# DRAFT: Labour standards for third-party contractors

## How to use this template

Companies may engage workers through third parties to perform a variety of services, including cleaning, security, maintenance or IT services, inter alia. Investor standards require organisations to ensure that third-party contractors manage their workforce in a manner that is consistent with IFC Performance Standard 2 (PS2) on labour and working conditions.

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| **IFC Performance Standard 2 on HR policies and procedures (PS 2.24 - 2.26)** |
| With respect to contracted workers, the client will take commercially reasonable efforts to ascertain that the third parties who engage these workers are reputable and legitimate enterprises and have an appropriate ESMS that will allow them to operate in a manner consistent with the requirements of this Performance Standard, except for paragraphs 18–19, and 27–29.  The client will establish policies and procedures for managing and monitoring the performance of such third-party employers in relation to the requirements of this Performance Standard. In addition, the client will use commercially reasonable efforts to incorporate these requirements in contractual agreements with such third-party employers.  The client will ensure that contracted workers, covered in paragraphs 24–25 of this Performance Standard, have access to a grievance mechanism. In cases where the third party is not able to provide a grievance mechanism the client will extend its own grievance mechanism to serve workers engaged by the third party. |

Prior to selecting third-party contractors, efforts should be made to ensure that selection criteria allows for an adequate assessment of a contractor’s ability to meet investor standards. During the process of requesting and evaluating bids or tenders, companies should make efforts to assess:

* Past performance of contractors, including any labour-related allegations, non-compliances or adverse administrative decisions.
* The robustness of human resources policies, procedures, systems and practices.
* Evidence that human resources practices are compliant with national laws, including payment of social security and mandatory insurance contributions, where relevant.

Once selected, the most common ways to ensure that third-party contractors comply with investor standards is to integrate these standards into agreements or other contractual documentation. You should ensure that the third-party contractor understands, signs and abides by these standards. To ensure that third-party contractors comply, it may be necessary to monitor, audit and / or supervise the labour performance of these third parties.

This template is designed to assist your organisation by providing a template labour standard which can be incorporated into agreements with third-party contractors. It can be used as a basis for a standard, but it should not limit your organisation from adopting a more detailed standard with a greater scope which aligns with your organisation’s activities and ambitions.

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| **Useful definitions** |
| * Third-party contractors: Contractors (including brokers, agents and other intermediaries) who provide services directly related to an organisation’s core business activities for a substantial duration. “Substantial duration” should be understood to mean employment other than on a casual or intermittent basis. * Contract workers: Workers engaged by third-party contractors (see above). |

# Template labour standard applicable to third parties

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| **1 Introduction** |

### Scope of application

The provisions of this Standard outline [ORGANISATION’S] expectations for contractors with whom we engage. We expect that these principles apply to your workforce as well as workers you (sub) contract.

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| **2 Provisions** |

### Labour-related requirements

[ORGANISATION] expects contractors to comply with national law and the requirements of the International Finance Corporation’s (IFC) Performance Standard 2 (PS2) on labour and working conditions. Where national law is silent or affords lesser protection than IFC PS2, the standards of IFC PS2 should apply.

PS2 specifically prescribes minimum standards and the development of management systems in relation to:

* Human Resources Policies and Procedures
* Working Conditions and Terms of Employment
* Workers’ Organisations
* Non-Discrimination and Equal Opportunity
* Grievance Mechanisms
* Child Labour
* Forced Labour
* Occupational Health and Safety

### Monitoring and reporting

[ORGANISATION] has a right to audit or monitor a contractor’s labour and OHS practices, including reviewing and accessing relevant policies, procedures, documentation, KPIs and records. The contractor will grant [ORGANISATION] access to the workplace and / or site for this purpose, where requested.

The contractor will duly notify [ORGANISATION] of any significant labour-related events, including but not limited to accidents, fatalities, strikes, lockouts, retrenchments, labour-related enforcement actions / administrative penalties, identified cases of child labour or forced labour, and allegations of gender-based violence or harassment.

### Grievance Mechanisms

As stated in IFC PS2, [ORGANISATION] expects contractors to develop and implement a grievance mechanism that is accessible to the workforce, including female workers. At a minimum, this entails ensuring that:

* Grievance policies and procedures are developed, available in writing, explained to the workforce, and implemented.
* Specific individuals, roles or teams are assigned to grievance management.
* The management, processing and resolution of grievances is recorded.

### Gender-based Violence and Harassment

Gender-based violence and harassment (GBVH) is an umbrella term that covers a range of behaviours, including sexual, physical, psychological and economic abuse, that is directed at people because of their sex or gender, or disproportionately affects people of a particular sex or gender.

Consistent with IFC PS2, contractors commit to ensuring a safe and respectful work environment. GBVH is considered unacceptable and will not be tolerated under any circumstances. Contractors should ensure that:

* Policies and procedures aimed at preventing and addressing GBVH are developed, available in writing, explained to relevant workers and implemented.
* Specific individuals, roles, or teams are responsible for overseeing and implementing the policy.
* Implementation is supported by appropriate training, awareness raising and effective grievance resolution (see section above).

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| **3 Compliance declaration** |

We hereby confirm that we have read and understood the above Standard, and agree to fully comply with the principles set out in this Standard during the contract period.

Where we fail to improve in observed areas of non-compliance set out under this Standard, we understand this may result in termination of our contract, and that we may be barred from future contracts, engagements or awards.

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| Name: |  |
| Position: |  |
| Date: |  |
| Signature |  |