

This Guidance Note 2 corresponds to Performance Standard 2. Please also refer to the Performance Standards 1 and 3-8 as well as the corresponding Guidance Notes for additional information. Bibliographical information on all reference materials appearing in the text of this Guidance Note can be found in the References Section at the end.

### **Introduction**

**1. Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be balanced with protection for basic rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient to the sustainability of the enterprise. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention, and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations.**

**2. The requirements set out in this Performance Standard have been in part guided by a number of international conventions negotiated through the International Labour Organization (ILO) and the United Nations (UN).<sup>1</sup>**

<sup>1</sup> These conventions are:

[ILO Convention 87 on Freedom of Association and Protection of the Right to Organize](#)

[ILO Convention 98 on the Right to Organize and Collective Bargaining](#)

[ILO Convention 29 on Forced Labor](#)

[ILO Convention 105 on the Abolition of Forced Labor](#)

[ILO Convention 138 on Minimum Age \(of Employment\)](#)

[ILO Convention 182 on the Worst Forms of Child Labor](#)

[ILO Convention 100 on Equal Remuneration](#)

[ILO Convention 111 on Discrimination \(Employment and Occupation\)](#)

[United Nations Convention on the Rights of the Child, Article 32.1](#)

### **Objectives**

- **To establish, maintain and improve the worker-management relationship**
- **To promote the fair treatment, non-discrimination and equal opportunity of workers, and compliance with national labor and employment laws**
- **To protect the workforce by addressing child labor and forced labor**
- **To promote safe and healthy working conditions, and to protect and promote the health of workers**

G1. The nature of the relationship between management and workers affects costs, quality, efficiency, productivity, and customer service, in addition to shaping a client's reputation. Performance Standard 2 recognizes that a good relationship between management and workers is an important ingredient in determining the overall success of the client and the project.

G2. Performance Standard 2 is in part guided by a number of ILO and UN Conventions. By applying Performance Standard 2, the client will be able to operate its business in a manner consistent with the four core labor standards (child labor, forced labor, non-discrimination, and

freedom of association and collective bargaining). In addition, Performance Standard 2 also addresses other areas such as working conditions and terms of employment, retrenchment, and occupational health and safety issues. Some of these requirements refer the client to the applicable national law. Where national law establishes standards that are less stringent than those in Performance Standard 2, or are silent, clients are expected to meet the requirements of Performance Standard 2.

G3. In addition to the ILO Conventions referred to in Performance Standard 2 and throughout this Guidance Note, ILO has established numerous conventions on labor and working conditions. These are available through the [ILO website](#). ILO has a considerable presence in many of its member countries and some of the local offices have programs with expertise to guide the private sector in good labor practices.

G4. It is the client's responsibility to assess its labor practices in accordance with Performance Standard 2. A traditional process of environmental and social assessment would not usually include a review of labor issues other than occupational health and safety considerations. As a result, the client should provide IFC with an assessment that integrates labor issues consistent with the requirements of Performance Standard 2 or provide IFC with other evidence of meeting these requirements. IFC will assist its clients in the application of Performance Standards 2 during the various stages of a project. As part of IFC due diligence, IFC reviews the overall performance of the client, including its labor and employment practices, in order to ascertain whether there are any risks to the project and to IFC from such practices. IFC's initial review will be based on the client's information, such as records of prior labor audits or self-assessment or information provided in response to a set of questions on labor practices. In some cases, IFC may gather information about the client's labor practices when making a site visit. In countries, sectors or firms where there have been issues with one or more of the requirements of Performance Standard 2, IFC may require a labor assessment as part of its due diligence.<sup>1</sup> Annex A provides a list of labor issues that may be included in a labor assessment.

G5. In the preparation of the labor assessment, clients should engage with workers and with representatives of workers' organizations where they exist. Actions identified through the labor assessment that the client should take to achieve compliance with national law or to meet the requirements under Performance Standard 2 will become part of the Action Plan, which is outlined in Performance Standard 1 and its accompanying Guidance Note. This process will allow the client to design or update its employment policies in ways that enhance the long-term viability and success of the business while safeguarding the rights of workers. If requested, IFC will assist clients in identifying opportunities and meeting challenges identified in the assessment.

### *Scope of Application*

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<sup>1</sup> There are numerous reliable sources of public information that identify problems and risks at the country as well as the company and industry sector levels. See the "Reference Materials" section of this document for links to International Labor Organization and World Bank websites that provide extensive and detailed information.

**3. The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.**

**4. Throughout this Performance Standard, the term "workers" is used to refer to employees of the client, as well as to certain types of non-employee workers described in paragraph 17. The application of this Performance Standard will vary depending on the type of workers, as follows:**

- **Employees: All the requirements of this Performance Standard, except for the requirements under paragraphs 17 and 18, apply**
- **Non-Employee Workers: The requirements of paragraph 17 apply**

**5. Supply chain<sup>2</sup> issues are addressed in paragraph 18.**

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<sup>2</sup> Supply chain refers to both labor and material inputs for the life-cycle of a good or service.

G6. Clients have differing degrees of influence and control over the working conditions and treatment of different types of workers associated with the project, and the requirements of Performance Standard 2 reflect this reality.

G7. Workers: This term includes the employees of the client and certain types of non-employee workers as defined in paragraph 17 of Performance Standard 2. See also paragraph d) below.

G8. Employees: The client has complete control over the working conditions and treatment of its employees, and therefore all requirements of Performance Standard 2 apply to this group of workers, with the exception of the requirements under paragraphs 17 and 18 of Performance Standard 2.

G9. Non-employee workers: Non-employee workers covered by Performance Standard 2 are those performing work directly related to core functions essential to the client's products or services for a substantial duration. These workers are directly contracted by the client or through contractors or other intermediaries. Even though they are outsourced by the client, these workers tend to perform important functions of the client's business for a substantial period as if they are substitute employees of the client. For these non-employee workers, specific paragraphs, as stated in paragraph 17 of Performance Standard 2, apply.

## ***Requirements***

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

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#### ***Human Resources Policy***

**6. The client will adopt a human resources policy appropriate to its size and workforce that sets out its approach to managing employees consistent with the requirements of this Performance Standard. Under the policy, the client will provide employees with information regarding their rights under national labor and employment law, including their rights**

*related to wages and benefits. This policy will be clear and understandable to employees and will be explained or made accessible to each employee upon taking employment.*

G10. The human resources policy is a statement of the client's practices regarding management of its employees. The scope and complexity of the policy can be tailored to the size and nature of the client's workforce. At a minimum, the policy will be consistent with the requirements of Performance Standard 2 and contain information on the employees' rights under national labor and employment law. Annex B provides a list of topics typically included in a policy. The policy should be written in a manner that is easy to understand, and made readily available to the employees or explained in a language understandable to them. The employee should be informed if he or she is covered by a collective bargaining agreement.

#### **Working Relationship**

***7. The client will document and communicate to all employees and workers directly contracted by the client their working conditions and terms of employment, including their entitlement to wages and any benefits.***

G11. Clients should keep a written record of the working relationship at the time of hire of each employee and directly contracted non-employee worker, and communicate the working conditions and terms of employment to them. The record should cover wages and any benefits, terms and duration of the employment relationship, and working conditions. The working conditions and terms of employment should be communicated to the workers orally or in writing. Oral communication may be appropriate for simple tasks or where workers are illiterate. In other cases, clients should provide documentation of the working conditions and terms of employment.

G12. In general, documentation should be clear, easily understandable, and accurate, and in the language of the employee or directly contracted worker. The extent of documentation can be appropriate to the length and nature of the relationship. For example, a simple public notice of the job to be done, the number of hours, pay and other key terms and working conditions may be adequate for seasonal workers (with copies available on request), while for longer term employment, material terms of the employment relationship should be documented. In some countries individual contracts are a legal requirement. The documentation provided to employees need not include all matters maintained by the client in its internal records, although access to such records should be provided to employees and directly contracted workers in accordance with applicable law.

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

***8. Where the client is a party to a collective bargaining agreement with a workers' organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of employment (such as wages and benefits, hours of work, overtime arrangements and overtime compensation, and leave for illness, maternity, vacation or holiday) the client will provide reasonable working conditions and terms of employment that, at a minimum, comply with national law.***

G13. Working conditions, as used in Performance Standard 2, refers to conditions in the workplace and treatment of workers. Conditions in the workplace include the physical environment, health and safety precautions and access to sanitary facilities. Treatment of

workers includes disciplinary practices, reasons and process for termination of workers and respect for the worker's personal dignity (such as avoiding physical punishment or abusive language).

G14. Terms of employment include wages and benefits, hours of work, overtime arrangements and overtime compensation, and leave for illness, vacation, maternity or holiday.

G15. Performance Standard 2 identifies two distinct circumstances that define the clients' obligations with regard to working conditions and terms of employment. One circumstance is where the client is party to a collective bargaining agreement with a workers' organization that was chosen by the workers without employer interference. The other is where such agreements do not exist, do not cover all workers employed or contracted by the client, or do not address working conditions.

G16. Where collective bargaining agreements are in force, IFC will defer to the choices made by the client and the workers' organization, provided they meet national legal requirements and those of Performance Standard 2, whichever is higher.

G17. Where collective bargaining agreements do not exist, or do not address working conditions and terms of employment, clients should provide reasonable working conditions and terms of employment that, at a minimum, comply with national law. Most countries have extensive legal frameworks covering many working conditions and terms of employment, such as minimum wage, maximum hours, payments for overtime work, minimum leave times for vacation, holiday, illness, injury and maternity and health and safety protections.

**Workers' Organizations**

***9. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the client will comply with national law. Where national law substantially restricts workers' organizations, the client will enable alternative means for workers to express their grievances and protect their rights regarding working conditions and terms of employment.***

***10. In either case described in paragraph 9, and where national law is silent, the client will not discourage workers from forming or joining workers' organizations of their choosing or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and bargain collectively. Clients will engage with such worker representatives. Worker organizations are expected to fairly represent the workers in the workforce.***

G18. A workers' organization is any organization of workers for the purpose of furthering and defending the interests of workers with regard to working conditions and terms of employment.<sup>2</sup> Workers' organizations are typically called trade unions or labor unions. Professional and administrative workers' organizations are often called employee associations. Under Performance Standard 2, the term excludes organizations that have not been freely chosen by the workers involved.

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<sup>2</sup> Based on ILO Convention 87 on Freedom of Association and Protection of the Right to Organize

G19. Collective bargaining consists of discussions and negotiations between employers and representatives of workers' organizations for the purpose of determining working conditions and terms of employment by joint agreement.<sup>3</sup> It also includes the implementation and administration of any agreements that may result from collective bargaining and the resolution of other issues that arise in the employment relationship with respect to workers represented by the workers' organization.

G20. In the large majority of IFC member countries, workers have the legal right to form unions or other workers' organizations of their own choosing and to bargain collectively with their employers. National laws typically reflect a number of international agreements that recognize and protect these rights.<sup>4</sup>

G21. Clients should not interfere with workers' rights to form or join a workers' organization, for example, by favoring one workers' organization over another or unreasonably restricting access to workers by representatives of such organizations. Workers' organizations should be representative of the work force and act pursuant to the principles of fair representation of workers. Examples of high risk practices regarding workers organizations by clients or by unions are provided in Annex C.

G22. Clients should not discourage workers from forming or joining a workers' organization or discriminate or retaliate against workers who attempt to form or join workers' organizations. Refusing to hire workers who have been members or leaders of workers' organizations at other firms (for reasons unrelated to qualifications or job performance) would constitute discrimination. Other forms of discrimination or retaliation would include demoting or re-assigning workers, as well as outsourcing or shifting work among facilities in response to union activities.

G23. Clients should also provide reasonable access for representatives of workers' organizations to the workers they represent. Workers should be free to meet and discuss workplace issues on the premise during scheduled breaks and before and after work. Further, workers should be allowed to choose representatives to speak with management, inspect working conditions in an appropriate manner and in a way that does not disrupt productivity and carry out other organizing activities. This can build trust and good will with the workforce and demonstrate the client's commitment to enable and facilitate workers to organize and bargain collectively.

G24. In a limited number of countries, workers' freedom of association and/or collective bargaining is substantially restricted by law. This occurs in two ways. In several countries unions are prohibited, while in others workers' organizations may exist but must be approved by official labor bodies. In any of these circumstances, the client should engage with workers to address issues relating to their working conditions and terms of employment. Methods to enable alternative means include but are not limited to recognizing worker committees and allowing workers to choose their own representatives for dialogue with the employer in a

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<sup>3</sup> Based on ILO Convention 98 on the Right to Organize and Collective Bargaining

<sup>4</sup> International agreements include the UN International Covenant on Economic, Social and Cultural Rights; UN International Covenant on Civil and Political Rights; ILO Convention 87 on Freedom of Association and Protection of the Right to Organize; and Convention 98 on the Right to Organize and Collective Bargaining.

manner that does not contravene national law. If requested by a client, IFC will work with the client to address these issues in such restrictive legal environments.

G25. In a smaller number of countries, the law is silent on workers' freedom of association and/or collective bargaining rights but does not prohibit workers' organizations or collective bargaining. In these countries, clients should engage with workers to address issues relating to their working conditions and terms of employment. In the absence of legal constraints, clients in these countries are encouraged to recognize workers' organizations if the workers have chosen to form or join such organizations and engage in collective bargaining.

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

***11. The client will not make employment decisions on the basis of personal characteristics unrelated to inherent job requirements. The client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to aspects of the employment relationship, including recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, promotion, termination of employment or retirement, and discipline. In countries where national law provides for non-discrimination in employment, the client will comply with national law. When national laws are silent on non-discrimination in employment, the client will meet this Performance Standard. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed discrimination.***

G26. Discrimination in employment is defined as any distinction, exclusion or preference with respect to recruitment, hiring, working conditions or terms of employment made on the basis of personal characteristics unrelated to inherent job requirements that nullifies or impairs equality of opportunity or treatment in employment or occupation.<sup>5</sup> Inherent job requirements refer to bona fide occupational qualifications that are necessary to perform the job in question. For example, requiring that a worker possess strength sufficient for lifting that is a frequent and essential part of a job would be considered a bona fide occupational qualification.

G27. Equal opportunity is the principle of basing all employment decisions, such as hiring and promotion, on the ability of a person to perform the job in question, without regard to personal characteristics that are unrelated to the inherent job requirements. For further guidance on non-discrimination and equal opportunity see Annex D, and IFC's Good Practice Note on Non-Discrimination and Equal Opportunity. A client can apply the principles of equal opportunity and non-discrimination using methods that are effective and acceptable within the country's legal framework and cultural context as long as the methods used do not compromise the principles.

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<sup>5</sup> Based on ILO Conventions 100 and 111. ILO Convention 111 and a number of other international instruments have enumerated types of personal characteristics that are unrelated to the requirements of the job. ILO Convention 111 defines as discrimination any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation. The UN Universal Declaration of Human Rights covers all of the personal characteristics listed in the ILO Convention and also includes language, political or other opinion, property, birth or other status; the UN Convention on the Elimination of All Forms of Racial Discrimination also prohibits discrimination based on descent or ethnic origin; the UN Convention on the Rights of the Child also prohibits discrimination based on disability.

G28. Laws in most IFC member countries forbid discrimination based on a range of factors. These laws typically reflect a number of international agreements that recognize and protect the rights established in those agreements.<sup>6</sup> When the law is silent, clients are expected to base recruitment, hiring, working conditions and terms of employment on equal opportunity and non-discrimination in accordance with these principles. In circumstances where national law contravenes these principles, if requested by a client, IFC will work with the client to address the issue in such restrictive legal environments.

G29. Special measures of protection or assistance to remedy past discrimination refer to policies designed to increase employment of underrepresented groups in the workforce or in particular occupations in order to remedy past discrimination, such as affirmative action, with a view to achieving effective equality of opportunity and treatment in the workplace. These will not be deemed discrimination and may be used where permitted by law.

#### **Retrenchment**

***12. The client will develop a plan to mitigate the adverse impacts of retrenchment on employees, if it anticipates the elimination of a significant number of jobs or a layoff of a significant number of employees. The plan will be based on the principle of non-discrimination and will reflect the client's consultation with employees, their organizations and, where appropriate, the government.***

G30. Retrenchment means the elimination of a significant number of employee positions or the dismissal or layoff of a significant number of employees by an employer, generally by reason of plant closing or for cost savings. Retrenchment does not cover isolated cases of termination of employment for cause or voluntary departure.

G31. In many countries, national law requires advance notice to affected workers, communities and/or governments of plant closings or layoffs above specified numerical thresholds. Some national laws require that retrenchments must be negotiated with workers' organizations through collective bargaining. Severance payments to affected workers may be required by national law or existing collective bargaining agreements.<sup>7</sup>

G32. When significant layoffs cannot be avoided, a plan should be developed to address the adverse impacts on workers and their community. The retrenchment plan should address issues such as the schedule of cutbacks, retrenchment methods and procedures, selection criteria, severance payments, offers of alternative employment or assistance in retraining efforts and job placement.

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<sup>6</sup> Many laws are based on international conventions that have been widely ratified, including ILO Convention 100 on Equal Remuneration; Convention 111 on Employment and Occupation Discrimination; UN Convention on the Elimination of All Forms of Racial Discrimination (CERD); UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

<sup>7</sup> Useful guidance on retrenchment is included in the Guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development (OECD) available at: [http://www.oecd.org/topic/0,2686,en\\_2649\\_34889\\_1\\_1\\_1\\_1\\_37439,00.html](http://www.oecd.org/topic/0,2686,en_2649_34889_1_1_1_1_37439,00.html) and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the ILO, available at: <http://www.ilo.org/public/english/employment/multi/index.htm>.

G33. Selection criteria for those to be laid off should be objective, fair and transparent. The retrenchment should not be based on personal characteristics unrelated to inherent job requirements.

G34. Clients should also consult with employees and their organizations in developing the retrenchment plan. Consultations are essential for the development of plans that reflect workers' concerns as well as their ideas about ways to avoid or minimize layoffs, criteria for selection and compensation payments. Where national law or an existing collective bargaining agreement stipulates that retrenchment is a subject for collective bargaining, the client should allow time for good faith bargaining as well as to implement the terms of applicable collective bargaining agreements. Any legal requirements specifying a period of advance notice must be followed. It is good practice to establish a grievance mechanism to deal with claims that any provisions in the retrenchment plan were not followed.

G35. Consultation with governments may be required by law, and, in addition, clients are encouraged to consult governments where the scale of layoffs can have a significant effect on communities, and where government assistance may be available to help address the impacts.

G36. For further guidance on good practices in retrenchment, see IFC's Good Practice Note on Retrenchment.

**Grievance Mechanism**

***13. The client will provide a grievance mechanism for workers (and their organizations, where they exist) to raise reasonable workplace concerns. The client will inform the workers of the grievance mechanism at the time of hire, and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides feedback to those concerned, without any retribution. The mechanism should not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.***

G37. In providing a grievance mechanism through which workers may raise workplace concerns, the client should ensure that matters are brought to management's attention and addressed expeditiously. It should also provide feedback to those involved and should bar retribution for filing complaints. Grievance mechanisms may be designed to direct complaints through an appropriate process in order to protect the confidentiality of the worker, and should ensure that workers can raise concerns other than to immediate supervisors. Where countries have judicial or administrative processes to address labor complaints (most countries have such processes), the client's mechanism should not delay or hinder access to other judicial or administrative remedies that are available under law.

G38. Where a grievance mechanism is provided through a collective bargaining agreement, and meets the requirements of Performance Standard 2, the client should utilize it for those workers covered by the agreement. If there are other workers who are not covered by an agreement, the client should establish a separate mechanism for them.

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#### *Protecting the Work Force*

##### *Child Labor*

**14. The client will not employ children in a manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. Where national laws have provisions for the employment of minors, the client will follow those laws applicable to the client. Children below the age of 18 years will not be employed in dangerous work.**

G39. For purposes of Performance Standard 2, child labor consists of work by children that is economically exploitative or likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.<sup>8</sup> Obligations on child labor are extended to the client's supply chain as has been outlined in paragraph 18 of Performance Standard 2.

G40. Almost all IFC member countries impose legal restrictions on the use of child labor, although terms vary.<sup>9</sup>

G41. If IFC is approached by a potential client employing, using or knowingly benefiting from child labor, or if child labor is discovered in the course of IFC due diligence, IFC will not proceed to process the project, unless the client is able to demonstrate that it will eliminate child labor prior to IFC's financing, consistent with the paragraph below.

G42. The presence of child labor may not be immediately evident at the time of due diligence or financing. Handling the discovery of children working in a business presents significant challenges for a client to manage. Removing children from their jobs will likely worsen their financial condition. IFC does not intend for its clients to cause further harm to children in need. Rather, clients should immediately remove children from tasks that are dangerous, harmful or inappropriate given their age. Children who are under the national school-leaving age may only be allowed to work outside of school hours. Those children who are over the school-leaving age but are performing hazardous tasks must be moved to non-harmful tasks. Clients should review workplace conditions (i.e., occupational health and safety conditions including exposure to machinery, toxic substances, dust, noise and ventilation, work hours and nature of the tasks) to be certain that legally employed children are not exposed to conditions likely to be harmful to them. To do this effectively, clients need to examine the specific types of tasks that are hazardous to children, and whether employment interferes with access to education.

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<sup>8</sup> Based on the United Nations Convention on the Rights of the Child, Article 32.1.

<sup>9</sup> The definition of what constitutes unacceptable employment of children under Performance Standard 2 is based on the 1990 UN Convention on the Rights of the Child, which has been ratified by almost all IFC member countries. Additional guidance is provided by ILO Conventions 138 and 182. ILO Convention 138 requires ratifying member states to set a minimum age that is not less than the completion age for compulsory schooling, or not less than 15 years (14 for less developed countries). Light work that is not likely to be harmful to the health or development of the child and does not interfere with schooling may be permitted for children aged 12 to 14 in less developed countries. ILO Convention 182 defines and prohibits the "worst forms" of child labor including: (i) all forms of slavery, debt bondage, and forced or compulsory labor; (ii) prostitution or the production of pornography; (iii) illicit activities, production and trafficking in drugs; (iv) work which by its nature of the circumstances in which it is carried out is likely to harm the health, safety or morals of children. With respect to the client's project, this is a continuation of the 1998 IFC Policy on Harmful Child Labor.

G43. Clients should set a corporate minimum work age that at a minimum complies with national law and Performance Standard 2 and develop a corporate policy against employing, using or benefiting from child labor. In countries or sectors where there is a risk of child labor, clients should review and retain copies of verifiable documentation, in addition to those required through paragraph 7 of Performance Standard 2, concerning the age and employment profile of all people under 18 working in the business, paying particular attention to those under school leaving age. As a matter of good practice, clients should maintain on-site legal documentation of all workers below the age of 18.

G44. For further guidance, see IFC's Good Practice Note, Addressing Child Labor in the Workplace and Supply Chain.

#### **Forced Labor**

***15. The client will not employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor or similar labor-contracting arrangements.***

G45. Forced labor consists of any work or service not voluntarily performed that is exacted or coerced from a person under threat of force or penalty.<sup>10</sup> Forced labor includes any kind of involuntary or compulsory labor, such as indentured labor, bonded labor or similar labor arrangements. A common form of indentured labor is the practice that forced labor is extracted by granting compensation in other forms than money, such as food or housing, as a result of which the worker's exit from the work is effectively prevented. Bonded labor is the practice that extract forced labor by creating debt or other obligations (such as deductions from pay as a disciplinary measure) not based on a valid and mutually beneficial economic purpose that must be worked off on terms that effectively prevent the worker's exit from the work. Examples of similar labor contract arrangements are requirements of monetary deposits, limitations on freedom of movement, excessive notice periods or substantial or inappropriate fines or loss of previously earned wages that serve to prevent workers from voluntarily ending employment within their legal rights, or contractual clauses that limit or prohibit resignation within a certain timeframe. Migrant workers are most vulnerable to these types of arrangements. Obligations on forced labor are extended to the client's supply chain as has been outlined in paragraph 18 of Performance Standard 2.

G46. The vast majority of IFC member countries' laws prohibit most forced labor practices. ILO Convention 29 on Forced and Compulsory Labor, which provides the basis for the definition above, has been ratified by a large majority of IFC member countries.<sup>11</sup>

G47. The employment relationship should be freely chosen and free from threats. Forced extraction of labor violates the fundamental rights of the worker, and retards economic development by keeping capital in sectors that would not survive without such practices. IFC will not finance projects that employ, use or knowingly benefit from forced labor as defined above.<sup>12</sup> If IFC is approached by a potential client employing, using or knowingly benefiting

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<sup>10</sup> Based on ILO Convention 29 on Forced Labor.

<sup>11</sup> Additional guidance is provided by ILO Convention 105 on the Abolition of Forced Labor.

<sup>12</sup> Also see <http://www.ifc.org/ifcext/enviro.nsf/Content/IFCExclusionList>

from forced labor, or if forced labor is discovered in the course of IFC due diligence, IFC will not proceed to process the project unless the client is able to demonstrate that it will eliminate forced labor prior to IFC's financing, consistent with the paragraph below.

G48. Forced labor practices may not be immediately apparent. If forced labor is discovered in the client's workforce or supply chain, immediate steps should be taken to address the practice that has coerced the worker and instead offer terms of employment that can be freely chosen and do not recreate conditions of coercion.

G49. Clients need to avoid any type of physical coercion of workers, such as restrictions on movement or physical punishment that have the effect of forced labor. Examples of such practices include locking workers in their workplace or worker housing. Clients may not retain worker's identity documents and passports in a manner that by intent or effect restricts their movement.

G50. Obligations from indentured labor, bonded labor or similar labor contract agreements are sometimes passed from one generation to the next. Clients should avoid practices that have the effect of creating improper or effectively unpayable debt obligations, such as inappropriate charges for housing and meals as part of the employment relationship. Clients should also exercise diligence with regard to key contractors and subcontractors so that they do not knowingly benefit from practices that lead to bonded or indentured status of workers.

G51. Trafficked persons and migrant workers who lack legal status in a country may be particularly vulnerable to being caught in a forced labor situation, for example through debt bondage to "jobs brokers" who charge exorbitant fees to place workers in foreign factories or farms. Clients should exercise diligence in selecting contractors who supply labor so that they do not benefit from these coercive practices. Exercising diligence should also be exercised when the client's project is situated in an export processing zone since export processing zones are often exempt from national labor laws or have weak enforcement of such laws.

G52. Prison labor should normally be considered forced labor. In some circumstances, prison inmates volunteer for work assignments in sectors such agricultural production and light manufacturing. If such labor comprised an important and irreplaceable part of the client's supply chain, the client should provide a detailed review on the status of the proposed prison labor.

### ***Occupational Health and Safety***

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***16. The client will provide the workers with a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in the client's work areas, including physical, chemical, biological, and radiological hazards. The client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, so far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice,<sup>3</sup> the client will address areas, including: the identification of potential hazards to workers, particularly those that may be life-threatening; provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; training of workers; documentation and reporting of occupational accidents,***

*diseases, and incidents; and emergency prevention, preparedness and response arrangements.*

<sup>3</sup> Defined as the exercise of professional skill, diligence, prudence and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally.

G53. Occupational health and safety refers to the range of endeavors aimed at protecting workers from injury or illness associated with exposure to hazards encountered in the workplace or while working. Hazards may arise from materials (including chemical, physical and biological substances and agents), environmental or working conditions (such as oxygen deficient environments, excessive temperatures, improper ventilation, poor lighting, faulty electrical systems or unshored trenches), or work processes (including tools, machinery and equipment). Occupational health and safety practices include the identification of potential hazards and responses including design, testing, choice, substitution, installation, arrangement, organization, use and maintenance of workplaces, working environment and work processes to eliminate or minimize any risks to workers.

G54. Most countries have laws regulating occupational health and safety (OHS) and workplace conditions<sup>13</sup> and the client is expected to comply with such laws.

G55. Sources of hazard to workers' health and safety should be eliminated rather than allowing the hazards to continue and providing personal protective equipment. However when the hazard is inherent to the project activity or it is otherwise not feasible to completely eliminate the hazard, the client should take appropriate protective measures and provide adequate personal protective equipment at no cost to the worker. Protective measures and equipment may, for example, be necessary to prevent occupational exposure to hazardous materials such as asbestos, which has been classified as a Group 1 carcinogen by many national and international organizations.

G56. Training should be provided to all workers on relevant aspects of occupational health and safety associated with their work, including emergency arrangements. Workers should not face any disciplinary measures or negative consequences for reporting or raising concerns about occupational health and safety conditions.

G57. The client should document and report occupational injuries and illnesses, including injuries to the public. Worker monitoring data (such as exposure levels and health testing) should be retained.

G58. Clients will extend a safe and healthy work environment to contracted workers and to any other workers who provide project-related services on the client's premises or work sites. Contract specifications for contractors providing workers on the client's premises or work sites should include provisions that they meet the OHS requirements of the client, both to satisfy the requirements of Performance Standard 2 and to minimize risk and liability to the client. As a

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<sup>13</sup> Parties to the ILO have also negotiated numerous conventions that address these matters, both at the general level and with regard to specific industries. Examples include ILO Convention 155 on Occupational Safety and Health and Protocol 155 of 2002 to Convention 155; Convention 162 on Asbestos; Convention 174 on Prevention of Major Industrial Accidents.

way to lessen risk and liability, and to improve performance, IFC encourages clients to require comparable practices of key off-site contractors, subcontractors and suppliers.

G59. The client's Action Plan should deal with hazards identified through assessment that have not already been addressed by the client. The overall social and environmental management system required by Performance Standard 1 should be designed with adequate capacity for oversight of occupational health and safety matters. The management system should include regular monitoring and review of safety matters, ambient working environments and other OHS indicators. It is good practice to apply information compiled and any corrective measures in a continuous process to improve OHS conditions and management. Further details on the development of an occupational health and safety management system can be obtained in the [IFC Environmental Guidelines: Occupational Health and Safety, Annex 1](#).

G60. Emergency preparedness and response plans should be tailored to the risks faced by the organization and should include an integrated approach to address emergency needs and protect the health and safety of workers, the public and the environment - inside and outside the physical project boundary. Facilities that face fire risk should have evacuation plans that are well understood and have been rehearsed by all workers. Emergency plans should encompass all persons normally working on or visiting the client's site, including workers (regular or contracted), approved visitors, and customers. The arrangements should be prepared in cooperation with external emergency services and agencies, such as local fire departments and emergency response teams, and include adequate communication with workers and outside authorities as needed. Further guidance on this subject, including some of the basic elements of emergency preparedness and response plans, is provided in the Guidance Notes to Performance Standard 3 on Pollution Prevention and Abatement and Performance Standard 4 on Community Health and Safety.

#### ***Non-Employee Workers***

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***17. For purpose of this Performance Standard, "non-employee workers" refers to workers who are: (i) directly contracted by the client, or contracted through contractors or other intermediaries; and (ii) performing work directly related to core functions essential to the client's products or services for a substantial duration. When the client contracts non-employee workers directly, the client will use commercially reasonable efforts to apply the requirements of this Performance Standard, except for paragraphs 6, 12, and 18. With respect to contractors or other intermediaries procuring non-employee workers, the client will use commercially reasonable efforts to: (i) ascertain that these contractors or intermediaries are reputable and legitimate enterprises; and (ii) require that these contractors or intermediaries apply the requirements of this Performance Standard, except for paragraphs 6, 12, and 13.***

G61. Non-employee workers are directly contracted by the client or through contractors or other intermediaries. Even though they are outsourced by the client, these workers tend to perform important functions of the client's business for a substantial period as if they are substitute employees of the client.

G62. Determination of which group of non-employee workers falls into the scope of Performance Standard 2 will require an analysis of the client's business and judgment. The

following table of examples illustrates work that would constitute a core function as defined in Performance Standard 2, followed by work that would not constitute a core function:

<b>Core-functions (covered by Performance Standard 2)</b>	<b>Non-core functions (not covered by Performance Standard 2)</b>
<ul style="list-style-type: none"> <li>▪ Workers performing functions under a turn-key or an engineering, procurement and construction (EPC) contract</li> </ul>	<ul style="list-style-type: none"> <li>▪ Day laborers hired for a short duration for limited construction activities.</li> </ul>
<ul style="list-style-type: none"> <li>▪ (in case of a client that provides retail banking services) non-employee workers providing ongoing security services</li> </ul>	<ul style="list-style-type: none"> <li>▪ (in case of a client that provides retail banking services) individuals contracted on a one-time basis to install surveillance equipment</li> </ul>
<ul style="list-style-type: none"> <li>▪ (in the case of a client engaged in manufacturing) non-employee workers who regularly transport finished goods to distributors</li> </ul>	<ul style="list-style-type: none"> <li>▪ (in the case of a client engaged in manufacturing) individuals who provide food services for the client's workers, unless the client operates the food service function directly.</li> </ul>
<ul style="list-style-type: none"> <li>▪ (in the case of a client engaged in agricultural production) workers who repeatedly perform seasonal tasks that are essential to harvesting the product</li> </ul>	<ul style="list-style-type: none"> <li>▪ (in the case of a client engaged in agricultural production) individuals contracted to clear new land for cultivation on a one-time basis</li> </ul>

Provision of professional services (e.g., accounting, legal service) by outside firms will not be covered by Performance Standard 2.

G63. Most national laws address contract labor, though the terms vary widely among countries and types of contract labor. The client should comply with legal requirements covering such matters as minimum wage, hours of work, overtime payments, health and safety conditions, contributions to health insurance and pension schedules and other legally mandated employment terms with regard to all directly contracted non-employee workers.

G64. Clients should use commercially reasonable efforts so that they do not benefit from unfair labor practices of contractors and intermediaries. This includes establishing contractual obligations on contractors or intermediaries who supply the non-employee workers to the client; unannounced visits and visual inspections at the worksite; and exercise of due diligence in supervising contractors and intermediaries who supply workers. The client will use commercially reasonable efforts to inquire about the track record or standing of contractors and intermediaries that will procure non-employee workers. The client should also exercise due diligence to ensure that contractors or intermediaries procuring non-employee workers for the client satisfy all legal requirements.

G65. It is good practice for clients to exercise visual inspections over all those working at the client's work site even if some types of workers may not be covered by Performance Standard 2.

*Supply Chain*

**18. The adverse impacts associated with supply chains will be considered where low labor cost is a factor in the competitiveness of the item supplied. The client will inquire about and address child labor and forced labor in its supply chain, consistent with paragraphs 14 and 15 above.**

G66. Supply chain refers to both labor and material inputs of a good or service. A supply chain of goods may include suppliers of raw material and suppliers of pieces or components for assembly and production. The supply chain of multinational corporations can be extensive and may be global in nature, whereas the supply chain of national or smaller enterprises will be smaller in scale and may be local in nature, involving local contractors, subcontractors, and homeworkers.

G67. When the pricing of the client's goods or services depends on the competitiveness of key materials and items essential for the goods or services, and low labor cost is a factor in the competitiveness of such materials and items, the client should review its supply chain for potential adverse impacts and identify any risks to the client and the project, as part of the Assessment process. It is good practice for the client to address labor issues, particularly those issues specified in Performance Standard 2, in its supply chain by exercising control and influence over the supplier of materials and items, commensurate with the level of risks and impacts. In addition to risk mitigation, effective supplier management on labor issues can lead to competitive or strategic advantage, such as quality improvement, cost reduction and security of supply. Good practice materials and tools for supply chain management are under rapid development by various corporate social responsibility organizations.

G68. The effectiveness in addressing the supply chain will depend on the leverage that the client will likely be able to exercise. In situations where there is an integrated chain of suppliers that depend on the client for their business viability, this leverage and client risk from supplier nonperformance will be high. As the supply chain extends into commodity market where the client's operation has little significance, the client's supply chain review will simply reflect sectoral issues, rather than opportunities for project-specific mitigation. Where the client has complex operations with multiple tiers of suppliers, its leverage will diminish toward the more distant tiers of suppliers. As a result, the client should focus on the primary tier of suppliers, and possibly the secondary ones to have any meaningful impact.

G69. With regard to child labor and forced labor as defined in Performance Standard 2, the client should exercise due diligence in its supply chain to avoid benefit or financial gain from these practices. Clients should make particular effort and engage in additional diligence when such practices are prevalent or known to exist within certain stages of the supply chain, in specific industries or in geographic areas. Financial gain from child labor is a specific risk when the cost of labor is a factor in the competitiveness of the client's goods or services. Clients should utilize their influence to the fullest extent to eradicate child labor and forced labor in their supply chain.

**Annex A**  
**Content of the Labor Assessment Component of a Social and Environmental Assessment**

A labor assessment may be carried out at different levels, depending on IFC's initial assessment of the project risk posed by labor practices. The labor assessment should include a review of the potential client's employment policies, the adequacy of existing policies, and management's capacity to implement.

The assessment may include the following:

- Description of the workforce – This includes numbers of employees, types of jobs and skills, and composition of the workforce (gender, age, minority status, etc.).
- Description of working conditions and terms of employment – A copy of the client's human resources policy should be provided. The client should indicate whether the workers are organized and to which workers' organization(s) they belong. All collective bargaining agreements that apply to the project should be included.
- Description of types of employment relationships – A description of the structure of the client's supply chain will be included.
- Description of the working environment and identification of any work place health and safety issues – This includes mitigative measures to protect the welfare of the workforce or address identified risks. Both risks that arise from normal functions and operations as well as less common circumstances and accidents that are known to be a risk within the industry or locality should be covered. The assessment should identify work areas, equipment and processes that may require redesign, risk reduction or hazard control measures.
- Compliance with national employment and labor laws – The nature of any violations of applicable labor law and remediation steps taken should be described.
- Description of conditions in the client's project, the sector or the country that might pose risk of violation of employment and labor laws or the requirements of Performance Standard 2 in the client's project or by key contractors and suppliers
- Aspects of the client's employment policy where improvements may be needed in light of the requirements of Performance Standard 2 or national law – The client should take this opportunity to identify weaknesses in its human resources policy or employment practices and changes that could improve the firm's performance.

**Annex B**  
**Contents of a Human Resources Policy**

A human resources policy ordinarily would cover the following matters:

- Entitlement to and payment of wages; permissible wage deductions;
- Overtime payments; hours of work and any legal maximums;
- Entitlement to leave for holidays, vacation, illness, injury, and maternity and other reasons;
- Entitlement to benefits;
- The employees' right to form and join workers' organizations of their choosing without any interference or employment consequences and to bargain collectively with the employer;
- Disciplinary and termination procedures and rights;
- Conditions of work;
- Occupational safety, hygiene and emergency preparedness;
- Promotion requirements and procedures;
- Vocational training opportunities;
- Other matters covered by law and Performance Standard 2.

A human resources policy is an appropriate place for the client to include statements of corporate policy on matters such as child labor and equal opportunity.

**Annex C**  
**Workers' Organizations - High Risk Practices**

There may be circumstances in which workers' organizations or employers' dealings with such groups have been tainted by corruption. For example, where laws allow only one organization to hold a collective bargaining agreement with an employer, corrupt organizations designed to preclude autonomous workers' organizations have sometimes been employed for the enrichment of individuals associated with these schemes, the benefit of an employer or both. In some situations employers make payments to workers' organizations with the object of placing the organization under the control of the employer. Whether the corruption arises from the workers' organization itself or from the employer, these arrangements are contrary to the objectives and requirements of Performance Standard 2. If a client believes it is confronted with a corrupt organization, it may need to seek external help. This may include, for example, assistance from public authorities or creating a means for the workers to choose their representative organization in a way that allows them to avoid corrupt intermediaries.

In some countries where laws protect workers' freedom of association and right to bargain collectively, other laws or practice also allow for employer-dominated organizations in the workplace. In those cases, Performance Standard 2 requires that clients allow workers to choose their organizations without interference and then bargain collectively with the workers' chosen representative.

Questions may arise about whether a group claiming to represent workers is a workers' organization or a political party. In most countries, laws specify the requirements for a group to establish itself as a workers' organization, union or collective bargaining agent. It should be noted that under ILO Convention 87 and most national laws, both workers' and employers' organizations have the right to organize their activities and determine their affiliations without interference by other parties or public authorities. This would include political and legislative activities by workers' and employers' organizations.

**Annex D**  
**Managing Discrimination**

IFC recognizes the diversity of cultures in the countries where it provides financing. It further recognizes that addressing issues of discrimination that arise from cultural norms or local practice (and that are sometimes even incorporated into formal legislation) is a difficult challenge. However, given the closely intertwined business, economic and social benefits of equal opportunity to employment, as well as the damage done by discrimination, IFC looks to clients to take a positive view of equal opportunity and a diverse workforce. Companies that embrace diversity have identified a range of business advantages, such as improving employee morale and retention and decreasing complaints and litigation. This shift in company attitudes is also mirrored in regulatory changes around the world, shifting from laws that simply prohibit discrimination to laws that provide for a positive duty to prevent discrimination and promote equality.

Clients can take proactive steps to create a workplace environment that makes equal access to employment and equal treatment on the job a reality throughout the employment relationship, from recruiting through retirement and pension. These steps may include, for example, recruitment drives that focus on attracting workers from groups that are under-represented in the workforce; awareness raising and training programs for managers and workers; anti-harassment policies that communicate the client's determination to eliminate such practices in the workplace; and skills training programs for workers to improve their chances of promotion. Where training is provided it should be accessible to all workers for whom the training is relevant, on a non-discriminatory basis.

Gender discrimination can arise in ways that differ from other forms of discrimination and clients should review policies and practices to ensure that they do not negatively affect either women or men. For example, clients should ensure that women have access to the same career advancement possibilities as men and are not excluded from consideration on the basis of stereotyping or a failure to complete training that has not been made available to female workers. Establishing sound policies on maternity leave that enable women to balance their responsibilities as workers and as mothers will help clients to avoid discriminatory outcomes and retain experienced workers. In some countries it is common for employers to require pregnancy tests and then dismiss (or refuse to hire) women who are pregnant. Even where this is not a violation of national law, the practice is not consistent with Performance Standard 2.

Clients should consider involving workers and workers' organizations in identifying and addressing discrimination in the workplace. In some cases the policies or practices of workers' organizations can contribute to or inadvertently support discriminatory practices. It is good practice for clients to invite workers' organizations to participate in the development of equal opportunity policies. They may be aware of discriminatory effects of policies that the employer has not identified. Workers' organizations are often able to educate workers about why discrimination is unacceptable, and they can help to establish a positive and inclusive workplace environment.

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### References

Several of the requirements set out in Performance Standard 2 are partly guided by standards set by the following international agreements negotiated through the International Labor Organization (ILO) (<http://www.ilo.org/iloex>) and the United Nations (UN), noted in each case:

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

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

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

Other references to ILO documents in Guidance Note 2:

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

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

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

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

A list of the six UN Conventions and the countries that have ratified each of them is available at: <http://www.ohchr.org/english/law/index.htm>. The ratification status of each convention by country is available at: <http://www.unhchr.ch/pdf/report.pdf>

In addition, the guidance, recommendations and adjudications issued by the following organizations provide useful additional guidance:

- The *ILO's Committee of Experts on the Application of Conventions and Recommendations* – reviews member countries' implementation of ratified labor conventions on a periodic basis. A searchable database can access the Committee's findings on country and issue violations. Available at: <http://webfusion.ilo.org/public/db/standards/normes/appl/index.cfm?lang=EN>
- The *ILO's Committee on Freedom of Association* – investigates claimed violations of the right to organize or bargain collectively. This 9 member tripartite (government, employer and trade union) body reviews complaints on country compliance with the principles of freedom of association and collective bargaining, whether or not a country has ratified ILO Conventions 87 and 98. To review cases, go to: <http://www.ilo.org/ilolex/english/index.htm> and click on "Cases of the Committee on Freedom of Association". Cases are sorted by country and by case
- The *ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* – for guidance on retrenchment. Available at: <http://www.ilo.org/public/english/employment/multi/index.htm>
- *Organization for Economic Co-operation and Development (OECD) - Guidelines for Multinational Enterprises* – for guidance on retrenchment. Available at: [http://www.oecd.org/topic/0,2686,en\\_2649\\_34889\\_1\\_1\\_1\\_1\\_37439,00.html](http://www.oecd.org/topic/0,2686,en_2649_34889_1_1_1_1_37439,00.html)

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

- *Good Practice Note: Addressing Child Labor in the Workplace and Supply Chain* (IFC, 2002) – provides good practice approaches that business have successfully applied in managing risks associated with child labor in their own workplaces and those of their vendors and suppliers  
<http://ifcln1.ifc.org/ifcext/enviro.nsf/Content/Publications>

*Good Practice Note: Managing Retrenchment* (IFC, 2005) provides guidance on how to plan and manage the process of retrenchment where significant job losses are anticipated. <http://ifcln1.ifc.org/ifcext/enviro.nsf/Content/Publications>

- *Good Practice Note: Non-Discrimination and Equal Opportunity* (IFC, 2005) provides guidance to IFC clients and other employers in emerging markets on promoting both

equality and diversity, and overcoming discriminatory practices, while acknowledging that this can often be a controversial and difficult topic.

<http://ifcln1.ifc.org/ifcext/enviro.nsf/Content/Publications>

- *Environmental Guidelines: Occupational Health and Safety* (IFC, 2003) – applies to places of work associated with IFC projects and provides guidelines for general aspects for occupational health and safety  
[http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/gui\\_OHS/\\$FILE/OHSguideline.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/gui_OHS/$FILE/OHSguideline.pdf)
- *The World Bank's "Toolkit" on Core Labor Standards* (World Bank) – General information on the ILO's four fundamental principles and rights at work. The Toolkit also provides links to other useful information sources.  
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTLM/0,,contentMDK:20224298~menuPK:584854~pagePK:148956~piPK:216618~theSitePK:390615,00.html>
- *World Bank - Information on Active Labor Market Programs* (World Bank) – useful information for clients confronting large-scale retrenchments.  
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTLM/0,,contentMDK:20223809~menuPK:584846~pagePK:148956~piPK:216618~theSitePK:390615,00.html>

Examples of sources of information concerning country reports on labor practices:

- *US Department of State - annual Country Reports on Human Rights* – issued on almost all countries. Section 6 of these reports covers many of the labor issues included in Performance Standard 2.  
<http://www.state.gov/g/drl/rls/hrrpt/2003>
- *International Confederation of Free Trade Unions (ICFTU)* – country reports on labor rights performance.  
<http://www.icftu.org/list.asp?Language=EN&Order=Date&Type=WTORports&Subject=ILS>