



# Labor and Working Conditions

Environmental and Social Standard 2 (ESS2)\*

## WHAT IS THE PROPOSED STANDARD ABOUT?

The project workers engaged to implement an ADB project play a significant role in the successful delivery of quality project outcomes. Therefore, it is important that a strong and healthy employment relationship exists between employers and the project workers. The proposed ESS2 consolidates and updates the current commitment to the core labor standards (CLS) stated in ADB Social Protection Strategy (2001) and the Prohibited Investment Activities List of the Safeguard Policy Statement (2009) and as implemented through the loan covenants in the legal agreements and the Core Labor Standards Handbook (2006). The proposed standard sets out the requirements on labor and working conditions for all types of project workers.

\* The full text of ESS2 is at [Safeguard Policy Review: Draft Policy | Asian Development Bank \(adb.org\)](https://www.adb.org/who-we-are/safeguards/safeguard-policy-review/draft-policy). <https://www.adb.org/who-we-are/safeguards/safeguard-policy-review/draft-policy>. This information brochure was prepared based on the consultation draft of the proposed Environmental and Social Framework (ESF) for information purpose only. Guidance from the ADB Board of Directors will be sought on the full text of the proposed ESF as part of the Working Paper, scheduled in Q4 2023. The final ESF will be considered for approval by the ADB Board of Directors in 2024.



**SAFEGUARD  
POLICY REVIEW  
AND UPDATE**





## The objectives of this standard are to:

- promote fair treatment, nondiscrimination, and equal opportunity for project workers;
- prevent and address any forms of violence and harassment, bullying, intimidation and exploitation against project workers, including any forms of sexual exploitation, abuse, and harassment (SEAH);
- support the principles of freedom of association and collective bargaining;
- prevent the use of forced labor and child labor;
- promote, develop, and maintain transparent project worker management relationships; and
- provide project workers with accessible means to raise workplace concerns.



Under the proposed standard, the borrower/client will require that all project workers, contractors, and subcontractors or other third-party contractors engaged on a project operate in a manner consistent with the requirements of this Environment and Social Standard (ESS2) and the requirements under the host country's applicable laws.



# WHAT ARE THE NEW POLICY PROVISIONS?

1



## Prohibition of child labor and forced labor

The proposed standard includes a specific requirement to identify and assess potential or actual risks of child labor, forced labor, and/or serious safety issues which may arise in relation to all types of workers, including for primary suppliers. This is consistent with the approach of other multilateral development banks (MDBs). Where significant risks are identified through project screening and assessment or through contextual risks analysis, ADB will require extended due diligence at higher levels of the supply chain including the suppliers and workers engaged by the primary suppliers.

2



## Employment relationship

This proposed standard applies to all types of employment relationships, which include direct, contracted, community and primary supply workers. The borrower/client would be required to have a plan on how project workers will be managed, ensure that the workers have clear and understandable information on the terms and conditions of their employment, and apply principles of non-discrimination and equal opportunity when they employ workers.

3



## Promotion of fair treatment, non-discrimination, and equal opportunity

Under this proposed standard, employment of project workers will be based on the principle of equal opportunity and fair treatment, with no discrimination in recruitment and hiring, compensation, working conditions and terms of employment. The standard will also implement appropriate measures to protect and assist disadvantaged or vulnerable project workers.



4



### Requirement for a grievance mechanism

The standard proposes that all workers should have access to a project level grievance mechanism designed specifically to address labor and working conditions, and to provide for confidential complaints and special protection measures for SEAH concerns.

5



### Freedom of association and collective bargaining

The standard proposes that borrowers do not prohibit freedom of association and collective bargaining for the project workers.

6



### Labor management plan

The standard proposes that a plan for managing project workers should be developed and that such plan will identify how different types of project workers will be managed based on the employment relationships and in accordance with the requirements of the applicable host country laws and good international practice, as applicable.

