



GSE – GEORGIAN STATE ELECTROSYSTEM

LABOR MANAGEMENT PROCEDURES

for

THE CONSTRUCTION

OF THE

**500kV Jvari-Tskaltubo Overhead Transmission Line
and Associated 500kV Tskaltubo Substation**

agreed at Project Negotiation stage

Tbilisi, April 17, 2019

1. OVERVIEW OF LABOR USE ON THE PROJECT

JSC Georgian State Electrosystem (GSE) is the largest of three electricity transmission companies in Georgia, responsible for conveying electricity from hydro, thermal, and wind power plants to power distribution companies (including JSC Telasi and JSC Energo-Pro Georgia) and to certain direct customers (such as large companies).

GSE, a state owned-enterprise, is responsible for approximately 3,350 kilometers of transmission lines and 90 substations throughout Georgia. GSE does not generate electricity or serve direct customers other than large industries, but only transmits electricity from generation facilities to distribution companies, large industries, and other countries. The distribution companies, in their turn, provide electricity to consumers.

GSE's responsibilities include overall coordination of Georgia's electricity system and balancing electricity supply and demand in order to provide an uninterrupted and reliable power supply. GSE actively works to develop and improve electricity transmission by reconstructing and maintaining existing transmission lines and by constructing new lines.

GSE currently employs a total of 1, 398 employees, out of which about 20% are women.

500 kV Jvari-Tskaltubo overhead transmission line (OHL) project ("Project") is developed by GSE, which will be responsible for construction, operation and maintenance of the OHL. GSE, through bidding procedures, will select contractor(s) for design, Supply, Installation and Commissioning of the transmission line and the substation, respectively. Due to the size of the contract and required qualification to carry out design and construction activities, it is expected that the construction contracts will be awarded to international companies who might be supported by Georgian subcontractors.

Number of Project Workers

The exact number of project workers which will be engaged in relation to the Project is, currently, not known yet. The bidding documents for the design Supply, Installation and Commissioning of the overhead transmission line (OHL) and sub-station (SS) are still in the process of preparation. It is estimated that the tender will be announced in March or April 2019. The number of workers to be involved in the construction phase is be estimated based on experience gained from the similar projects undertaken in Georgia and worldwide. GSE is currently implementing Transmission Grid Strengthening Project, financed by the World Bank, which involves a construction of approximately 150 km long transmission line. It is estimated that the approximate total number of workers for the construction of the new transmission line would be 150-200 persons, and about 100 – 150 for the substation. It is not expected that any single construction site would ever have more than 150 persons at the time. The main construction crews would include the following:

- Three excavation crews – It is estimated that about 10 to 15 workers would be employed in each crew. It is estimated that most or all workers are likely to be from local and regional labor force.
- Two tower erection crews – It is estimated that 10 workers would be employed in each crew. It is expected that, on average, 7 of these would be foreigners and 3 will be locals.
- Three stringing crews – About 15 workers would be employed in each crew. It is expected that about 12 employees will be foreigners and about 3 will be locals.
- Rehabilitation crew – About 2 -3 people will be employed in a crew to restore the disturbed areas as soon as possible after the completion of works of previous crews.
- Substation crews – It is estimated that about 100-150 workers would be engaged in the construction activities. Out of these workers approximately 30-40% are expected to be locals.

Timing of labor requirements: It is expected that the construction phase of the OHL project would last approx. 18 months and for SS – 12 months. It is estimated that there will be at least two main crews (usually 3-4 crews) responsible for the construction the transmission line, and each made up of teams to complete specific jobs, such as land-clearing, foundation excavation, foundation installation, tower assembly and erection, conductoring (that is, stringing the wires between towers), land restoration, and tree-cutting. About fifty percent of the workers will be unskilled laborers, with semiskilled and skilled positions such as managers, engineers, forepersons, drivers and equipment operators, and electrical workers. Contractors on the construction of other transmission lines in Georgia have typically been foreign firms who use Georgian subcontractors. Majority of unskilled labor is likely to come from local communities, while other workers are expected to come from other parts of Georgia, and managerial and technical staff from the contractor's home country. Similarly, most workers involved in substation construction will be unskilled, at least in the early stages. Once the land is cleared and foundations are installed, however, more skilled labor will install the electrical equipment.

It is expected that Project will engage the following categories of project workers as defined by ESS2:

Direct workers: Direct workers would likely include project managers and supervisors who are GSE employees. The estimated number of direct workers would not likely exceed 20 staff from the international projects unit, technical unit, resettlement and permissions unit and legal department (as necessary). It is estimated that the direct workers would include current GSE employees from different departments who will be assigned to work on this Project and that 3-5 new employees would be hired to carry out work in relation to community outreach.

It is expected that direct workers would also include independent consultants, who are specialized in certain disciplines (such as social safeguards and community relations). These consultants are hired under individual contracts, on part-time basis, with specific definition of the assigned tasks and responsibilities.

Contracted Workers: Contracted workers would be hired under design, supply, installation and commissioning contractor(s). As the Bidding includes two lots (one lot for OHL and one lot for SS) there is probability that two separate contracts will be awarded. One contractor will design and build the transmission line and another one the Tskaltubo substation. Each contractor might need engagement of multiple subcontractors. The subcontractors' workforce will be also considered as contracted workers. It is estimated that the Project would engage between 250 and 350 contracted workers.

Community workers: Community workers will not be employed in relation to this Project.

Migrant workers: It is expected, that the project will require a combination of local workers from nearby villages and workers from other parts of Georgia and possibly from another country. The previous experience with the transmission line projects shows that the contractor and subcontractors will probably hire employees from different regions of Georgia; these "internal migrants" would be workers who already have experience working on high voltage transmission lines in different parts of the country. Foreign "migrant" workers are likely to be management and technical staff and possibly a few household staff (for cleaning, cooking, etc.). The number of migrant workers would depend on decisions made by contractors. Based on previous experience the distribution could be about 30-35 percent international, 30-35 percent from other parts of Georgia, and 30-35 percent from the local area.

Taking into account the nature of the project workforce (mostly unskilled and semiskilled construction labor) and characteristics of labor force market in Georgia, it is not expected that the number of female workers will be high. It is estimated that women would represent about 5-10 percent of the workforce, and those would likely be technical (engineering) and/or staff working in the operation offices and camps (maids, cooks, cleaners etc.). Based on experience under the ongoing Transmission Grid Strengthening Project, implemented by GSE, all workers will be over 18 and would likely average 30-40 years old.

2. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Project activities

The 500 kV OHL is located mostly in the mountainous region of Georgia. The length of the line is about 80 km. The project will involve installation of about 200 towers. Construction of this type of projects typically includes the following activities:

- (1) clearance of right of way;
- (2) construction of access roads (wherever required),
- (3) land-clearing and construction of foundation;
- (4) soil stabilization;
- (5) erection of towers,
- (6) cutting trees and high vegetation;
- (7) demolition of buildings; and
- (8) stringing of conductors
- (9) Reinstatement and revegetation of impacted areas.

Key Labor Risks

It is assessed that key labor risks would be associated with health and safety risks related to the construction activities of transmission lines such as exposure to physical, chemical and biological hazards during construction activities such as: use of heavy equipment, trip and fall hazards, exposure to noise and dust, falling objects, exposure to hazardous materials and exposure to electrical hazards from the use of tools and machinery. As the construction activities will involve hazardous work, persons under the age of 18 will not be employed by the Project. Many workers will be exposed to occupational health and safety hazards, primarily including but not limited to:

- Stringing works
- Working at height
- Electrocutions and arc fault burns
- Electrical works
- Exposure to chemicals (, as paints, solvents, refrigerant oil for transformers and switches, lubricants, and fuels)
- Chain saws and treefall during timber cutting
- Travel and working on steep and treacherous terrain.
- 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
- Environmental hazards (snakes, wasps, bees, etc..)
- Welding hazards (fumes, burns and radiation)

- Steel erection (towers) hazards.

No other labor risks are considered to be significant. The Project is assessed as Low on gender-based violence (GBV) risk. The ongoing Transmission Grid Strengthening Project did not experience any labor influx issues or issues related to the presence of migrant workers. However, if other labor risks arise during project implementation, GSE will develop procedures to prevent further impacts.

3. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

Below is the overview of the key aspects of national Labor Code (2010, 2013, 2018) with regards to terms and conditions of work (ESS2, para 11).

Wages and deductions

A labor agreement will determine the form and amount of remuneration. Remuneration will be paid at least once a month. The employer will pay to the employee 0.07% of the delayed sum for each day of delay in any compensation or payment (article 31 of Labor Code). The minimum wage limit is not regulated by the Georgian legislation. The employer may deduct from the employee's remuneration overpayments or any other sum payable by the employee under labor relations. The total amount of a lump-sum deduction from remuneration will not exceed 50% of remuneration (article 33 of Labor Code). The employer will pay full compensation to the employee for work-related damage that caused any deterioration to the employee's health and will cover the subsequent, necessary treatment costs (article 32 of Labor Code).

Working hours

According to the Labor Code of Georgia, duration of work will not exceed 40 hours per weeks (8 hours per day). In case of specific types of employment (defined by the government of Georgia) duration of work will not exceed 48 hours per week. This does not include time for meal breaks. The duration of the working time of a minor between the ages of 16 and 18 shall not exceed 36 hours a week. The duration of the working time of a minor between the ages of 14 and 16 shall not exceed 24 hours a week (article 14 of Labor code).

Rest breaks

The employees will have a meal break each workday. The duration of rest between working days shall not be less than 12 hours (article 14, section 2).

Leaves

An employee will have the right to enjoy paid leave for at least 24 working and unpaid leave for at least 15 calendar days per annum (article 21, sections 1,2 of Labor code). Leave does not include a period of temporary disability, and maternity leave (article 22, section 4). An employee, at his/her own request, will be given maternity leave in the amount of 730 calendar days. Out of the maternity leave an employee shall be paid for 183 calendar days (article 27 of Labor Code).

Overtime work

Overtime work will be considered the work, the duration for which exceeds 40 hours a week for workers over 18 (article 17, section 3). Overtime work shall be paid in an increased amount of the hourly rate of pay or by providing additional leave days. Conditions for overtime work will be determined by agreement of the parties.

Labor disputes

The Labor code of Georgia includes provisions that allow workers to resolve disputes in cases where there is a disagreement between the employer and the employee over the essential terms and conditions of a labor agreement or other aspects of work. Such disagreement will be resolved in compliance with the conciliation procedures. These procedures imply direct negotiations between the employee and the employer. A party shall notify the other party in writing about initiating the conciliation procedures. The notification must specify the grounds for the arisen dispute and claims of the party. The other party shall be obliged to review the written notification and inform the party of its decision in writing within 10 calendar days after receiving the notification. Representatives or parties shall make a decision in writing that shall become a part of the existing labor agreement. If the parties fail to reach an agreement over the dispute within 14 calendar days after receiving the written notification about initiating conciliation a party may refer the dispute to the court. If a party avoided participating in the conciliation procedures within 14 calendar days after receiving the written notification, the burden of proof for determining the facts of the dispute shall lie on that party (article 48 of Labor Code).

The Georgian Labor Code (2010, 2013, 2018) applies to direct workers and contracted workers, including foreign workers who are employed on full-time basis. Terms and conditions of direct workers hired on part-time basis are determined in their individual employment contracts.

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

The Law of Georgia on Labor Safety (2018) provides for provisions on occupational health and safety, and applies to direct and contracted workers, including foreign workers. The overview below provides key aspects of legislation which relates to the items set out in ESS2, paragraphs 24 to 30.

1. All potential hazards to project workers' health and life will be identified at the design stage of the project. Any party who employs workers will develop and implement procedures to establish and maintain a safe working environment, including that workplaces, machinery, equipment and processes under their control are safe and without risk to health. This will include use of appropriate measures related to chemical, physical and biological substances and agents.
2. Whenever avoidance of health and safety hazards is not possible, appropriate protective measures will be provided. These measures include controlling the hazard at source using protective solutions and providing adequate personal protective equipment (PPE) at no cost to the project worker.

3. Any party who employs workers will assign health and safety officer(s) at construction sites. The employer is obliged to assign at least two health and safety officers when the number of workers amounts to 100.
4. Project workers will receive OHS training at the beginning of their employment and on a regular basis thereafter. Training will cover the relevant aspects of OHS associated with daily work, including the ability to stop work without imminent danger and respond to emergency situations. Training records will be kept on file. These records will include a description of the training, the number of hours of training provided, training attendance records, and results of evaluations.
5. The employer will develop and implement reporting system for any accidents, diseases and incidents. Every accident will be reported to the employer, investigated and relevant measures will be designed to avoid the accident in the future. Also remedies for adverse impacts such as occupational injuries, disabilities and diseases will be provided.
6. The Georgian legislation does not provide that project workers will be provided with facilities appropriate to the circumstances of their work, including access to canteens, hygiene facilities, and appropriate areas for rest.

The Law on Labor Safety defines basic requirements and general principles of occupational safety for jobs that are dangerous, hard, harmful, and/or hazardous (article 2). The list of such jobs is provided in the ordinance of Government of Georgia. According to the mentioned list, the construction works and electrical works are generally considered to be inherently dangerous, so this law shall apply to contractors and supervision consultants, and to GSE employees who visit project locations during construction and/or operation.

The law imposes a general obligation on employers to provide employees with a safe and healthy working environment and to inform workers of the potential risks their jobs may present to their health and safety. Measures that must be taken include, but are not limited to, training and information campaigns as well as adoption of relevant preventive measures. The law includes requirements for organizing and managing health and safety programs, providing emergency care and services, and responding to accidents. Other requirements include controlling access to hazardous workplaces, providing personal protective equipment at no charge to workers, and medical examinations (article 5).

Also, the Law on Labor Safety includes provisions that allow employee to take part in consultation process regarding health and safety issues, provide recommendations and raise concerns related to risks and hazards (article 9). However, there is no specific requirement related to grievance mechanism, which may allow workers to communicate their complaints to the employer. This can be considered as a gap between

Georgian legislation and ESS2. The grievance mechanism is further discussed in this document (see section 9).

5. RESPONSIBLE STAFF

GSE International Projects and Reporting Department (IPRD) carries out a function of the Project Implementation Unit (PIU) in implementation of the IFI-funded projects. The IFI-funded projects are implemented under direct supervision and management of the IPRD, with overall management and supervision of GSE Management Board.

IPRD is supported by Permission Department and International Projects Planning and Supervision Department. Both departments have its own designated team members as per IFI funded projects, headed by a Heads of Departments. The Heads of Departments coordinate with GSE respective Management Board and supervision consultant in monitoring and management of the projects.

The GSE will be responsible for the following:

- Implement this labor management procedure to direct workers
- Ensure that contractor(s) responsible for the construction of the transmission line and the substation prepare their labor management procedure, in compliance with this labor management procedure, and occupational health and safety plan before the design stage
- Monitor that the Contractor are meeting obligations towards contracted and sub-contracted workers as included in the General Conditions of Contract the World Bank Standard Bidding Documents, and in line with ESS2 and national labor code
- Monitor implementation of contractors' labor management procedures
- Monitor that occupational health and safety standards are met at work places in line with national occupational health and safety legislation and Occupational Health and Safety Plan
- Monitor training of the project workers
- Ensure that the grievance mechanism for project workers is established and monitor its implementation
- Monitor implementation of the workers Code of Conduct

The Supervision Consultant will oversee labor and safety performance on a daily basis, on the behalf of the Employer (GSE). The ESMP requires the Supervision Consultant to employ qualified experts for such oversight and to report on performance to GSE 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 procedure, occupational health and safety plans, and to manage subcontractor performance

- Develop labor management procedure and occupational health and safety plan which will apply to contracted and sub-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 their subcontractors' implementation labor managements procedures and occupational health and safety plans
- Maintain records of recruitment and employment process of contracted workers
- Communicate clearly job description and employment conditions to contracted workers
- Develop, and implement workers' grievance mechanism and address the grievance received from the contracted and sub-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 prior to the commencement of works

After the bidding process is completed and the Contractors are known, this labor management procedure can be updated to include additional details about companies, as necessary.

6. POLICIES AND PROCEDURES

This section outlines main policies and procedures to be followed during construction phase of the project. This section will be updated and amended as needed, after construction contracts have been awarded.

GSE has in place JSC Georgian State Electrosystem's (GSE's) Internal Labor Rules and Regulations (Order N06/k-t, Tbilisi 2013) which provides for the rights of GSE employees in line with the national Labor Code. This Order will apply to project direct workers (GSE employees working on the Project). GSE also has a Code of Ethics which applies to its employees.

The direct project workers will sign the project-specific Code of Conduct.

The Contractors will prepare labor management procedures in line with this labor management procedure and national labor code. The principles and procedures presented below represent minimum requirements, but are not an exhaustive list of requirements.

As specified in Labor Code of Georgia, 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 GSE and supervision consultant to ensure fair treatment of all employees:

- As per Labor Code requirements, recruitment procedures will be transparent, public and non-discriminatory with respect to ethnicity, religion, sexual orientation, disability, gender, and other grounds included in the Labor Code
- 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.
- Employees will be informed at least two months before their expected release date of the coming termination. If more than 50 workers will be terminated within any three month period, the Contractor will prepare a retrenchment plan for review and approval by the Supervision Consultant
- 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 Georgia.
- GSE will include in contracts that all contractor (and subcontractor) personnel must be of the age of 18 years or more.

The GSE has health and safety procedures, which cover all activities under GSE implementation, including management the field teams of engineers, technicians and other personnel, and technical teams working in the power infrastructure facilities and in OHL maintenance.

With regards of Jvari Tskaltubo 500 kV transmission line development project, direct project workers (GSE employees) are expected to carry out field visits and inspections of powerline corridor. Therefore, it is not expected that direct project workers would carry out activities with high health and safety risks. The health and safety procedures in place require GSE staff to use adequate personal protective equipment (PPE)

during the works on site. This include high visibility vests, helmets, eye protection, safety boots. The provision of specific equipment is not required.

GSE Health and safety procedures also sets the traffic management requirements applicable for GSE vehicles used during the project implementation. This includes provision of first aid kits in the vehicles, periodic inspection of fleet, requirements to the drivers to assure safety during the driving.

The main health and safety risks will be encountered by the construction contractors' workforce. Companies that submit proposals for the work will have to demonstrate capability to manage health and safety risk and provide corresponding documentation. After the contract award, the contractors are required to provide the labor management procedures and occupational health and safety plan in line with the ESMP. The contractors will ensure that occupational health and safety plans are implemented by sub-contractors.

GSE 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.
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- In addition, occupational health and safety plans, will among other issues also 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. All Contractors 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 rules 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, GSE 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 GSE all accidents and illness with a day lost or more, fatalities or serious injuries that may happen at 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. 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 GSE 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 accommodations are provided for workers, Contractors will ensure that they are provided in 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.

Supervision Consultant (on behalf of GSE) will conduct periodic supervision of contractor's OHS performance, including site visits, at least monthly. 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.

GSE will inform the Bank promptly 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) 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 GSE 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. The content of the Code of Conduct is included in the World Bank Standard Bidding Documents and will include provisions relating to GBV.

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, the contractor shall report to GSE about any inspections and audits carried out by the respective ministries – the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia. The findings of the labor audits will be presented to GSE and the Bank, if requested.

7. AGE OF EMPLOYMENT

Georgia law prohibits anyone under 18 from performing hazardous work, and construction is considered hazardous. Thus, no construction workers under 18 years will be employed unless they are hired for office work.

The contractors will be required to verify the identify and age of all workers. This will require workers to provide official documentation, which could include a birth certificate, national identification card, passport, or medical or school record.

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.

8. TERMS AND CONDITIONS

The terms and conditions applying to GSE employees are set out in the JSC Georgian State Electrosystem's (GSE's) Internal Labor Rules and Regulations (Order N06/k-t, Tbilisi, 2013) which provides for the rights of GSE employees in line with the national Labor Code, which is described in the section 3. These internal labor rules and regulations will apply to GSE employees who are assigned to work specifically in relation to the project (direct workers).

Terms and conditions of part-time direct workers are determined by their individual contracts.

Out of 1398 GSE employees, 772 are members of the Labor Union of GSE, which belongs to the Labor Union of Energy Workers of Georgia. The Collective Agreement (Nov 27, 2016, amended Nov 27, 2017

and effective until Nov 27, 2019) applies to the union members. In instances where direct project workers are union members, terms and conditions set out in this collective agreement will apply to them.

The work hours are 40 per week for direct workers who are GSE employees. GSE compensates its employees for overtime work with additional leave time. This option is provided by the national Labor Code.

The Labor Code allows for the work week of 48 hours in sectors such as energy. All project workers will receive at least one rest day (24 hours) after six consecutive days of work.

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 Code and General Conditions of the World Bank Standard bidding documents and comparable industry standards.

9. GRIEVANCE MECHANISM

GSE, currently, does not have a grievance mechanism in place which allows all of its employees to raise workplace concerns. The conciliation procedure which is provided by the Labor Code is not utilized. There is no system in place to track grievances submitted by GSE employees.

GSE's HR Department will develop and implement a grievance mechanism for GSE employees to address workplace concerns. The establishment of this grievance mechanism is part of the proposed corporate GSE restructuring. This grievance mechanism for direct workers, i.e. GSE employees, will be established by Project effectiveness.

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

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;
- a register to record and track the timely resolution of grievances;
- a responsible department to receive, record and track resolution of grievances.

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

10. CONTRACTOR MANAGEMENT

GSE 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 design and build contractors who will engage contracted workers, GSE and/or the supervision consultant may review the following information:

- 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 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;
- Records of legally required worker benefits and proof of workers’ enrollment in the related programs;
- Worker payroll records, including hours worked and pay received;
- Identification of safety committee members and records of meetings; and
- Copies of previous contracts with contractors and suppliers, showing inclusion of provisions and terms reflecting ESS2.

The contracts with selected contractors will include provisions related to labor and occupational health and safety, as provided in the World Bank SPD and Georgian law.

The Supervision Consultant will manage and monitor the performance of Contractors in relation to contracted workers, focusing on compliance by contractors 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.

11. PRIMARY SUPPLIERS

The primary suppliers to the transmission line shall be companies that manufacture transmission towers and conductors. These sectors are not known to involve significant risks of child labor and forced labor. If fill material is needed, then local quarries also would be considered primary suppliers. For the substation, the primary suppliers would be companies that manufacture electrical switching equipment, transformers, and other major electrical equipment. These sectors are also not known to involve significant risks of child labor and forced labor. Except for the local quarries, it is expected, that the primary suppliers will be large scale international companies.

In instances where local suppliers would be engaged, contractors shall be required to carry out due diligence procedure to identify if there are significant risks that the suppliers are exploiting child or forced labor or exposing worker to serious safety issues. In instances where foreign suppliers would be contracted, contractors will be required to inquire during their procurement process whether the supplier has been accused or sanctioned for any of these issues and also their corporate requirements related to child labor, forced labor, and safety. If there are any risks related to child and forced labor, and safety identified, the GSE will prepare the procedures to address these risks.