



Republic of Serbia

Ministry of Construction, Transport and Infrastructure

Nemanjina 22-26, 11000 Belgrade

Phase 2

Labor Management Procedures (LMP)

for the

PHASE 2 OF THE MULTI-PHASE PROGRAMMATIC APPROACH

Serbia Railway Sector Modernization Project

Draft Document

July 2023

Contents

- 1. INTRODUCTION 5
 - 1.1 Project Background 5
 - 1.2 LMP Background and Outline 6
- 2. SCOPE OF APPLICATION 7
- 3. OVERVIEW OF LABOR USE ON THE PROJECT..... 7
- 4. ASSESSMENT OF KEY POTENTIAL LABOR RISKS 10
- 5. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS..... 12
- 6. BRIEF OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY (OHS) 17
- 7. RESPONSIBLE STAFF 20
- 8. POLICIES AND PROCEDURES..... 22
- 9. AGE OF EMPLOYMENT 26
- 10. TERMS AND CONDITIONS..... 26
- 11. GRIEVANCE MECHANISM 28
- 12. CONTRACTOR MANAGEMENT..... 30
- 13. PRIMARY SUPPLIERS..... 31
- ANNEX 01 LABOR AND WORKING CONDITIONS COMPLIANCE REPORT (to be used by third parties engaging contracted workers)..... 33
- ANNEX 02 THIRD PARTIES STATEMENT (POTENTIAL CONTRACTORS AND SERVICE PROVIDERS) ON COMPLIANCE WITH PROVISIONS OF LABOR LEGISLATION AND THE PROJECT’S LMP 37

ABBREVIATIONS

E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standards
SEA/AH	Gender Based Violence
GIIP	Good International and Industry Practices
GM	Grievance Mechanism
GoS	Government of Serbia
GRS	Grievance Redress Service
ILO	International Labor Organization
IZS	Infrastructure Zeleznice Srbije
LHSW	Law on Health and Safety at Work
LL	Labor Law
LMP	Labor Management Procedures
LGAD	Local Grievance Admission Desk
MCTI	Ministry of Construction, Transport and Infrastructure
MoF	Ministry of Finance
NGO	Non-Governmental organization
OG	Official Gazette
OHS	Occupational Health and Safety
OIP	Other Interested Parties
PIT	Project Implementation Team
PIU	Project Implementation Unit
PPE	Personal Protective Equipment
RD	Railway Directorate
RPF	Resettlement Policy Framework
RS	Republic of Serbia
SC	Srbija Cargo
SEA	Sexual Exploitation and Abuse
SEP	Stakeholder Engagement Plan
SH	Sexual Harassment
SMS	Safety Management System
SOE	State Owned Enterprise
SV	Srbija Voz
TA	Technical Assistance
TTF	Trade and Transport Facilitation
UN	United Nations

WB

World Bank

WBG EHS

World Bank Group Environmental, Health and Safety guidelines

1. INTRODUCTION

1.1 Project Background

The Government of the Republic of Serbia (GoS) is being supported by the World Bank (The Bank) for the continuation of institutional, physical and operational modernization of the railway sector. The Bank is already a trusted partner who supported important elements of Serbia's railway reform in the past, and now continues through supporting the implementation of the Serbia Railway Sector Modernization Project (Hereinafter: The Project). The Project is being implemented in phases and Phase 1 is already underway, while preparations for launching Phase 2 are currently in progress.

Activities under The Project are planned to: (1) strengthen the management of the sector, giving companies clear and achievable contractual arrangements; (2) improve infrastructure; (3) encourage railway companies to increase their corporate efficiency and achieve their commercial goals; (4) improve the reliability and safety of railway services through the use of modern technology, modern security systems, energy efficiency measures and consideration of resistance; and (5) increase rail modal participation by working on last-mile connectivity, urban integration, multimodal logistics centers and the concept of integrated territorial development.

Since 2015, the Government of the Republic of Serbia has increased its focus on investments in railways, by allocating new financial resources.

Activities of the Project envisage works on reconstruction and construction of tracks, modernization of railway infrastructure elements, enhancement of safety at level crossings, and improvement of construction elements in tunnels - all in order to enhance the quality and sustainability of existing railway assets and to establish a foundation for improved governance and institutional performance of the railway sector. With these works completed, a faster, safer and more reliable transport on the railway network should be expected.

Operations and activities for which the World Bank's Investment Project Financing (IPF) is sought after October 1, 2018, fall under the application of the Environmental and Social Framework (ESF)¹. The ESF comprises, inter alia, the Environmental and Social Standards (ESSs), which set out mandatory requirements for the MCTI and the Project. Under the ESF a number of documents have been developed by the MCTI, proportionate to the risks of Phase 1 of the Project as deriving from the environmental and social assessment. The same documents are now being prepared for Phase 2 of the Project and they are as follows:

- **Environmental and Social Commitment Plan (ESCP)** – The **ESCP** sets out material measures and actions, any specific documents or plans, as well as the timing for each of these, to ensure that Phase 2 is implemented in accordance with the WB ESSs.

- ¹ The ESF is accessible at - <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>. Lates accessed on July 21, 2020

- **Environmental and Social Management Framework (ESMF)** - examines the risks and impacts and sets out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts associated with Phase 2 of the Project.
- **Labor Management Procedures (LMP)** - sets out the way in which project workers within Phase 2 will be managed, in accordance with the requirements of national law and ESS2 on Labor and Working Conditions. The procedures will address the way in which these requirements will apply to different categories of project workers including direct workers, and the way in which the MCTI will require third parties to manage their workers.
- **Stakeholder Engagement Plan (SEP)** - sets out the principles and procedures for stakeholder engagement in a manner that is consistent with ESS10 for Phase 2 of the Project. In addition, sub project Level Stakeholder Engagement Plans (PSEPs) will be prepared by the MCTI when the design and location for a particular subproject become available.
- **Resettlement Policy Framework (RPF)**- lays out the approach to meeting the objectives of World Bank ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement in relation to Phase 2 of the Project.

1.2 LMP Background and Outline

In response to the commitment of the GoS to comply with the ESF and WB Requirements, Serbian Railways Infrastructure (IZS)) have developed these Labor Management Procedures (LMP), laying out the approach to meeting the objectives of World Bank ESS 2: Labor and Working Conditions (ESS2) on Phase 2 of the Project (also referred to as ‘the Project’ throughout the text). It identifies project workers who may be hired under the Project, sets out the terms and conditions for employment or engagement of workers on the Project, specifies the requirements and standards to be met and the policies and procedures to be followed, assesses risks and proposes the mechanisms for compliance measures implementation. The LMP is developed to help avoid, mitigate and manage risks and impacts in relation to project workers and set out the way in which project workers will be managed, in accordance with the requirements of the national law and the ESS2. The procedures address the way in which these standards will apply to different categories of project workers, including direct workers and workers employed by third parties, in compliance with this document.

This LMP consists of 13 chapters. Chapter 1 serves as introduction and provides background on and where the procedures originated from. Chapter 2 defines the scope of application of this LMP. An overview of labor use in the project is presented in Chapter 3. Key potential labor risks are listed in Chapter 4. Legislative framework governing employment relationship in Serbia is discussed in chapter 5. Occupational health and safety legal requirements are dealt with in Chapter 6. Working conditions, management of employee relationships and protection of work force are addressed in Chapters 8, 9 and 10, grievance mechanism in Chapter 11 and contractor management and primary supply workers in the last two chapters.

2. SCOPE OF APPLICATION

This LMP applies to all **Project workers** hired under the Project as defined by ESS2². The focus of the LMP is on workers engaged directly by the Ministry of Construction Transport and Infrastructure (MCTI), Serbian Railways Infrastructure (IZS), Rail Directorate (RD), the Project Implementation Unit (PIU) and Project Implementation Teams (PITs) in IZS, Serbia Cargo and RD, and Serbia Voz (SV) to specifically perform project related tasks. These workers are defined as **Direct workers**. The LMP also addresses labor risks of Workers engaged or employed by third parties i.e. contractors, sub-contractors and service and good providers are defined as **Contracted workers** to which these procedures apply. Provision of the project goods and materials that are indispensable for implementation of the project, such as rail tracks, will be responsibilities of third parties i.e. contractors, and are expected to be procured on a continuing basis. Such companies are defined as Primary suppliers and their workers as primary supply workers, falling therefore under the remit of LMP.

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

The Serbian legal framework guiding Labor and Working Conditions, including OHS, is, except for a few minor gaps, fully aligned with the standards set out in ESS2 as Serbia is signatory to the International Labor Organization (ILO) and United Nations (UN) Conventions informing the ESS2.³ Serbia has ratified more than 70 ILO Conventions including the 8 Core Conventions. Where the national legal framework falls short in compliance, measures to bridging the gaps will be implemented as outlined below.

3. OVERVIEW OF LABOR USE ON THE PROJECT

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

Direct workers. Direct workers include independent consultants hired specifically to work in relation to the project. They are integrated into the Project Implementation Unit (PIU), housed by the Ministry of Construction, Transport and Infrastructure of Republic of Serbia (MCTI) and into the Project Implementation Teams (PITs) established in Infrastructure Zeleznice Srbije (IZS), Serbia Cargo (SC) and RD, respectively, who are providing specific technical support to implementation of components pertinent to their field of operation. These workers will be engaged through the standard form of Contracts for Consultancy services provided by The Bank.

² The term "project worker" refers to: (a) people employed or engaged directly by the MCTI (including the project proponent and the project implementing agencies) to work specifically in relation to the project (direct workers); people employed or engaged through third parties³ to perform work related to core functions⁴ of the project, regardless of location (contracted workers); (c) people employed or engaged by the MCTI's primary suppliers⁵ (primary supply workers); and (d) people employed or engaged in providing community labor⁶ (community workers). ESS2 applies to project workers including fulltime, part-time, temporary, seasonal and migrant workers.

³ These include: ILO Convention 87 on Freedom of Association and Protection of the Right to Organize, ILO Convention 98 on the Right to Organize and Collective Bargaining, ILO Convention 29 on Forced Labor, ILO Convention 105 on the Abolition of Forced Labor 2 Guidance Note – ESS2: Labor and Working Conditions • ILO Convention 138 on Minimum Age (of Employment) • ILO Convention 182 on the Worst Forms of Child Labor • ILO Convention 100 on Equal Remuneration • ILO Convention 111 on Discrimination (Employment and Occupation)

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

A number of direct workers have already been engaged in Phase 1 of the Project and will continue to work in Phase 2, alongside newly hired individuals. The overall number of **direct workers** is estimated between 16- 25, for management, technical, social, environmental, financial, procurement, and administrative functions within the PIU and PITs respectively. Direct workers are experienced, national and internationally recruited professionals in their respective fields, with high education prevalently and various educational backgrounds (e.g. civil engineering, electrical engineering, mechanical engineering, ITS and ITC engineers, lawyers, economists, transport engineers, environmental and social science and similar). They are being hired under individual contracts, with different time inputs (full-time or part-time), and are assigned specific tasks, with specifically defined responsibilities and services, essential for the core functions of the project.

The table below provides the overview of **direct workers** already engaged or yet to be engaged in Phase 2 to fill the positions in the PIU housed by MCTI and the Project Implementation Teams (PITs) in IZS, Serbia Cargo, and RD:

Table 1: Timing and sequencing of direct workers labor requirements in terms of numbers, types of jobs and skills

MCTI PIU	Timing	Expected number of
Head of PIU	Q2 2021	1
Assistant for procurement and financial activities (full-time)	Q2 2021	1
Environmental safeguard specialist (full time, throughout the project)	Q4 2021	1
Social and citizen engagement specialist (full time, throughout the project)	Q4 2021	1
Occupational & Health (OHS) (part-time throughout the project)	Q4 2021	1
Railway specialist (full-time)	Q3 2021	1
Civil Engineer with railway expertise (full-time)	Q3 2021	1
Human development specialist (full-time over 3 years)	Q3 2021	1
Transport planner (part-time, throughout the project)	Q3 2021	1
Transport economist (full time over 3 years)	Q4 2021	1
M&E Specialist (part-time, throughout the project)	Q3 2021	1
Total:		11

Contracted workers: Contracted workers will be engaged or employed by third parties, i.e. contractors, sub-contractors⁴ (to the extent that such sub-contracting is permitted under the parent contracts) and service providers/consultants to perform Project activities. These imply professionals and support staff assigned by the Contractor or Consultants, or by any Sub-Contractor or Sub-Consultants, to perform the Works, Services or any part thereof.

In its contractual and legal relationship with any third party, the MCTI will have the role of the employer as assigned under the respective contracts. Contract awards will follow World Bank standard procurement procedures (incorporating standards wording for labor and working conditions requirements which to which these LMP shall be appended to). Third party engagement shall be subject to a competitive open tendering procedure both for works and supervision services (although the scope of one supervision service contract may cover multiple construction contracts.) Given the scope of Contracts, the number of locations where project work is to be carried out and the qualifications required for performance of design, supply and construction activities, it is expected that Contracts will be awarded to well-known reputable national or international companies that have already established their operations in Serbia or have satisfactory track records and are complying with and operate under the Serbian regulatory framework, including Labor and Occupational Health and Safety (OHS) Laws. Should Contracts be awarded to multiple entities forming a Joint Venture or a business association, each company shall be bound by this LMP as well as labor provisions of other Environmental and social instruments (ESIA, ESMP, ESMP Checklist) The subcontractors' workforce will be also considered as contracted workers.

The number of contracted workers cannot be estimated at the time of developing this document, as the relevant particulars of all subprojects have not been developed to the necessary level. However, it is already known that in this Phase of the Project, the focus will be on the preparation of technical documentation and there will be no major construction related activities, which would require the engagement of larger groups of workers. Nevertheless, the basic principles need to apply to any number of workers contracted for Phase 2 of the Project and are therefore included in this management plan.

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

Since the Serbia national framework is fully aligned with ESS2 and ILO standards the risk of child labor and forced labor in relation to primary suppliers is minimal. Hence, major risks that can occur are in respect

⁴ Sub-Consultant/Contractor means any person or entity to whom/which the Contractor or Consultant subcontracts any part of the Works or Services.

with OHS issues in regard with the application of existing legislation. This can be mitigated through standard bidding documents which have provisions concerning the respective issue.

Community workers: Given the nature of the project and the country context, community workers, as defined in EES2, are highly unlikely to be engaged on the project

4. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Project activities: The Project activities to be implemented are presented below:

- Procurement of new and refurbishment of existing heavy-duty machinery for railways infrastructure maintenance;
- Modernization of railways maintenance facilities in potential locations of Lapovo and Batajnica;
- Outsourcing routine railways maintenance;
- Railways asset management and planning;
- Preparation of technical documentation for network rehabilitation and upgrade of the following railway lines: Lapovo- Kraljevo (85 km) and Mala Krsna – Požarevac – Prahovo (243 km), in Phase 3 of the Project;
- Strengthening sectoral governance and a commercial approach in the railways through digitalization work;
- Development of human capital in the railways;
- Strengthening project management and increasing citizen engagement;
- Exploring the potential for increasing cargo traffic through the creation of new logistic centers;
- Activities to foster growing passenger traffic with a focus on station management and pilot projects for better integration of rail services with urban transport services.

Key Potential Labor Risks

Key labor risks may be divided between those associated with office work (office-based activities) and those associated with construction/rehabilitation activities (construction site- based activities).

Key Office work labor risks may involve:

- excessive duration in a seated position and glare;
- potential work overload and long work hours;

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

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

- Construction of access roads (wherever required);

- Installation of manually and automatic rail barriers;
- Medium scale pavement works with asphalt or concrete;
- Land-clearing and construction of foundation;
- Works in existing tunnels;
- Extraction from and supply of material and equipment into tunnels;
- Work with electrical installation;
- Mechanical and electrical equipment and signaling installation inside and outside of tunnels;
- Soil stabilization;
- Cutting of trees and high vegetation in the area of RLC under ongoing traffic;
- Demolition of railway structures unfit to be incorporated into new structures;
- Construction works in the safeguarded area (railway belt);
- Processing of the tunnel vault with the installation of newly-designed material;
- Cable duct installation;
- Transport of materials to temporary landfills;
- Transport and installation of aggregates, concrete and asphalt;
- Craft and installation work on the construction of the station building;
- Exposure to chemicals (paints, solvents, refrigerant oil for transformers and switches, lubricants, and fuels, asphalt fumes, pulverized silica, rail lubricants, fuels, etc.);
- Chain saws and treefall during timber cutting;
- Traffic accidents.
- Excavations hazards;
- Lifting of heavy structures;
- Accidents with exposed rebars.
- Exposure to construction airborne agents (dust, silica and asbestos);
- Ergonomic hazards during construction;
- Exposure to chemicals (asphalt fumes, pulverized silica, rail lubricants, fuels, solvents, paints);
- Welding hazards (aluminum thermite welding fume emissions, burns and radiation);
- Excavations, earth works hazards vibration;
- Vibration of heavy construction equipment;
- Dust, noise.
- Use of rotating and moving equipment.
- Working at heights;
- Lack of workers' awareness on occupational health and safety requirements such as the use of personal protective equipment (PPE) and safe workplace practices.

National legislation requires each employer to assess labor risks specific to each job/position. The recognized risks have to be addressed in compliance with the OHS legislation (in case of construction work, in addition to umbrella legislations, rulebooks for example, specifically addressing assessment of work-related risks, work on construction sites and protection at work during construction works are applicable). OHS officers with each employer and work execution coordinators at construction sites are responsible to ensure that adequate prevention and protection measures are in place and that safety regulations are obeyed. With the use of protection equipment, proper training and organization of site, the risk of work-

related injuries and occupational health can be significantly reduced. The ISO standards set additional requirements in terms of quality management, environment and OHS (i.e. SRPS ISO 9001, 14001, 45001) or impose clear and string technical conditions for different activities. The PIU should work on adoption of these standards, and encourage the contractors to meet these requirements and conditions in everyday practice in order to assess, mitigate and reduce various risks.

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

OHS specialist within the PIU and the Supervision Consultant(s) will be engaged to supervise and monitor labor risks of contracted parties. In case of an emerging or increasing risk, the LMP shall be amended to provide for an appropriate response.

The Project is assessed as Low on gender-based violence (SEA/SH) risk. Mitigation measures to address SEA/SH risks are included in the section on Policies and Procedures. **The influx of workers and subsequently followers, and the consequent potential adverse social impacts, are not expected at all. Any potential SEA/SH risks will be managed through the requirements of the ESMF and this LMP and there is no need to develop a more specialized instrument.**

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

5. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

This section sets out the *key aspects* of national labor legislation with regards to terms and conditions of work, and how national legislation applies to different categories of workers identified in Section 3. The overview focuses on legislation which relates to the items set out in ESS2, paragraph 11 (i.e. wages, deductions and benefits).

Various laws, policies and code of practices are applicable to the implementation of this LMP. These laws and policies are aligned with the international standards, namely ILO Conventions and EU Directives, as the terms, conditions and instruments proposed in the international conventions and directives are incorporated into the national labor legislation.

The Constitution of the Republic of Serbia (2006) guarantees the right to work, free choice of occupation, availability of work positions under equal conditions, respect of person's dignity at work, safe and healthy working conditions, necessary protection at work, limited working hours, daily and weekly interval for rest, paid annual holiday, fair remuneration for work done and legal protection in case of termination of working relations.

The Labor Law (LL) (passed in 2005 as amended in 2018)⁵ is the main legislation that guides labor practices in Serbia. The terms and conditions provided by this Law includes ban to direct or indirect discrimination regarding employment conditions and choice of candidates for performing a specific job, conditions of labor and all the rights deriving from the employment relationship, education, vocational training and specialization, job promotion and cancelling an employment contract for reasons of sex, birth, language, race, color of the skin, age, pregnancy, health condition, and/or disability, ethnic origin, religion, marital status, family obligations, sexual orientation, political or other belief, social background, financial status, membership in political organizations, trade unions, or any other personal characteristic.

The above legislation applies to all who work or provide services in Serbia, patriates or expatriates⁶ workers or employers. Although it is mostly congruent with the ESS 2 requirements, certain gaps do exist. Wherever such gaps appear, the LMP provide guidelines to be followed in order to ensure compliance with the ESS2 on the condition that such guidelines do not infringe any local regulations.

Provision of information and forms of employment contracts

The **employment relationship** is established by an employment contract concluded between an employee and an employer. The contract is executed in at least three copies, one of which is handed to the employee (LL - Article 30).

An employment contract may be concluded either for an indefinite (open-ended) or definite (fixed-term) period of time (LL - Article 31). The contract is concluded in writing before the employee starts to work.

Should an employer fail to conclude the employment contract with an employee, it is deemed that the employee has established the employment relationship for an indefinite period, as of the day he started working (LL - Article 32).

An **employment contracts constituting elements are:** the name and address of the employer, name and address of the employee, employee's qualifications, position and job description, place of work, type of employment relationship (open-ended or fixed term), duration of the fixed term contract and grounds for establishing employment relation for a definite period of time, date of commencement of work, working hours (full time, part time, reduced time in case of extremely physically demanding or health hazard work), the base salary on the date of contract signing, elements for determining the base salary and work performance, salary compensation, allowances to salary and other earnings of the employee, deadlines for payment of salaries and other earnings to which the employee is entitled, and duration of daily and weekly working hours. (LL- Article 33).

If employment contracts are agreed for a fixed -term one or more consecutive employment contracts may be concluded for a period that with or without interruptions must not exceeding 24 months. There are exceptions however to this rule e.g. replacement of a temporarily absent employee - until his/her return;

⁵https://www.paragraf.rs/propisi/zakon_o_radu.html (Serbian version)

<https://www.paragraf.rs/propisi/employment-act-republic-serbiahtml> (English version)

⁶ The term used in this context refers to professionals, skilled workers, or artists taking positions outside their home country, independently or being sent abroad by their employers, i.e. companies, universities, governments, or non-governmental organization.

employment of a foreign citizen – up to the expiry of the work permit; work with a newly established employer – up to 36 months, employment of an unemployed person who lacks up to five years to fulfill one of the preconditions for retirement. (LL- Article 37).

Temporary and seasonal work, service supply contract and supplementary work are forms of **work without established employment relationship**. The persons hired in this manner do not enjoy the rights of employees. However, a contract or agreement between the two parties may provide for some rights typically arising from the employment relationship. **Temporary and seasonal work** have a maximum limitation to 120 days per year. The contract is made in writing, with an unemployed person, a part time employee to the prescribed full time or a pensioner. (LL Article 197).

Wages and deductions

An employee is entitled to an appropriate salary determined in conformity with the law, bylaw and employment contract.

Employees are guaranteed an equal salary for the same work or the work of the equal value. The work of the equal value is the work which requires the same level of qualifications, i.e. education, knowledge and skill, and which implies the same responsibilities and results in an equal contribution to the employer's business success. (LL Article 104). *The timing of payment of wages and remunerations is stipulated in the employment contract.*

The law prohibits any deductions apart from those imposed by court or consented by the employee and specifies insurance contributions paid from the gross salary. The employer calculates and pays the contributions together with salaries/wages.

An employee is entitled to a minimum salary for standard performance and the time spent at work. The minimum salary is determined on the basis of the minimum wage rate, the time spent at work and the taxes and contributions paid from the salary. A bylaw or the employment contract stipulates the reasons for rendering a decision on paying the minimum salary. (LL Article 111)

The minimum wage rate is determined by a decision of the Social and Economic Council of the Republic of Serbia and is determined per a working hour without taxes and contributions, for the calendar year, not later than 15 September of the current year, and is applicable from 1 January next year. (LL Article 112)

Working hours

Full-time working hours amount to 40 hours a week. A bylaw may institute shorter full-time working hours than 40 hours a week, but not shorter than 36 hours a week. (LL - Article 51)

The Employer may reschedule working hours in order to support business activities, ensure the effective use of working time and the execution of specific work within the deadlines. Nevertheless, the total working hours of an employee in the period of six months during the course of a calendar year must not exceed in average the contracted working hours of the employee.

In any case of rescheduling of the working hours, the employee must not work longer than 60 hours a week. The rescheduling of working hours is not considered overtime work (*LL Article 57 and 58*).

Overtime

Overtime is limited to eight hours a week. Employees are not to work longer than 12 hours a day, including the overtime. (*LL Article 53*)

Rest period

Any employee is entitled to: (i) rest in the course of a working day with a minimum duration of 30 minutes. The rest period is calculated into working hours. (*LL Article 64*) (ii) **rest between** two working days of minimum of 12 consecutive hours within 24 hours. In the rescheduled working hours scheme, the rest cannot be shorter than 11 consecutive hours within 24 hours. (*LL Article 66*); (iii) **weekly rest** for a minimum of 24 consecutive hours plus 12 hours (within 24 hours). The weekly rest is normally on Sunday. However, an employer may determine another day for using the weekly rest, should the nature or organization of work so require. The weekly rest of an employee who, because of working in different shifts or in rescheduled working hours, is unable to use the rest as specified above, cannot last less than 24 consecutive hours. If it is indispensable that an employee works on the day of his weekly rest, the employer must allow him/her to take a rest of at least 24 consecutive hours in course of the subsequent week. (*LL Article 67*).

Annual leave

Employees are entitled to **annual leave**. The right to annual leave in a calendar year is granted after a month of continuous employment from the day the employment relationship with the employer has become effective. Continuous employment' also includes periods of temporary inability for work, pursuant to health-care regulations, and any absence from work with compensation of salary. Neither waiver by the employee nor denial of this right by the employer is allowed even against substitution with pecuniary compensation, except in case of termination of the employment relationship. (*LL Article 68*). For each calendar year a minimum of 20 work days is set, which can be increased based on performance results, working conditions, work experience, qualifications and other criteria defined in the employment contractor bylaws (*LL Article 69*). The employer decides about the time of use of annual leave, with prior consultation with the employee. (*LL Article 75*). In the termination events unused days of annual leave are pecuniary compensated, in the amount of the average salary in the previous 12 months, proportionate to the number of unused annual leave days. (*LL Article 76*).

Employees are entitled to **paid leave** in an aggregate duration of five workdays in course of a calendar year, in events such as conceiving marriage, spouse's childbirth, serious illness of a member of immediate family, and in other cases determined by a bylaw or employment contract. Additional five workdays are allowed due to death of an immediate family member and two consecutive days for every instance of voluntary blood donation, also counting the day of donating blood. Members of the immediate family include a spouse, children, brothers, sisters, parents, adoptive parent, adoptee and a legal guardian. The bylaw and the employment contract may provide for longer paid leaves and a wider circle of persons. (*LL Article 77*).

Maternity leave

Any employed woman is entitled to absence from work due to pregnancy and child birth (**maternity leave**), as well as to a leave for nursing a child, in the total duration of 365 days. The maternity leave commences, on the ground of the opinion of a competent health agency, 45 days at the earliest, but imperatively 28 days prior to the time set for childbirth. The maternity expires with the third month after the childbirth. After the expiry of maternity leave, child nurse leave commences, which expires after 365 days from the commencement day of the maternity leave. The father of a child may as well exercise the right to parental leave lasting three months in cases the mother abandons the child, dies, or is prevented due to other justified reasons to exercise that right (serving a prison term, serious illness and the like) and child nursing leave. During maternity leave and leave for nursing a child, compensation of salary is paid in conformity with the law. *(LL Article 94)*

Written Notice and payments on termination

Prior to termination of an employment contract in the case of violation of work duties or non-compliance with work discipline, the Employer must warn the employee in writing of the existence of a cause for cancelling the employment contract and to leave him a period of not less than eight days from the day of serving the warning to take a stand on the allegations stated in the warning. An employment contract is cancelled by a decree in writing and is served on the employee in person, in employer's premises, or employee's permanent or temporary residence. Employment relationship of the employee ceases as of the day of serving of the decree, unless another time limit is determined by the decree. *(LL Article 185)*. In cases of termination, other than in retrenchment cases, the employer pays to the employee all unpaid salary, compensation of salary and other earnings due on the day of termination of the employment relationship on or before 30 days, after termination of employment relationship. *(LL Article 186)*. In cases of retrenchment all payment due are to be paid prior to termination date.

The employer may terminate the employment contract of an underperforming employee or an employee who does not have the necessary knowledge and skills to perform his duties, or impose some of the measures foreseen for violation of work duties or non-compliance with work discipline, if he has previously given a written notice regarding the deficiencies in employee's work, provided guidance and stated appropriate deadline for the employee to enhance work performance, but the employee fails to improve his/her performance within the given deadline. *(LL Article 180a)*

The employee may terminate the employment contract with a prior written notice of 15 calendar days (notice period). A bylaw or employment contract may determine a longer notice period, but not longer than 30 days. *(LL Article 178)*

Labor disputes

The Law on Peaceful Settlement of Labor Disputes (2014 as amended in 2018) regulates the method and procedures of settlement of collective and individual labor disputes. A dispute can be initiated on a voluntary basis in relation to the collective agreement, strike, termination of employment contract, working hours, annual leave, disbursement of salary, compensation of costs, discrimination and abuse at work, etc. The labor and employment legislation does not foresee grievance mechanisms as mandatory practice, but provides for judicial protection of employees in case of unfair or unlawful employment relationship

practices instead. However, the legislation relating to prevention of discrimination, sexual harassment and abuse at work and combating corruption is much more specific, laying out clear procedures to be followed in any case of discriminatory actions, unjust treatment or concerns over non-compliance with the law.

Minimum age of employment

The minimum employment age is 15 years. Persons under the age of 18 can enter into an employment agreement with the consent of their legal representative or custodian, given it does not harm them in any way and does not hold minors from acquisition of education. Full working hours of an employee younger than 18 years of age may neither be determined in duration longer than 35 hours a week, nor longer than eight hours a day. (*LL Article 87*). Overtime work and rescheduling of working hours of an employee under the age of 18 is prohibited.

Forced labor

The Constitution prohibits forced labor. In addition, Serbia ratified the ILO Forced Labor Convention and the Abolition of Forced Labor Convention both of them currently in force. The Criminal Code of Serbia lists different categories of trafficking as criminal offences and sets punishment ranging from a minimum of 10 years of imprisonment depending on specifics and circumstances of the offence in particular if it involves underaged persons.

In summary, there are only a few areas where national legislation is either partially aligned with ESS2, or the implementation modality is not well defined. There are no clear requirements regarding consultation with employees on OHS matters and the legislation fails to institute OHS review and evaluation mechanisms and limits to keeping records instead.

The following issues are identified as a gap with ESS2: Labor and Working Conditions requirements

The labor legislation pertinent to categories of project workers is directly applicable. Employers are not required to prepare labor management procedures but key elements can be found in collective bargaining agreements (norm) and employer specific employment rulebooks (in absence of bargaining agreements). The labor and employment legislation does not foresee grievance mechanisms as mandatory practice, but provides for judicial protection of employees in case of unfair or unlawful employment relationship practices instead. The law allows that termination payments and other statutory benefits are paid to the workers within 30 days for termination, while the ESS2 requires these payments to be made before the termination of employment.

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

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

The Constitution of Serbia establishes a fundamental right to safe working conditions (2006). The Law on Safety and Health at Work (LSHW, 2005, 2015, 2017)⁷ is the key legislative act in this area defines general principles of basic requirements and preventive measures that are related to occupational health and safety (OHS) at the workplace, the existing and anticipated risks, prevention of accidents and occupational diseases, training, informing, and consulting of the employees, and their equal engagement in the occupational health and safety protection issues.

The LSHW is applicable to all domestic and foreign employers regardless of their size and to all domestic and foreign employees regardless of their employment status⁸. The law has been harmonized with the ratified ILO Conventions and the EU Directives and complies with WB ESS2 to a large extent. Wherever certain gaps between the Serbian legislation and ESS2 appear, the gap filling measures provided in this LMP will apply.

Responsibilities of the Employer

The Law stipulates the obligations and responsibilities of the employer in relation to ensuring safety and health at work (general obligations, special obligations and training for employees) and assessing and mitigating labor-related risks and hazards, provides for appointment of persons (licensed OHS officers or legal entities) responsible for ensuring labor compliance and creating a safe working environment, and determines preventive measures for ensuring occupational safety and health. It also regulates the rights and obligations of employees, the way of organizing the task of occupational safety and health, provision of the first aid at the workplace, the possibility of selecting representatives among the employees for occupational safety and health, obligations of the employer related to keeping records, information exchange and cooperation with relevant institutions, the issue of the professional exam and licensing, the competence of the Occupational Safety and Health Administration. The provisions of the LSHW are further elaborated in numerous by-laws⁹, for the purpose of regulating the specific implementation procedures.

Reporting on accidents, fatalities, injuries

The employer is responsible to record accidents, instances of professional diseases and dangerous accidents and provides the report to the employee and the social security service. During the first 24 hours from the accident, the employer should notify the relevant authorities law enforcement bodies (police) and Labor Inspectorate in case of fatal, mass or individual serious injury, due to which the employee is unable to work for three consecutive working days, as well as any dangerous event that may put health and safety of the employees at risk. The employer also has the responsibility to keep a log of accidents and occupational diseases at workplaces.

Provision of workers' insurance in instances of injuries, fatalities disability and disease

⁷ https://www.paragraf.rs/propisi/zakon_o_bezbednosti_i_zdravlju_na_radu.html

⁸ The term „employee“ is defined as any domestic or foreign natural person who is employed by an employer, works on any basis for an employer or trains for work for an employer.

⁹ There are 8 legal acts and 55 rulebooks related to the area of occupational health and safety.

Insurance. An employee is entitled to compensation of salary for the time of absence from work due to temporary inability to work lasting up to 30 days in the amount of 100% of the average salary in the 12 preceding months before the month in which temporary inability occurred, on condition that it may not be lower than the minimum salary, if the temporary inability was caused by an injury sustained at work or by occupational disease. (LL Article 115). Remedies take into account wage level while the court may consider other socio-economic features. An employer is obliged to pay to an employee compensation for damage sustained due to an injury at work or occupational disease as determined by the court or the insurance company.

Preventive and protective measures

The Rulebook on identification and assessment of workplace and working environment risks RIAWWER (article 8 and 9) distinguishes between identification and assessment of threats and hazards. It classifies threats into: mechanical, electrical and workplace related. Hazards are classified into: (a) occurring during work processes (e.g. chemical, physical, biological, indoor and outdoor climate, illumination, radiation, hazardous materials, etc.), (b) physical and psychological stress and strain attributable to work performed, (c) work schedule and organization of work processes (e.g. long working hours, shifts, night work etc.) and (d) other hazards such as third party workplace violence, work with animals, high or low atmosphere pressure work in or under water surface etc. the framework for modification, substitution, or elimination of hazardous conditions or substances based on workplace risk assessment and results thereof.

OHS risks which may be specific to female workers

A female employee in course of pregnancy and a female employee who is breastfeeding a child may not work at jobs that may be harmful to her health or her child's health. She may not work overtime or night shift. (LL Article 89 and 90)

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

An employee is obliged to notify the employer of every kind of potential danger that could affect the safety and health at work. (LL Article 80) and has the right to refuse to perform task of instruction in contradiction with the law, or which due to breach of occupational safety and health regulations may trigger risk for employees. Employees are entitled to leave the workplace in the event of danger.

Collaboration and consultations with project workers on OHS

OHS representatives and OHS boards and provides for employees and their representative to give suggestions and information, initiate measures and demand inspection, there is no clear requirements regarding consultation with employees on OHS matters. In the event that employees of several workplaces work together, each employer involved in this work process is to cooperate with other employers with regards to compliance with occupational health and safety regulations as well as hygiene norms. The employers should also ensure the coordination of their activities according to the specifics of the work,

with regards to the occupational health and safety risk prevention. Employers should also exchange and share relevant information regarding health and safety and professional risks. And finally, it should be ensured that employees and representatives of employees are duly informed of relevant issues.

Facilities for workers

The law is silent on accommodation requirements. The provision of accommodation for employees is seen to be outside the scope of OHS legislation. However, some elements can be found in collective agreements and the *Rulebook on Preventive Measures for Healthy and Safe Work at Workplace* (“Official Gazette of RS” no. 21/2009 and 1/2019) – *List of health and safety measures at the workplace*.

System for regular OHS review

Under a general requirement set out by Labor Safety Law, the employer has an obligation to ensure health and safety at workplace. As part of this obligation, employer needs to abide by the requirements set out by the law, make sure that employees’ health and safety is not exposed to risks of negative impact. The law requires the employer to regularly carry out control of safety condition of technical equipment as well as maintenance and cleaning of the individual protection gear, proper use and if needed timely replacement of it. In addition, the employer should be carrying out measurement and evaluation of such factors in the work environment. The law requires employers to document occupational hazards and report on accidents.

While the LHSW addresses the main ESS2 requirements related to occupational health and safety, the coverage of certain requirements is partial. The law is applicable to all economic sectors, although specific needs of specific workplaces, activities and industries are addressed separately. The law does not require employers to engage in consultation concerning OHS. Provision of appropriate facilities and accommodation is considered outside the scope of OHS and is only partially addressed in OHS related legislation.

7. RESPONSIBLE STAFF

The Project implementation Unit housed under the Ministry of Construction Transport and Infrastructure, already been established in Phase 1 of the Project, will be responsible for the following:

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

While the PIU is implementing the components, the PITs act as subordinate implementing agencies to provide technical support for specific Project subcomponents or activities of the MPA that pertain to their area of expertise. The Head of PIU is responsible for managing direct workers who will report directly to him/her. The PIU Head oversees the implementation of the LMP.

If a Supervision Consultant is engaged to supervise construction and rehabilitation works, the company will be assigned the responsibility to oversee contracted workers labor and safety performance on a daily basis, on the behalf of the Employer. Supervision Consultant will employ qualified experts for such oversight and to report on performance to the MCTI PIU on a monthly basis.

- Ensure implementation of these Labor Management Procedures with third parties.
- Ensure that civil works contractors have prepared occupational health and safety plans before mobilizing at the site.
- Monitor and verify that contractors meet labor and OHS obligations toward contracted workers (including workers engaged by their subcontractors), as required by Serbian law and respective contracts between MCTI and the contractors.
- Monitor contractors and subcontractors' implementation and compliance with the LMP.
- Monitor compliance with occupational health and safety standards at all workplaces in line with Serbian occupational health and safety legislation.
- Monitor and implement training on LMP and OHS for project workers.
- Ensure that the grievance redress mechanism for project workers is established and implemented and that workers are informed of its purpose and how to use it.
- Introduce a system for regular monitoring and reporting on labor and occupational safety and health performance.
- Monitor implementation of the Project Worker Code of Conduct and SEA/SH Code of Conduct.

The Supervision Consultant will oversee labor and safety performance on a daily basis, on behalf of the Employer (MCTI). For each Sub-Project the Supervision Consultant will be required to employ qualified experts for such oversight and to report on performance to the PIU on a monthly basis.

The Contractors will be responsible for the following:

- Employ or appoint qualified social, labor and occupational safety experts to prepare and implement project specific labor management procedures, occupational health and safety plans, and to manage subcontractor performance.
- Develop labor management procedures and occupational health and safety plan that will apply to contracted workers. These procedures and plans will be submitted to the Supervision Consultant for review and approval before the contractors mobilize for the design stage.
- Contractors will supervise the implementation of labor management procedures and occupational health and safety plans by their subcontractors.
- Maintain records of recruitment and employment process of contracted workers.
- Clearly communicate job description and employment conditions to contracted workers.
- Develop and implement grievance mechanism and address the grievance received from the contracted workers.
- Have a system for regular review and reporting on labor, and occupational safety and health performance
- Deliver regular induction (including social induction) and HSE training to employees.

- Ensure that all contractor and sub-contractor workers understand and sign the Code of Conduct and SEA/AH Code of Conduct prior to the commencement of works

After the bidding process is completed and the Contractors are awarded with contracts, these Labor Management Procedures can be updated to include additional details and information, as necessary.

8. POLICIES AND PROCEDURES

The Contractors will prepare labor management plans in line with this labor management procedure and national labor code. These will be reviewed by the OHS and Public communications, social and citizen engagement specialist of the PIU. The principles and procedures presented below represent minimum requirements, but are not an exhaustive list of requirements.

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

- As will ensure that the selection process for project workers is bias-free, and that the requirements set are not directly or indirectly discriminatory. The project workers will be recruited and assessed based on their competence and professional achievements. Gender, birth, language, race, color of the skin, age, pregnancy, health condition, and/or disablement, ethnic origin, religion, marital status, family obligations, sexual orientation, political or other belief, social background, financial status, membership in political organizations, trade unions, or any other personal characteristic unrelated to inherent job requirements cannot be ground for making any decision regarding employment and the employment relationship.
- However, third parties are encouraged to take a gender sensitive approach and make reasonable accommodation to make it possible for persons with disabilities to take part in the project.
- Applications for employment will be considered in accordance with the application procedures established by the contractors.
- Clear job descriptions will be provided in advance of recruitment and will explain the skills required for each post.
- All workers will have written contracts describing terms and conditions of work and will have the contents explained to them. Workers will sign the employment contract. Terms and conditions of employment will be available at work sites.

- Unskilled labor will be preferentially recruited from the affected communities, settlements and municipalities.
- The contracted workers will not pay any hiring fees. If any hiring fees are to be incurred, these will be paid by the Employer ('Contractor').
- Depending on origin of the employer and employee the contracts will be developed in corresponding language understandable for both parties.
- In addition to written documentation, an oral explanation of conditions and terms of employment will be provided to workers who may have difficulties with understanding the documentation.
- While communication language related problems are not expected, attention should be given to ensuring coordination between different contractors and means to address any language differences.
- Foreign workers will require residence permit, which will allow them to work in Serbia
- PIU will include in contracts that all contractor (and subcontractor) personnel must be of the age of 18 years or more and procedures to verify the aged

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

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

- Construction PPE;
- OHS training;
- Refuse to work policy.

In addition, occupational health and safety plans, will among other issues, include the following: the construction contractor will define an OHS accountability matrix for all staff including Project manager, contract manager, OHS staff, foremen, and all employees with clear roles and OHS responsibilities. Each Contractor must have its own OHS staff that will be responsible for the implementation and supervision of the OHS program. Contractors will provide a safe workplace; therefore, a risk assessment will be completed before the commence of any construction activities, and safety measures will be implemented in accordance with applicable safety standards. PPEs and other preventive measures will be provided at no cost for employees. All employees will strictly follow Golden rules¹⁰ for life threatening works (OHS rules that cannot be broken in any circumstances), which will be enforced under contractual matrix of consequences. There will be a construction OHS committee with representatives of employees, the MCTI and all subcontractors. Bi - weekly OHS meetings will be conducted to discuss preventive measures, deviations and non-compliances, accidents and corrective actions. Contractors will conduct internal OHS surveys and audits to verify compliance of OHS practices. Non-compliances will be documented and reported internally. A time frame for a corrective action will be set and followed up. Daily OHS briefings will be conducted before the commencement of the works highlighting the hazards and preventive measures from each job. Contractors will document and report to the MCTI all accidents and illness with a day lost or more, fatalities or serious injuries that may happen at the work site. There must be on site resources for first aid and for more serious injuries there must be a pre-approved health facility for medical treatment, as well as appropriate transportation of injured workers. Projects with major civil works should have medical doctor on site. Contractors will control the access to the construction site only to authorized people and verify if workers are meeting training and accreditation requirements in accordance with the set training standards and applicable regulatory requirements (I .e. in many countries truck drivers, crane and derrick operators must be accredited, as well as electricians. Workers must be trained to perform hazardous works such as working at heights, confined spaces, welding etc.). All workers must complete at minimum an OHS induction to have access to the construction site.

If accommodation is provided for workers, Contractors will ensure that the accommodation has good hygiene standards, with fresh drinking water, clean beds, restrooms and showers, clean bedrooms, good illumination, lockers, proper ventilation, safe electrical installation, fire and lightening protection, separate cooking and eating areas. There will be separate facilities provided for men and women.

¹⁰ Golden rules usually address issues such as work at heights, work in confined spaces, excavation work, personal protective equipment (PPE), system of work permits, lifting, working on powered systems, traffic, work in high-risk situations, etc. Employers should define their Golden rules in accordance with the nature of work.

The Supervision Consultant will conduct periodic supervision of contractor's OHS performance, including site visits, daily. These supervisions will cover compliance with above mentioned standards, accidents, violations of golden rules, recommendations, and progress of ongoing corrective actions. GSE will include in the contract(s) as requirement for contractors to report on issues such as number of accidents rates, severity rates, number of recurring non-compliances, violations of Golden rules, fatalities and serious injuries; and penalties for non-completion.

The supervision consultant will review and approve contractors' safety plans and procedures.

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

The construction contractor will develop and implement Code of Conduct. The construction contractor should also submit the Code of Conduct to supervision consultant for review and approval. The Code of Conduct will reflect the company's core values and overall working culture. Furthermore, the contractor will develop a Code of Conduct with special regards to prevention of SEA/AH, either as a stand-alone document or as a part of the general Code of Conduct. The Contractor must be sure that the SEA/AH Code of Conduct is read, understood and signed by all workers. The content of the Code of Conduct is included in the World Bank Standard Bidding Documents and will include provisions relating to SEA/SH prevention.

The contractors will be required to provide the periodic information on the performance in terms of labor, occupational health and safety issues. The information will be included in the construction contractor's monthly report and will be reviewed by the supervision consultant's team.

In addition, Contractors shall report to the PIU about any inspections and audits carried out by the respective ministries – Labor, Health and Social Affairs of Serbia. The findings of the labor inspections will be presented to the PIU and the Bank at request.

Contractors shall use the recommended *Format for Report on Compliance with Conditions of Work with ESS2*, provided in Annex 1 of the LMP, to prepare reports on labor & OHS issues.

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

9. AGE OF EMPLOYMENT

Serbia has adopted ILO conventions on child labor and incorporated them in the legal system. The minimum age of employment is 15. An employment relationship may be established with a person under 18 years of age with the consent, in writing, of a parent, adopting parent or guardian, provided that such work does not put at risk his/her health, morality and education, i.e. provided that such work is not prohibited by law. The contractors will be required to verify the identify the age of all workers. This will require workers to provide official documentation to verify age such as a national identification card, passport, driver's license, birth certificate, valid medical or school records. A person under 18 years of age must present a medical certificate attesting that he/she is capable of performing the activities related to the specific job, and that such activities do not harm his/her health.

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

As contractors are expected to employ or engage highly qualified, experienced and competent project workers, it is understood that no one under the age of 18 will be employed or engaged. If any contractor employs or engages a person under the age of 18 years, this will be reported to the authorities (Labor Inspectorate) and measures taken against the contractor in accordance with the Contract for construction works.

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

10. TERMS AND CONDITIONS

The terms and conditions of employment in Serbia are governed by the provisions of the LL, while occupational health and safety is guided by the Law on Health and Safety at Work (LHSW).

A project worker may be employed or engaged for work on the project only after negotiating, signing, and receiving a copy of an employment contract or engagement agreement that contains information required by the provisions of the LL.

The project worker can be employed on a permanent (open-ended contract) or temporary (fixed-term contract) basis, or can be engaged without establishing the employment relationship on the basis of an agreement.¹¹ In either case, the project worker will be registered in the Central Registry of Compulsory

¹¹ The Serbian Labor Law recognizes two categories of workers: Employees with established employment relations (fixed term and open-ended employment contract) and persons engaged outside employment relations (seasonal works, service contracts, additional work engagement).

Social Insurance, in accordance with the national legislation of the Republic of Serbia. If the project worker is employed / engaged in his/her domicile country other than Serbia, he/she will be registered in accordance with the national legislation of that country. In case of self-employed project workers, the evidence of registration in the Central Registry of Compulsory Social Insurance or a corresponding foreign body has to be presented.

The terms and conditions of employment or engagement of the project worker must meet the inter alia the following standards:

- The project worker should in advance be clear about the job he/she is going to do and the wage/salary/fee he/she is going to receive.
- The project worker will be paid on a regular basis, at least once a month, or, if so agreed, upon the completion of specific activities, in accordance with the employment contract or engagement agreement.
- The project worker will work eight or fewer hours a day, with payment of overtime.
- Any work longer than eight hours is considered overtime work and the project worker should receive extra payment for the hours of overtime work. In any case, the project worker cannot work more than 12 hours a day.
- The project worker is entitled to a daily rest of at least 11 hours within 24 hours.
- The project worker is entitled to a weekly rest of at least 24 consecutive hours.
- Average weekly hours of work in a six-month period cannot exceed 40 hours.
- The project worker is entitled to annual, sick, maternity and family leave, as required by the national legislation. Where the national legislation does not stipulate entitlement to leaves on any ground (i.e. temporary or seasonal work), the contracted party will provide the project worker, at his/her request, with a reasonable period of leave taking into consideration all the circumstances.
- An employment contract or engagement agreement, except in case of permanent employment, ends on the date of its expiry, unless both parties have agreed otherwise. In case of an early termination, a written notice will be submitted at least 15 days in advance. The termination of employment contract and payment of any related entitlements will be done in compliance with the national legislation.
- risk related to specific jobs will be assessed. In conformity with the national legislation (LHSW), any third party engaging or employing contracted workers will be responsible for taking preventive and protective measures to ensure a safe and healthy work environment and informing the project worker on all the relevant issues and conditions affecting his/her health and safety at work. The project worker will respect regulations relating to safety and protection of life and health at work in order not to put in danger his life and health or life and health of others.
- Workers have a right to remove themselves from danger when they have good reason to believe that there is an imminent and serious danger to their safety or health, and the duty to inform their supervisors immediately.
- efforts will be made to establish mechanisms that will prevent discrimination, harassment, sexual harassment and abuse at work and ensure equal treatment, equal payment for equal work and equal opportunity for all. The service providers working in Serbia should follow the procedure laid

out by the national legislation regulating the area of discrimination, harassment and equal opportunity.

- Project workers have the right to form or join union or other organizations of their choosing and to bargain collectively, in accordance with the national legislation. The employer (third party) will not interfere with the worker's right to choose the organization or opt for an alternative mechanism to protect their rights regarding working conditions and terms of employment.
- The project worker will be able to raise his/her grievances using the grievance mechanism defined in section 10.

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

11. GRIEVANCE MECHANISM

The LL does not foresee grievance mechanisms as mandatory practice, but provides for judicial protection of employees in case of unfair or unlawful employment relationship practices instead. Any employee may refer to trade union or other representative labor organization for help in handling any disciplinary or grievance action. The Employer should not prevent any project worker from seeking assistance or advice in such situations. The Law on Peaceful Settlement of Labor Disputes allows for settlement of both individual and collective grievances and claims arising from the employment relationship and work situations without referring to judiciary through mediation of mediators and arbiters and agreement of the parties involved. On the contrary, the Serbian legislation relating to prevention of discrimination, sexual harassment and abuse at work and combating corruption is much more specific and is aligned with the above stated requests laying out clear procedures to be followed in any case of discriminatory actions, unjust treatment or concerns over non-compliance with the law.

The above stated mechanisms provided by the Serbian legislation are considered as minimum standard to be achieved in addressing labor dissatisfaction and perceived maltreatment. Any third party (Contractor) employing and engaging contracted workers are expected to design and implement grievance mechanisms that will be aligned or surpass this standard ensuring an easy access to protective measures and effective remedial actions in work situations that may give rise to grievances and disputes. Contractors will prepare detailed description of grievance mechanism (GM) before the start of their assignment. The GM must be well circulated and written in a language understood by all.

The PIU will develop and implement a grievance mechanism for direct workers to address workplace concerns.

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

The workers grievance mechanism will include:

- a procedure to receive grievances such as comment/complaint form, suggestion boxes, email, a telephone hotline;
- stipulated timeframes to respond to grievances and to address cases;
- a register to record and track the timely resolution of grievances;
- a responsible department to receive, record, address and track resolution of grievances.

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

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

- The process will be transparent and allow workers to express their concerns and file grievances.
- There will be no discrimination against those who express grievances and any grievances will be treated confidentially.
- Anonymous grievances will be treated equally as other grievances, whose origin is known.
- Management will treat grievances seriously and take timely and appropriate action in response.

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

The Project workers' grievance mechanism will not prevent workers to use conciliation procedure provided in the Labor Code or any other judicial mechanisms.

The project worker is entitled to give suggestions, remarks and information regarding health and safety at work. He/she may refuse to work if his/her life or safety is endangered or if appropriate measures for provision of health and safety at work are not in place. The project worker may express his/her concern or raise grievances to the appointed OHS officer or through the workers' representative in the Health and Safety Council if such exists in the company.

The project workers should be informed on available grievance mechanisms upon their employment or engagement. The information should be made available together with the notification on prohibition of harassment and protection of whistle blowers¹².

Staff induction training for all project workers will be conducted to include detailed information on the grievance mechanism. The training should make it clear that the process will be transparent and will allow workers to express their concerns and file grievances, that there will be no discrimination against those

¹² Such notification is the employer's obligation stipulated by Law on the Prevention of Harassment at the Workplace (2010), Rulebook on Conduct of Employers and Employees in Relation to Prevention and Protection from Harassment at Work (2010) and Law on Protection of Whistle Blowers (2014)

who express grievances, that any grievances, anonymous or not, will be treated confidentially and equally, that the management will treat grievances seriously and take timely and appropriate action in response and that grievance mechanism does not prevent workers to use conciliation or judicial procedures, as provided by law.

Information about the existence of the grievance mechanism, including ways to file a grievance, will be readily available to all project workers (direct and contracted) through notice boards or the intranet. "Suggestion/complaint boxes" and other means to encourage communication with project workers may be provided as appropriate.

Contracted parties should demonstrate their willingness to implement these mechanisms, even if such requirement is not prescribed by any law of the domicile country. The Supervision Consultant will monitor the contractors' recording and resolution of grievances, and report these to the PIU in their monthly progress reports.

12. CONTRACTOR MANAGEMENT

The PIU will use the Bank's 2017 Standard Procurement Documents for solicitations and contracts, and these include labor and occupational, health and safety requirements.

As part of the process to select contractors who will engage contracted workers, PIU through its OHS and Public communications, social and citizen engagement specialist together with the Supervision Consultant should carry out due diligence procedures to identify if there are significant risks related to prospective contractors' compliance with labor and OHS requirements. This may include the review of the following information/documents:

- Information in public records, for example, corporate registers and public documents relating to violations of applicable labor law, including reports from labor inspectorates and other law enforcement bodies;
- Business licenses, registrations, permits, and approvals;
- Documents relating to a labor management system, including OHS issues, for example, labor management procedures;
- Identification of labor management, safety, and health personnel, their qualifications and certifications;
- Workers' certifications/permits/training to perform required work;
- Records of safety and health violations, and responses;
- Accident and fatality records and notifications to authorities;
- Code of Conduct and SEA/SH Code of Conduct

Prior to contracting, the bidders will be required to submit a statement confirming their awareness of WB ESS, their firm compliance with the national labor and employment and occupational health and safety laws and labor management procedures in accordance with WB ESS2, and their willingness to refrain from any practice that can be interpreted or perceived as discriminatory or unfair to their employees. The form of

the statement is presented in ANNEX 02 THIRD PARTIES STATEMENT (POTENTIAL CONTRACTORS AND SERVICE PROVIDERS) ON COMPLIANCE WITH PROVISIONS OF LABOR LEGISLATION AND THE PROJECT'S LMP .

In addition, the contracts with selected contractors will include provisions related to labor and occupational health and safety, as required by the WB and Serbian law.

After the contract award, the contractors are required to provide their own procedures to manage labor risks in line with this LMP in the Contractor's ESMP.

Contractors are expected to ensure that their subcontractors, suppliers and business partners involved in implementation of the Project are compliant with law and have no records on violating labor or OHS regulations. Contractors should carry out due diligence procedure before entering into any kind of contractual or business relations with subcontractors, suppliers and business partners in order to make sure that they are reliable and law-abiding entities. It is strongly recommended that provisions related to labor and OHS that guarantee adherence to the standards be laid down by the Contractor's ESMP and embedded in their contracts and agreements. Contractors will be made aware of these requirements in the bidding stage.

The Supervision Consultant will manage and monitor the performance of Contractors in relation to employment relationship and OHS matters regarding contracted workers, focusing on contractors' compliance with their contractual agreements (obligations, representations, and warranties). This may include periodic audits, inspections, and/or spot checks of project locations or work sites and/or of labor management records and reports compiled by contractors. Contractors' labor management records and reports may include: (a) a representative sample of employment contracts or arrangements between third parties and contracted workers; (b) records relating to grievances received and their resolution; (c) reports relating to safety inspections, including fatalities and incidents and implementation of corrective actions; (d) records relating to incidents of non-compliance with national law; and (e) records of training provided for contracted workers to explain labor and working conditions and OHS for the project

13. PRIMARY SUPPLIERS

Given that the Project will be in need for continuous procurement of materials and goods essential for Project implementation (such as rail tracks), Primary suppliers are recognized as relevant and will be engaged in this Project. All primary suppliers must be formal businesses who procure and produce materials subject to high standards. As part of the procurement of such essential materials from primary suppliers, the contractor will assess if significant risk of child labor or forced labor, and of safety risks, exist, and if so, take appropriate steps to remedy them. Since the Serbia national framework is fully aligned with ESS2 and ILO standards the risk of child labor and forced labor in relation to primary suppliers is minimal. Hence, major risks that can occur are in respect with OHS issues in regard with the application of existing legislation. This can be mitigated through standard bidding documents which have provisions concerning the respective issue.

14. BUDGET

The tentative budget for the implementation of this LMP, including the hiring of Supervision consultant and third party will earn approximately 10% of the total value of civil works.

ANNEX 01 LABOR AND WORKING CONDITIONS COMPLIANCE REPORT (to be used by third parties engaging contracted workers)

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

LABOR AND WORKING CONDITIONS COMPLIANCE REPORT

I/ **COMPANY EMPLOYEES* STATISTICS:**

1. Total number of employee's gender disaggregated1: M_____F_____
2. Number of employees with an employment contract
3. Number of persons engaged without established employment relationship
4. Number of employees with access to social security, pension and health insurance
5. Number of employees/engaged persons who receives wages/salaries regularly at least once a month
6. Number of employees who left the company in the reported period
7. Number of employees hired in the reported period
8. Number of hours worked per employee (monthly average)
9. Total overtime (monthly average per employee)

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

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

II/ PROJECT WORKERS STATISTICS:

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

Working and Labor Conditions Screening Check List

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

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

ANNEX 02 THIRD PARTIES STATEMENT (POTENTIAL CONTRACTORS AND SERVICE PROVIDERS) ON COMPLIANCE WITH PROVISIONS OF LABOR LEGISLATION AND THE PROJECT'S LMP

Date and place of issuance: _____

Name and address of the issuer (Bidder): _____

STATEMENT OF LEGAL AND REGULATORY COMPLIANCE

Hereby we declare that

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

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

We hereby acknowledge our understanding that our company may be subjected to announced and unannounced visits, site checks and labor and working condition audits by authorized Employer's representatives or independent third parties with the aim to verify compliance with the above statement. We understand that the failure to respect any of the above stated commitments could lead to termination of the contract and exclusion from the project.

Signature:

Name:

Position:

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

