of the grievance mechanism.

The establishment of a grievance mechanism shall involve setting up a grievance registry and ensuring that all workers are properly informed of the available grievance channels. Information will be disseminated during induction trainings, through notice boards at work sites, and via other suitable communication methods.

The Workers' Grievance Mechanism shall be simple, transparent, and accessible to all project workers. Key features of the mechanism will include:

- A straightforward process allowing for the submission of comments, complaints, proposals, or informal grievances;
- Full confidentiality and impartiality, ensuring that workers are free to raise grievances without fear of reprisal;
- Reasonable and clear timeframes for processing grievances, aligned with national labor laws;
- Equal treatment of anonymous grievances and those submitted with the worker's identity;
- The right of workers to be accompanied by a colleague, trade union representative, or workers' council member during grievance submission or resolution processes.

Grievances will be acknowledged within three (3) working days and responded to or resolved within fifteen (15) working days wherever possible. Workers will also have the right to escalate grievances to a higher level within the PIU if they are not satisfied with the initial resolution.

³ Official Gazette of MNE, No. 2/18 and 34/19

The grievance mechanism will not restrict workers' access to judicial or administrative remedies available under national law or collective bargaining agreements. It will function as an accessible first step for resolving workplace issues promptly and efficiently, while respecting workers' rights to pursue alternative legal channels if desired.

The Project's grievance mechanism will also specifically address grievances related to gender-based violence (GBV), sexual exploitation and abuse (SEA), and sexual harassment (SH), ensuring the availability of confidential reporting channels, survivor-centered support, and specialized handling of sensitive complaints.

The aim of this mechanism is to address individual or collective concerns before they escalate and to ensure a respectful and fair work environment. The mechanism will be explained to all workers during site induction and visual information will be placed in visible common areas detailing how to submit a complaint. Grievances may be submitted verbally to a designated point of contact, via written forms, or anonymously through secure complaint boxes. A standard template for written complaints and suggestions is provided in ANNEX 1: GRIEVANCE/SUGGESTION FORMS . At least one male and one female staff member will be assigned to receive complaints, and anonymous complaints will be allowed to ensure accessibility for sensitive issues, such as harassment.

All complaints will be logged and reviewed by the designated grievance focal point. If the complainant is not satisfied with the result, they may access national legal remedies as per Montenegro labour law.

Workers will be informed about the outcome of their grievance, and all steps taken during resolution will be documented. Any decision that may lead to termination of employment must be evaluated by a neutral team, excluding the complainant's direct manager and the HR staff involved in processing the complaint.

MESDNRD will monitor the implementation of this mechanism and ensure that it functions according to Montenegro labour legislation, ESS2 and principles of non-discrimination, privacy, and due process.

PIU-Administered Workers' Grievance Redress Mechanism (For Direct Workers Only)

The Worker Grievance Redress Mechanism (W-GRM) established and administered by the Project Implementation Unit (PIU) is intended solely for direct workers engaged by the PIU. Each contractor will be required to establish and operate a separate W-GRM for their own workforce, in full alignment with the requirements of ESS2.

The PIU will:

- Establish and operationalize the W-GRM prior to the commencement of any project activities involving direct workers;
- Ensure that the mechanism is accessible, inclusive, and responsive to all direct workers, including women, youth, and migrant workers;
- Guarantee the confidentiality, non-retaliation, and timely resolution of all grievances;
- Maintain a grievance log, disaggregated by grievance type, gender, and worker category, with regular reporting for monitoring purposes;
- Provide clear and accessible information (contact phone, email, physical drop-boxes) to all direct workers during onboarding or induction processes.

In addition, the PIU-administered W-GRM will also receive and address complaints related to Sexual Exploitation and Abuse / Sexual Harassment (SEA/SH) involving PIU direct workers only. All SEA/SH grievances will be handled through a confidential, survivor-centered process in line with the World Bank's SEA/SH Good Practice Note, ensuring no retaliation and access to appropriate support services.

Contractor Requirements

Each contractor will be required to:

- Establish and maintain an internal workers' grievance mechanism consistent with ESS2 and the project's W-GRM principles.
- Include a dedicated focal point for grievance handling within their Human Resources team.
- Inform all workers of grievance procedures at hiring, including during induction and through visible postings on site.
- Provide periodic grievance summaries and resolution reports to the Supervision Consultant and PIU.
- Ensure that workplace SEA/SH complaints are referred confidentially to the designated PIU focal point, with no retaliation or bias.

Contractor grievance mechanisms must be included in the Contractor's Labor Management Plans (CLMPs), which will be reviewed and approved by the PIU prior to mobilization.

Monitoring and Reporting

- The Supervision Consultant will verify the existence and functionality of contractor-level grievance mechanisms during site visits.
- The PIU will collect data from contractors and the central W-GRM and report aggregate figures and trends in quarterly reports to the World Bank.
- Corrective actions will be required for repeated delays, failure to resolve grievances, or violations of non-retaliation principles.

6. MITIGATION MEASURES FOR LABOUR RELATED RISKS AND IMPACTS

6.1. Construction Phase Mitigation Measures

The following mitigation measures will be implemented during the construction phase of the Project:

- Ensure that Project workers are provided with clear and understandable information regarding their terms and conditions of employment at the beginning of the employment relationship and whenever material changes occur.
- Ensure employment conditions are in compliance with national labour legislation, including rights related to wages, working hours, overtime, compensation, benefits, leave, and other entitlements, and aligned with ESS2.
- Ensure that all workers are paid on a regular basis and in accordance with national law and the LMP.
- Provide adequate periods of weekly rest, annual leave, sick leave, maternity and family leave as required by national legislation and outlined in the LMP.
- Ensure that employment decisions are not based on personal characteristics unrelated to job requirements.
- Promote equal opportunity and fair treatment across all employment aspects, including recruitment, compensation, training access, promotion, termination, and disciplinary action.
- Take measures to prevent the employment of children below the minimum legal age (18) as specified in the Project LMP and ESS2 requirements.
- The working age (18 years) should be explicitly stated and guaranteed in supply chain and subcontractor agreements. The employment of persons below this age should be prohibited.
- Contractors will act with the awareness of social responsibility to prevent child labour as required by legislation and regulations.
- Contractors will not employ forced labour, which consists of work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers involuntary or compulsory labour, such as indentured labour, bonded labour or similar labour-contracting arrangements, or trafficked persons
- Contractors should keep the best levels of health, safety and hygiene for its workers, guaranteeing the needed prevention and protection measures to avoid or reduce professional risks to a minimum. Contractors will provide adequate (correct size, suitable and approved) PPE free of charge to all employees on site. In addition to the basic PPE to be provided to all employees on site, required specific PPE will be provided to all profession groups.
- The right of workers to form or join organizations of their free choice is fundamental. The commitment not to discriminate or retaliate against workers who join or attempt to join organizations or engage in collective bargaining is reserved. It is essential not to interfere with the functioning of trade unions or other representative organizations.
- Contractors will engage with workers and their representatives in accordance with national laws.
- Contractors may provide additional employee benefits such as health insurance or relocation support, which will be outlined in the internal Human Resources Policy.
- Sick leave will be compensated in accordance with national labour legislation, conditional upon submission of valid medical documentation.
- Contractors shall adopt a zero-tolerance policy for all forms of violence, harassment, and intimidation, including gender-based violence and harassment (GBVH), and shall ensure that all disciplinary actions are carried out in full compliance with the Labour Law of Montenegro and other applicable national legislation, as well as relevant international standards.
- Disciplinary procedures shall be clearly defined, applied equally, and transparently communicated to all employees. Allegations of misconduct shall be assessed objectively, documented if necessary, and proportionately addressed in line with progressive disciplinary principles.
- Overtime work shall be voluntary and implemented in accordance with the Labour Law of Montenegro. Overtime shall be limited in duration and shall not exceed the legal daily, weekly, and annual limits prescribed by national legislation. Overtime work shall be compensated with an increased wage rate as required by law or, where applicable, with compensatory time off. Under no circumstances shall total daily working time exceed the maximum limits set out in the Labour Law of Montenegro. Actions that justify immediate termination (e.g., theft, violence,

serious misconduct) must be clearly defined in internal regulations and communicated to employees.

- Driving times and rest periods for commercial vehicle drivers shall comply with the road transport legislation in force in Montenegro and with the provisions of the European Agreement concerning the Work of Crews of Vehicles engaged in International Road Transport (AETR) Agreement, to which Montenegro is a party. This includes limits on consecutive driving times as well as minimum daily and weekly rest periods. Employees cannot be forced to work on official holidays without their consent.
- Contractors shall adopt a voluntary local recruitment approach throughout the construction phase. Local recruitment efforts will prioritize unskilled and semi-skilled labour from nearby districts in the relevant subproject areas. Where qualified candidates are not available, recruitment may extend to other Regions.
- Contractors will promote inclusive recruitment by encouraging women's participation in the workforce.
- The recruitment process and related commitments will be monitored by the MESDNRD/CSC. If local hiring targets are not achieved, the Contractors shall provide documentation of the efforts made and reasons for non-achievement.
- Contractors shall establish a Workers' Grievance Mechanism (WGM) to operate throughout the construction period of all WMRP subprojects. This mechanism will allow all workers -including those employed by subcontractors- to safely raise concerns or complaints related to working conditions, labour rights, workplace behaviour, or management practices.
- MESDNRD, as the implementing agency, will monitor the functioning of this mechanism.
- The WGM will be introduced to all workers during induction, with visual guidance and signage placed in accessible common areas. Workers will have the option to submit complaints through elected worker representatives, via physical complaint boxes, or through online channels, including anonymous submissions. At least one male and one female grievance focal point shall be designated to increase accessibility and trust.
- Contractors shall ensure that all workers have access to basic health care services, including first aid and emergency medical support, in accordance with occupational health and safety requirements.
- On-site first aid kits and trained personnel shall be available at all times. In case of injuries or health issues, workers shall be referred to nearby public health facilities located irrelevant subproject area, under the coordination of the Contractor's designated health and safety officer.
- Contractors are responsible for minimizing health and safety risks associated with construction activities, including those related to worksite accidents, commuting, and exposure to potential hazards. MESDNRD/CSC will monitor the implementation of these measures throughout the construction phase.

6.2. Operation Phase Mitigation Measures

The operational phase of the sub-project is not expected to result in significant long-term changes in regional population dynamics or labor demand. Routine operation and maintenance activities will be carried out by the respective subproject operator or facility management entity using existing personnel or small teams of specialists, without the need for a large workforce on site.

As such, labour-related impacts during the operational phase will be minimal and fully manageable within existing institutional capacities.

The following mitigation measures will be implemented during the operation phase of the Project:

- Provide all operational workers with clear and understandable documentation regarding their employment terms, at the start of employment and upon any material changes.
- Ensure compliance with national labour legislation, including working hours, wages, compensation, leave, and benefits, aligned with WB ESS2.
- Ensure regular and timely payment of wages as per applicable laws and the LMP.

- Provide sufficient weekly rest, public holidays, and sick/family/maternity leave in line with national requirements.
- Prohibit any form of discrimination in employment or workplace practices during operation.
- Uphold principles of equal opportunity and fair treatment in all aspects of the employment relationship, including hiring, training, job assignment, compensation, and retirement.
- Ensure no children under the minimum legal working age are employed during the operational phase.
- The working age (18 years) should be explicitly stated and guaranteed in supply chain and subcontractor agreements. The employment of persons below this age should be prohibited.
- Take active steps to eliminate forced labour risks in any operational sub-contracting or service provision.
- If on-site or off-site accommodation is provided during operations, ensure that facilities meet international standards on worker well-being, including access to health, social and cultural services.
- High standards of hygiene and sanitation shall be maintained for all workers involved in the collection, sorting, handling, transportation, and treatment of solid waste.
- Adequate and accessible handwashing stations, showers, toilets, and personal hygiene facilities shall be provided at the facility. These facilities shall be regularly cleaned, maintained, and disinfected.
- Workers shall be provided, free of charge, with appropriate personal protective equipment (PPE) relevant to hygiene and biological risk prevention, including gloves, masks, coveralls, safety footwear, and eye protection, in line with ESS2 requirements.
- Separate work clothing shall be provided to workers with direct exposure to waste. The use of work clothing outside the facility shall be prohibited, and regular cleaning and disinfection procedures shall be implemented.
- All workers shall receive induction and periodic training on personal hygiene, infection prevention, biological hazards, and safe waste-handling practices, in accordance with ESS2 provisions on worker information and training.
- Periodic health surveillance and medical examinations shall be provided to workers exposed to biological and hygiene-related risks, including access to vaccination programs where required under national legislation, consistent with ESS2 and national OHS regulations.
- Regular cleaning, washing, and disinfection plans shall be implemented to minimize contamination, leachate spills, odors, and hygiene-related risks across the facility.
- Eating, drinking, smoking, and rest areas shall be physically separated from waste handling and processing zones and maintained in a clean and hygienic condition, in line with ESS2 requirements for worker welfare facilities.
- Integrated pest management measures shall be implemented to control insects, rodents, and other vectors that may pose health risks to workers.
- Emergency response and cleaning procedures shall be established for incidents involving biological exposure, contamination, or sharps injuries, and workers shall be trained on these procedures in accordance with ESS2 and OHS management requirements.
- The effectiveness of hygiene and sanitation measures shall be monitored through regular inspections, record-keeping, and corrective actions, as part of the overall occupational health and safety management system required under ESS2.

7. TRAINING

All workers engaged in the Project will receive mandatory training prior to commencing work on site. Training requirements are based on the ESMP and documented site practices implemented during previous remediation phases.

Training will include:

- Induction training covering the LMP, workers' rights and obligations, the WGM, and the Code of Conduct
- OHS training, including emergency preparedness and incident reporting procedures
- Job-specific training tailored to the nature of site activities, including excavation, waste handling, remediation works, equipment operation, material handling, and other relevant construction or operational tasks, where applicable
- Specialized training for work involving hazardous materials, including asbestos awareness and handling, where applicable
- Practical and theoretical training for workers involved in high-risk material loading and transfer activities.

All workers will undergo medical examinations prior to starting work. Training attendance sheets, training materials, and medical records will be maintained on site and made available for inspection.

Training will be delivered in a language understood by the workforce. Refresher training will be provided as needed, particularly following incidents, non-compliances, changes in work methods, or identification of new risks.

8. MONITORING AND REPORTING

Within the scope of this Labour Management Plan, regular monitoring activities will be conducted during both the construction and operation phases to evaluate the implementation of labour-related mitigation measures and ensure compliance with national legislation, World Bank ESS2 and IFC Performance Standard 2.

These monitoring activities are detailed in the Table Error! No text of specified style in document..2 below, which outlines key parameters, methods, frequency, and responsible parties.

Table Error! No text of specified style in document..2 Labour Management Monitoring

| Parameter | Monitoring Method | Monitoring Frequency | Responsible Parties |
|---|---|----------------------------------|---------------------|
| Minimum Age Verification | Review of identity documents and recruitment records during hiring and periodic audits | When needed | Contractors |
| Prevention of Forced or Involuntary Labor | Interviews with workers and site inspections; anonymous feedback mechanisms | Quarterly | Contractors |
| Working Conditions and OHS Compliance | Workplace inspections, safety audits, and OHS documentation review (incident logs, risk assessments, PPE usage, etc.) | Monthly | Contractors |
| Grievance Management (Labor-Related) | Monitoring grievance logbooks, evaluating trends, verifying proper resolution and escalation | Monthly | Contractors |
| Discrimination and Harassment Monitoring | Review of grievance types and outcomes, interviews with workers (including vulnerable groups) | Quarterly | Contractors |
| Training and Capacity Building | Review of training records (attendance sheets, materials used, topics covered, refresher logs) | Quarterly | Contractors |
| Subcontractor Compliance with LMP | Periodic audits and reporting from subcontractors; compliance checklist verification | Monthly | Contractors |
| Employment Terms and Contracts | Random checks of employment contracts, working hours, wages, and benefits vs. national labor law | Monthly | Contractors |
| Worker Engagement and Communication | Worker feedback sessions, satisfaction surveys, and toolbox talks related to labor rights | After major activities / Monthly | Contractors |

In addition to internal monitoring by the contractors, relevant public institutions, CSC and the MESDNRD may conduct audits also. The timing and scope of such audits will be determined by the respective authorities and aligned with the Environmental and Social Management Plan (ESMP).

Findings from monitoring activities will be documented in periodic reports. Based on these findings, corrective and preventive measures will be developed, and necessary updates will be incorporated into this Plan, including revisions to training and communication strategies.

8.1. Key Performance Indicators

To support performance management and continuous improvement, a set of key performance indicators (KPIs) will be tracked as outlined in the Labor Management Plan.

Table Error! No text of specified style in document..3 Key Performance Indicators

| Key Performance Indicator | Target | Frequency | Responsible Parties |
|---|--------|-----------|------------------------------------|
| % of worker grievances closed out within the target timeframe | 100% | Monthly | Contractors and its sub-contractor |
| Compliance with national labor laws and IFC labor standards | 100% | Monthly | Contractors and its sub-contractor |
| Number of unresolved health and safety incidents | 0 | Monthly | Contractors and its sub-contractor |

| | | | |
|---|------|---------|------------------------------------|
| Availability and distribution of required Personal Protective Equipment (PPE) | 100% | Monthly | Contractors and its sub-contractor |
| Worker satisfaction rate based on anonymous surveys or feedback mechanisms | 100% | Monthly | Contractors and its sub-contractor |

8.2. Reporting

Labour management reporting will be conducted throughout the implementation phase of the Project to verify implementation of the LMP and to support adaptive management and continuous improvement. Reports will be prepared by the Contractor and reviewed by the MESDNRD/CSC. Labour-related reports will include, as applicable:

- Results of site inspections, audits, and monitoring activities related to labour conditions, occupational health and safety, and workforce management
- Identified non-compliances, corrective and preventive actions taken, and follow-up status
- Records of workforce management, including employment contracts, working hours, wage payments, training attendance, and medical clearance where required
- Records and analysis of worker grievances, including number of grievances received, types of grievances, resolution status, and response time
- Root cause analysis and corrective actions for serious labour-related incidents, including occupational accidents, exposure incidents, harassment cases, or repeated violations.

All worker feedback, complaints, and grievances will be addressed through the WGM. Grievances will be recorded, investigated, and resolved in a timely and confidential manner, without retaliation. Trends and recurring issues identified through grievance records and monitoring results will be used to inform improvements to labour practices, training programs, and risk mitigation measures.

9. AUDIT AND REVIEW

The implementation of this Labour Management Plan (LMP) shall be regularly monitored and reviewed in alignment with the Project's ESMP. All labour-related incidents, non-conformities, and deviations from the measures outlined in this Plan must be documented, reported, and addressed in a timely manner to ensure compliance and continuous improvement.

During the construction and operation phases, the Construction Contractor and all subcontractors will be subject to regular audits/inspections. These audits/inspections will assess adherence to labour-related commitments including recruitment, working conditions, occupational health and safety, and grievance handling. In accordance with national legislation, compliance with labor standards, occupational health and safety, and related requirement will be subject to oversight by the Labour Inspectorate of Montenegro, which operated under the Ministry of Labour, Employment and Social Dialogue.

All observations and deficiencies identified during audits/inspections shall be formally recorded, and corrective or preventive actions will be developed accordingly. MESDNRD/CSC will oversee the implementation of these actions and verify their effectiveness through follow-up monitoring.

Additionally, under the ESMP, the Project activities will be subject to regular monitoring and inspections by independent, competent firms at specific intervals during the construction and operation phases

This Labour Management Plan will be reviewed periodically to ensure its ongoing relevance and adequacy. Revisions may be triggered by:

- Legislative changes or updates to labour regulations,
- Modifications in construction methods or workforce composition,
- Significant incidents or audit findings,
- Revisions in WB environmental and social management procedures.

ANNEX 1: GRIEVANCE/SUGGESTION FORMS

Internal Grievance / Suggestion Opening Form in English

| INTERNAL GRIEVANCE/SUGGESTION OPENING FORM | |
|--|---|
| Complainant Information | Submission Method |
| Full Name | <input type="checkbox"/> Petition (Attach 1 copy to this form) <input type="checkbox"/> Face to face consultation <input type="checkbox"/> Meeting <input type="checkbox"/> e-mail <input type="checkbox"/> Other:..... |
| Phon | |
| Address | |
| Related Project Location/Unit | |
| Details about Grievance/Suggestion | |
| | |
| Complainant's Suggestion for Solution | |
| | |
| Complainant's Signature | Date |
| THIS SECTION WILL BE FILLED BY STAFF | Name, Surname and Signature |

Internal Grievance / Suggestion Closeout Form in English

| WORKER'S GRIEVANCE/SUGGESTION CLOSEOUT FORM | |
|---|-----------------------------|
| <i>Determined Corrective Action</i> | |
| | |
| <i>Responsible Unit(s)</i> | |
| | |
| <i>Closeout Date</i> | |
| | |
| <i>Grievance/Suggestion Closeout</i> | |
| | |
| <i>Explanation:</i> | |
| | |
| <i>Complainant's Name, Surname and Signature:</i> | |
| THIS SECTION WILL BE FILLED BY STAFF | Name, Surname and Signature |