

Republic of Croatia

Ministry of Justice and Public administration

JUSTICE FOR BUSINESS PROJECT

LABOR MANAGEMENT PROCEDURES (Revised)

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1. INTRODUCTION

The Justice for Business Project (J4B) is being prepared under the World Bank's Environmental and Social Framework (ESF). As per the World Bank Environmental and Social Standard ESS 10 Stakeholders Engagement and Information Disclosure, the Borrower should provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.

The Justice for Business Project (J4B) aims to contribute to the establishment of a judicial system that will meet the highest European standards in terms of independence, impartiality, expertise and efficiency, thereby justifying the confidence of citizens and contributing to the progress of society.

The Project has two components:

- Component 1 is a results-based component that supports implementation of interventions which are expected to reduce the administrative burden for businesses in their interaction with government.
- Component 2 includes direct investment supporting the refurbishment and/or reconstruction of court facilities in four selected locations: County Court in Varaždin, Municipal Civil Court in Zagreb and Municipal Courts in Kutina and Vinkovci. The component includes the preparation of detailed technical documentation - design for the selected court facilities, civil work supervision, and technical building audits.

The Component 1 supports improvements in business regulatory services and market functioning in the construction sector. It comprises two subcomponents focused on: (a) removing regulatory barriers for market entry and operation, and (b) simplifying construction permitting and improving market functioning in the construction sector.

The objective of the Component 2 is to refurbish and/or reconstruct selected courts facilities to meet international standards of service allowing for better court performance and user experience. Furthermore, the aim is to improve the working conditions of the judicial bodies (courts and state attorney) located in buildings that will be refurbished and/or reconstructed by making them more energy efficient and functional in line with the Ministry of Justice and Public Administration (MoJPA) strategy of a modern and efficient judiciary system.

According to the Law on Courts (OG 28/13, 33/15, 82/15, 82/16, 67/18, 126/19, 130/20), the MoJPA is obliged to provide and manage the judicial infrastructure and equipment for the operation of the courts. The MoJPA has the power of the highest authority for the performance of judicial administration.

The beneficiaries and target group of the courts' rehabilitation and renovation works aimed at creating and fostering a work-friendly environment are primarily staff of judicial bodies such management staff, judges but also, state attorneys, deputies of state attorneys, and other civil servants and employees of judicial bodies of the MoJPA. Provision of judicial infrastructure upgrades and improved access to judicial services and quality infrastructure would equally benefit businesses and citizens of the City of

Zagreb and Zagreb County as well as the Counties of Koprivnica-križevci, Međimurje, Sisak – Moslavina, Varaždin and Vukovarsko-Srijemska, regardless of their age, gender, nationality, religion, disabilities, sexual orientation, race or ethnicity.

The judicial facilities in Zagreb, Kutina and Varaždin are detached objects and impact on neighbouring buildings will be minimal. The building of the Municipal Court in Vinkovci is semi-detached.

2. OVERVIEW OF LABOR USE ON THE PROJECT

ESS2 categorizes the workers into direct workers, contracted workers, community workers, migrant workers, and primary supply workers, of which all the categories are relevant except the community workers.

These procedures elaborate how the project workers will be managed, in accordance with the requirements of national law and ESS 2. The procedures will address the way in which this ESS will apply to different categories of project workers including direct workers and sets out the requirements for third parties to manage their workers.

The LMP applies to all project workers in the following manner:

- People employed or engaged directly to work specifically in relation to the project.
- People employed or engaged by contractors to perform work related to core function of the project, regardless of location.
- People employed or engaged by the primary suppliers.

Project workers will include civil servants from the MoJPA, consultants, and direct and contracted /subcontracted workers. The project footprint is relatively small and does not entail a significant amount of labor except for works that include both functional and physical rehabilitation and renovation of infrastructure in specific areas / locations. It is unlikely, thus, that many workers would be needed.

Primary supply workers are not relevant as the project will unlikely source goods or materials from a single supplier on an on-going basis. Project activities will not require hiring of community workers. As currently envisioned, the project will be implemented by the MoJPA staff who are civil servants and who will remain subject to the terms and conditions of their existing public sector employment agreements. Institutional capacity strengthening is done through hiring different consultants to perform specialized tasks. These consultants are part of PIU and paid through the loan funds. The project also deploys contractors and subcontractors for construction and rehabilitation works, but the number of workers to be contracted/subcontracted is not known precisely.

Direct Workers

Direct Workers include the MoJPA staff and consultants at the PIU.

The MoJPA staff working on the project will remain civil servants and therefore subject to the terms and conditions of their existing public sector employment agreements.

A PIU is already supporting implementation of J4B. The consultants that are part of PIU are subject to terms of reference and paid through the loan funds.

Contracted Workers

These are workers of third parties hired to deliver primary functions of the project. These are mainly workers of the contractors hired in relation to the civil works on the four selected locations.

The civil works under the project are expected to be conducted by authorized contractors for varying durations depending on the works requirements. It is expected that they will engage subcontractors to carry out some aspects of the work. Contracted workers will be those working under the civil works contractors. According to the Building Act (OG 153/13, 20/17, 39/19) the Contractor shall execute construction in conformity with the building permit, the Building Act, technical regulations, special regulations, code of practice, etc. The Contractor must perform and ensure work and workers related to the core function of the project. Such functions of a project constitute those production and/or service processes essential for a specific project activity or activities without which the project cannot continue. The contractors will be responsible for the performance and management of contracted workers, ensuring that appropriate skillsets are available, such as social and environmental expertise, masons, carpenters, tilers, plumbers, electricians as well as a construction site coordinator responsible for safety standards (among others) according to legal requirements and in line with the provisions of ESS2 and the national legislation. The designers are responsible for ensuring that the designs comply with the prescribed requirements and that the designed construction work is in conformity with the location permit or the requirement for construction works prescribed by the spatial plan, and that it complies with requirements prescribed for the energy efficiency performance of buildings. The principal supervising engineers shall be responsible for the completeness and coordination of the building surveillance and for drawing up a final report thereof. The design auditor shall be responsible that a design or part of a design that he audited and gave a favorable report thereon, complies with the requirements of the Building Act, special acts and regulations adopted based on those acts, technical specifications, and the code of practice regarding a characteristic audited. The work in a safe manner is drafted and signed by the occupational health and safety specialist.

Contracted and subcontracted workers will have access to a grievance mechanism described afterward. At this stage the exact number of workers is not known, and it will be known when implementation of subprojects begins. The number of workers is expected to vary depending on the works requirements at each location subproject.

Primary supply workers

Primary supply workers are those that work for companies involved in the provision of construction materials for civil works. These will be engaged by third parties, such as the contractors or subcontractors under the project. The contractor will be responsible to ensure that the principles of labor management, including prohibition of child labor and access to a grievance redress mechanism for these workers is in line with local legislation and the ESS 2. Where a GRM is not available, these workers may access the main project GRM.

Migrant Workers

Given the current shortage of workers in the construction sector, migrant workers (either domestic or international) might be deployed to work on the project. Contractors may engage migrant workers

subject to meeting national requirements for work permits or a work registration certificate. Any person who is not a Croatian citizen (does not have Croatian citizenship) is considered a foreigner.

3. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Project activities do not involve activities that have a high potential for harming people or the environment.

Civil works under this project are expected for the refurbishment of judiciary infrastructure in the selected 4 locations. The contractor might engage subcontractors to carry out some aspects of the work. Many workers will be exposed to occupational health and safety hazards, primarily including but not limited to:

- Working at height.
- Electrocutions and Electrical works.
- Traffic accidents.
- Lifting of heavy structures.
- Accidents with exposed rebars.
- Exposure to construction airborne agents (dust, etc.).
- Ergonomic hazards during construction.
- Vibration of heavy construction equipment.
- Use of rotating and moving equipment.
- Lack of workers' awareness on occupational health and safety requirements such as the use of personal protective equipment (PPE) and safe workplace practices.
- Exposure to hazardous substances (e.g., paints, varnishes, asbestos);
- Working with heavy and dangerous machinery.
- Working around pits, ditches, stacked materials, traffic, loading and unloading, etc.
- Extreme wheatear conditions (heavy rain, storms, heat stress and UV exposure).
- SEA/SH risks.

Site personnel may experience heat stress (heat rush, cramps, heat exhaustion, heat stroke, etc) due to a combination of elevated ambient temperatures and the concurrent use of PPE. This will largely depend on the type of work and the time of year. Over exposure to UV radiation in sunlight can result in sunburn to exposed skin. This risk can be mitigated by the execution of works in a way to avoid heavy works at open spaces during sun peak. Storms, strong wind, and other extreme weather condition pose a risk. Limit working in extreme weather conditions is a way of risk mitigation, in addition to the adequate PPE. If asbestos is found during civil works, Asbestos Removal and Management Plan will be prepared adhering to national legislation, WB EHS and GIIP, subject to WB approval.

During construction, the presence of non-local construction workers could have some negative impacts on the local population, if not properly managed. The presence of non-local and migrant workers could lead to sexual exploitation and abuse and sexual harassment within the community. In addition, the presence of a non-local construction workers to the area can create concern among residents. The Contractors will be required to prepare and enforce a Code of Conduct for Workers and GRM project

mechanism is available. As such, negative impacts relating to the presence of non-local and migrant workers within the community are unlikely to occur.

All contractors will be required to have a written contract with their workers materially consistent with objectives of ESS2.

The working conditions and terms of employment of migrant workers should be the same or substantially equivalent to those of non-migrant project workers performing the same type of work. This applies to migrant project workers employed or engaged directly by the Borrower or through a third party. Conditions for the residence and work of third-country citizens in the Republic of Croatia are governed by the provisions of the Foreigners Act (OG 133/20, 114/22, 151/22) and the Ordinance on the residence of citizens of third countries in the Republic of Croatia (OG 20/22). From January 1, 2021, there is no limit to the number of foreign workers that can be hired within Croatia. If a Croatian employer want to hire a non-EU national, then they must request permission from the state employment agency - Croatian Employment Service before they can request a work and residence permit for a foreign worker. Croatian Employment Service will perform a labor market test to determine if they will grant the company permission to hire the foreigner (deadline for labor market test is 15 days from the date the employer requested permission). The labor market test should confirm that there are no unemployed Croatian or other EU/EEA citizens who meet the employer's requirements.

Exemption from the labor market test:

- Deficient occupations (in Croatia a large share of deficient occupations is related to construction sector and tourism)
- Extension of the work permit for the same employer and the same third-country national
- Seasonal employment of third-country nationals in agriculture, forestry, catering, and tourism (for up to 90 days during one calendar year)
- Groups listed in the Article 110 of the Foreigners Act (key staff in companies, EU blue card, persons transferred within the company, etc.)¹

In both cases employers must issue a positive opinion which checks, for example, whether they have paid all obligations to workers and the state, whether they violate labor market rules and whether they have at least one third of domestic workers employed. No instances of child or forced labor are likely to happen under the project as legislation on employment and labor are fully harmonized with the International Labor Organization (ILO) conventions (particularly ILO Forced Labor Convention No. 29 ratified by the Republic of Croatia) and the European Union Directives inclusive of convention on forced labor and convention on elimination of child labor and protection of children and young persons. Therefore, persons under the age of 18 will not be employed under the Project. The Republic of Croatia as an EU Member State, but also as a member state of the ILO since 1992, must ensure that all acts and regulations related to social dialogue/tripartite consultations; employment and labor (inclusive of elimination of forced and child labor); equality of opportunity and treatment; collective bargaining; grievance redress and labor dispute settlement; sustainable social security system, freedom of

¹ The afore-mentioned conditions must be fulfilled throughout the whole period of residence of the third-country national in the Republic of Croatia.

association; etc., are in compliance with International Labor Standards. International labor standards and directives as well as national acts, regulations and directives are enforced well in Croatia.

According to the 2022 Country Reports on Human Rights Practices on Croatia by US Department of State, the chapter on Acceptable Conditions of Work states that: the Government of Croatia effectively enforced wage and hour laws, inspection was sufficient to enforce compliance, and penalties were commensurate with those for similar violations. Penalties were regularly applied against violators. Minimum wage was slightly above official poverty income level. The law limits overtime to 10 hours per week and 180 hours annually. The government set health and safety standards to harmonize with EU laws and regulations. Responsibility for identifying unsafe situations remains with occupational safety and health experts and not the worker.

No other social risks are relevant for the project activities. However, in case they arise, the MoJPA will revise these procedures to prevent further any negative impact.

4. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

The national legislation meets objectives, requirements, and prescriptions of ESS2 on Working Conditions and Management of Workers Relationships and on Protecting the Workforce and Occupational Health and Safety (OHS issues and grievance mechanism).

In the Republic of Croatia, fundamental obligations and rights arising from employment relationships are stipulated by the Article 7 of the Labor Act (OG 93/14, 127/17, 98/19, 151/22). This Article defines that the employer shall be obliged to ensure work for an employed worker and pay remuneration for the work performed, and the worker shall be obliged to complete the work following the instructions provided by the employer in line with the nature and type of work. Furthermore, according to paragraph 2, the employer shall be entitled to determine the place and the manner of performing the work and shall respect the workers' rights and dignity. Paragraph 3 outlines that the employer shall be obliged to ensure safe working conditions with no detrimental effects on the health of the worker, following a special law and other regulations.

Working hours

The Labor Act in chapter 8 defines the working time, starting with the definition of working time (Article 60), while Article 61 stipulates that full-time work shall not exceed 40 hours a week. Articles 66 and 67 define the flexibility of working time. Thus, the duration of workers' working time may be evenly or unevenly distributed over days, weeks, or months. Therefore, where working time is unevenly distributed, its duration may in one period be longer than full-time work or part-time work, and shorter in another. Laws and regulations define the patterns of working time, collective agreement, agreement between the works council and the employer, working rules, or employment contract.

Rest breaks

Rest breaks and vacations are also defined by Labor Act. Daily break is defined by the Articles 73 and 74, while Article 75 regulates a weekly break period. According to these Articles the worker who works at least six hours a day is entitled to a daily period of rest (a break) of a minimum of 30 minutes. The part-

time worker or two or more employers with total daily working hours at all employers of at least 6 or 4.5 hours is entitled to a break at each employer proportionate to his contracted part-time work. The rest period is counted in working time. The worker is entitled to a minimum daily rest period of 12 consecutive hours per 24-hour period; a weekly minimum uninterrupted rest period of 24 hours plus the hours of regular rest; and the minor is entitled to a weekly minimum continuous rest period of 48 hours. The rest must be used by the worker on Sundays or the day before or day after Sunday. Where the worker is not in a position to use the rest period as previously mentioned, he or she must be afforded equivalent periods of compensatory weekly rest right after his working time with no weekly rest, or with a shorter period of rest. As an exception, the shift workers or workers who due to objective reasons or organization of work cannot use the rest period must be afforded a weekly minimum uninterrupted rest period of 24 hours, without counting the daily rest. Remuneration and compensation are regulated by Article 90-97 of the Labor Act. According to Article 90, the employer is obliged to calculate and pay remuneration to the worker in the amount provided through law, collective agreement, working regulations, or employment contract. The Article 91 regulates equal pay for women and men, while the Article 94 stipulates that the worker has a right to an increased remuneration for arduous working conditions, overtime and night work, and for work on Sundays, holidays, and on other days that are not working days according to the law.

Non-discrimination

The Labor Act in Article 7 in paragraph 4 prohibits any direct or indirect discrimination in the area of labor and working conditions, including the selection criteria and requirements for employment, advance in employment, professional guidance, education, training, and retraining. The employer is also obliged to protect the workers' dignity during the work in case of acts, uncalled for and contrary to the Labor Act and special legal provisions, of superiors, collaborators, and persons with whom the worker contacts regularly while performing his tasks. The Articles 31-32 define prohibition of discrimination of pregnant workers, women who have recently given birth or are breastfeeding, while the Article 39 vetoes discrimination regards advance in employment or the exercise of other rights. Some other forms of discrimination are any not allowed by the Labor Act: prohibition of discrimination of the members of the works council (the Article 157-158); and discrimination on the ground of membership or non-membership in an association or participation or non-participation in various activities (the Article 166).

Information disclosure

Regarding the demands on information and documentation, the Labor Act in Article 8 prescribes that before the worker starts working, the employer shall be obliged to enable the worker to acquaint himself with the employment-related regulations and inform the worker about the organization of work as well as health and safety protection at work. Furthermore, the rules on safety and health at work, collective agreements, and working regulations must appropriately be made available to the workers²

Freedom of association and Collective Bargaining

² or further information on safety and health at work in the Republic of Croatia, see Occupational Health and Safety chapter.

The right to organize is set by the Constitution (Article 43 and 60), the Labor Act, ILO Conventions No 98 and 87, and other international treaties to which the Republic of Croatia is a party. All employees, except active military staff, have the right to establish and join trade unions. According to the Article 165 of the Labor Act, workers have the right, according to their own free choice, to establish and join a trade union, subject to only such requirements which may be prescribed by the statute or internal rules of this trade union. Article 186 explains the prohibition of discrimination on the ground of membership in a trade union or participation in trade union activities. The Labor Act, in many articles, stresses the importance of regular and timely payment of salaries and wages as well as social contributions. The prohibition of child labor and stipulated minimum age for work (paragraphs 17 and 18 of the ESF) are fully incorporated in Croatian legislation, particularly in the Labor Act. In the same way, Article 122 of the Labor Act determines the minimum notice period from two weeks to three months, depending on the duration of tenure with the same employer.

Worker's organization

Workplace representation in Croatia is provided both through trade unions and works councils, although if no works council has been set up, the union representative can take on almost all its duties and responsibilities. The Labor Act in Article 192 stipulates:

(1) A collective agreement shall regulate the rights and obligations of the parties to the agreement. It may also contain legal rules governing the conclusion, contents, and termination of employment, social security issues, and other issues arising from or related to employment.

(2) The legal rules contained in a collective agreement shall be directly applicable and binding on all persons who are subject to the collective agreement, following the provisions of this Act.

(3) A collective agreement may contain rules related to the composition and methods of work of the bodies authorized for amicable collective labor dispute resolution.

(4) Rights that are not prescribed by Law, that is, material rights from Article 90a, Paragraph 1, Point 1 of Law, can be agreed upon in a collective agreement to a greater extent for the members of the trade union who negotiated the collective agreement³.

(5) The total amount of material rights referred to in paragraph 4 of this article may not be agreed on an annual basis for more than twice the average annual union membership fee of the unions that negotiated the collective agreement.

(6) The rights from paragraph 4 of this article are exercised by those members of the trade union about whom the trade union has informed the employer.

The Act on Representativeness of Employers' Associations and Trade Unions (OG 93/14, 26/15) in Article 25 defines Parties to collective agreement. Parties to a collective agreement may be on the trade union side, one or more trade unions that have the representative status following this Act. Parties to a collective agreement may be on the trade union side, the unions that are represented in the negotiating committee. Unions are free to operate at the workplace and, according to the Labor Act, they have "the

³Receipts that the employer, in accordance with the regulation, collective agreement, labor regulations, employer act or employment contract, pays to the employee as a material right from the employment relationship (jubilee award, holiday pay, Christmas bonus, etc.)

right to promote the rights and interests of trade union members in respect of their relations with the employer". This can be done either through external union officials or through union representatives who are also employees of the organization. In practice, as only ten individuals are required to set up a union and because there are a large number of unions, in many cases union representation will be through a union or unions, all of whose members work for the same employer. In other cases, the union members will belong to a larger union with members spread across several employers, or even the whole country. In companies and other organizations with at least 20 employees (bodies which are part of the state administration are an exception), the employees have the right to be represented through a works council. Its role is that it "protects and promotes the interests of employees." In practice, unions, which have the right to nominate candidates, are vital in initiating the process of setting up a works council. If no works council has been set up, its rights and duties are taken on by a union representative working at the company. If there are several unions present in the workplace and they cannot reach agreement, as to which union representative should exercise these rights, the choice is made through an election, following the same rules as apply for the election of works council members.

Right for Grievance

The Labor Act 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 of conditions of a labor agreement and other aspects of work. Such disagreement will be resolved in compliance with the procedures. Reference Collective Agreement for Construction (OG 115/15, 26/18) in the section on protection of workers (Article 70) stipulates that a worker who believes that an employer has violated his right from employment may, within 15 days from the delivery of the decision violating his right, or from the day of finding out about the violation of the right, demand the right to be consumed. Written decisions on the consummation of the rights and obligations of the worker are delivered directly to the worker or delivered by registered mail to the last address reported by the worker to the employer. The employee is obliged to inform the employer immediately in case of change of address. If the Employer's letter addressed to the worker at the address reported to the employer by the employee is returned undeliverable due to the refusal of receipt or the unknown or incorrectly reported address, it shall be posted in writing on the notice board at the premises of the employer, and the contracting parties agree that this is considered to be a proper delivery to the worker performed. Furthermore, notwithstanding the procedure for the protection of rights referred to in Article 70 of the Collective Agreement, an employee who considers that he or she has been unfairly treated by other worker, associate or management of the company may appeal on him or her to a superior employee or management of the company and may apply for mediation and the works council.

Role of the Labor inspection sector of State Inspectorate

The Labor Inspection Sector as a part of State Inspectorate has a remit to monitor the compliance of labor laws and regulations for national and foreign workers, except for certain categories of state officials, educational entities and air traffic employees. The Labor Inspection Sector also has a remit to monitor the compliance with health and safety which includes monitoring compliance with health and safety standards at the workplace and the protection of the health and safety of workers.

It has branches in 5 Croatian cities: Zagreb, Rijeka, Split, Varaždin and Osijek; each has department for work relations and safety of work.

The Labor Inspectors perform inspections at worksites to check the compliance with the provisions of the laws under their remit. These can either be scheduled inspections or responses to complaints. In reference to migrant workers, the main focus of their inspection is the legality of employment, i.e. whether the worker has a regulated status in Croatia⁴.

The law allows employees to sue employers for wage non-payment and provides a penalty of up to three years in prison for convicted employers, although the law exempts employers who fail to pay wages due to economic duress. Workers may sue employers who do not issue pay slips to their employees to bypass mandatory employer contributions to social insurance programs.

Representatives of the labor inspection in occupational health and safety participate in the work of the EU Senior Labor Inspectors' Committee (SLIC) and its working groups. The Committee operates as part of the European Commission, and the work of the Committee includes representatives of labor inspections from all EU member states, as well as representatives of labor inspections from Norway, Iceland, Switzerland, and Liechtenstein.

5. BRIEF OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY

No differences have been identified in national labor legislation concerning occupational health and safety issues stipulated in ESS2. The national policy, principles of prevention and occupational safety rules, obligations of the employer, rights, and obligations of workers, including supervision and misdemeanor liability in the Republic of Croatia, are regulated by the Occupational Safety and Health Act (OG 71/14, 118/14, 94/18, 96/18). The Act defines measures to protect workers from psychosocial risks (stress) and psychophysiological effort at work, with the aim of prevention and education of all stakeholders. The Act sets out the general principles of risk prevention at work and protection of health, rules to eliminate risk factors, procedures of training of workers and procedures of information and consultation of employees and their representative with employers and their authorized persons. The intention is to raise awareness and encourage preventive action not only by employers but also by employees.

The employer is obliged to implement occupational health and safety measures based on the general principles of prevention. These include risk avoidance, risk assessment, prevention of risks at their source, adjustment of work to the employees in relation to the design of the workplace, the choice of work equipment and the mode of operation and work processes to relieve monotonous work. Employers must consider issues such as adaptation to technical progress, replacing hazardous substances or processes with the non-hazardous or less hazardous. They are also required to develop a consistent comprehensive prevention policy by connecting technology, organization of work, working conditions, human relationships, and the influence of work environment. They must give preference to

⁴ Records are kept of each inspection. These investigations are carried out in close collaboration with the police. The police often notify the Inspectorate if they have suspicions about the irregular status of workers on a worksite, which as a rule results in joint visits. Also, if labor inspectors identify irregular workers at a site, they invite the police to collaborate, as only the police have the authority to carry out some of the mandated steps in those cases (e.g. taking the worker into the station for an interview).

collective protective measures over individual ones, appropriately train and inform employees, and make all protective equipment available free of charge.

The central administrative body for labor, safety, and health at work in the Republic of Croatia is the Ministry of Labor, Pension System, Family and Social Policy. Since this is a multidisciplinary topic, in addition to these institutions and regulations deriving from the Occupational Safety and Health Act, other competent authorities, such as the Ministry of Health, participate in preparation, implementation and supervision of the occupational health and safety policy.

The Ordinance on the Occupational Health and Safety on Temporary Construction sites (OG 48/18) defines measures and activities for the protection of workers on temporary construction sites⁵ (requirements for evacuation roads and emergency exits, fire detection, sanitary equipment and first aid, etc.).

The occupational safety rules apply to all project phases from design to implementation. The investor is the first of the stakeholders of the occupational safety and health system when it comes to the design, construction, and use of constructions. Investor is obliged to apply general principles of prevention and occupational safety rules at all stages of project design and preparation. Accordingly, during the design preparation, study on safety at work should be prepared. This study elaborates the manner of applying the occupational safety rules when using buildings intended for work. When preparing the main project and during the construction works responsible person for occupational health and safety must be appointed (by investor, building owner, concessionaire).

Pursuant to Article 74, paragraph 3 of the Occupational Safety and Health Act, the contractor of works on a temporary construction site is obliged to submit a site registration to body competent for labor inspection (State Inspectorate), at the latest one day prior to the commencement of the works (for especially dangerous works defined in Annex II of the Ordinance and if the duration of works is longer than 10 days). The content of site registration is defined in Annex III of the Ordinance. Copy of the site's registration must be available at the construction site in a visible place. Registration of the construction site, where the works will be carried out by two or more contractors, is the obligation of the investor, concession holder or other person for which the construction works are performed.

The contractor who performs the construction works is obliged to arrange the site and to ensure that the works are carried out in accordance with the occupational health and safety regulations. It is therefore necessary to prepare Construction Work Plan. The content of Plan is defined in Annex IV of the Ordinance. The Construction Work Plan contains detail elaboration of instructions and protocols among other regarding: persons responsible for safety at work, list of telephone numbers and emergency services and competent institutions, method of determining and marking construction site boundaries, list of activities indicating hazardous works, measures and instructions for safety at work (e.g. earthworks, uncontrolled demolition of earthworks, carpentry etc.), instructions on how to act in case of fires, earthquakes, burying workers in the trench, etc. Construction Work Plan contains how to storage materials at construction site, how to provide first aid in a case of accident at construction site, personal protective equipment, etc. The Construction Work Plan must be available at the construction

⁵ Temporary construction site is any workplace where construction and other works are performed and whose incomplete list is given in Annex I. of this Ordinance.

site, and its preparation is obligation of the investor, concessionaire or other person for whom the construction works are performed.

If only one contractor performs construction works, then he is not obligated to prepare Construction Work Plan, and only has to send notification to the State Inspectorate, yet all requirements defined by Occupational Safety and Health Act must be met and is obliged to plan, prepare and implement work procedures and to develop and apply work technology so as not to endanger the safety and health of workers, while respecting the highest possible level of protection against risks at work and in connection

6. WORKING WITH ASBESTOS WASTE

It is not probable that the implementation of Civil works foreseen within component 2 could involve asbestos in any form. But in case it does, before starting intervention, reconstruction and rehabilitation works, the contractor must determine whether there is a possibility that materials containing asbestos are present.

Legal framework

Croatian national legislation strictly controls exposure to asbestos and handling asbestos waste by following laws and by-laws:

- Occupational health and safety act (OG 71/14, 118/14, 154/14, 94/18, 96/18),
- Ordinance on the protection of workers from risk related to exposure to asbestos (OG 40/07),
- Ordinance on the protection of workers from the risk of exposure to hazardous chemicals at work, limit values of exposure and biological limit values (OG 91/2018),
- Ordinance on the use of personal protective equipment (OG 05/21),
- Ordinance on placing personal protective equipment on the market (OG 89/10),
- Act on mandatory health monitoring of workers occupationally exposed to asbestos (OG 79/07, 139/10, 111/18),
- Ordinance on jobs in special work conditions (OG 5/84),
- Ordinance on risk assessment (OG 112/2014),
- Waste Management Act (OG 84/21),
- Ordinance on construction waste and waste containing asbestos (OG 69/16),
- Instructions for handling waste containing asbestos (OG 89/08).

Contractors' obligations regarding documentation and licensing

To perform works with materials containing asbestos, contractor must meet the requirements regarding licensing for handling asbestos materials.

Before starting works contractor has following obligations:

- must assess the risk according to the provisions defined in the Ordinance on risk assessment (OG 112/2014). Risk assessment must be regularly revised and supplemented in accordance with the changes that could affect worker exposure.
- in the case that exposure is continuous and high intensity, and results of risk assessment show that the exposure limit value in the workplace airspace will be exceeded:

- must at least eight days before the start of work, submit to the competent state inspectorate a report on asbestos works. The content of the report is prescribed by the article 5. of the Ordinance on the protection of workers from risk related to exposure to asbestos (OG 40/07),
- in accordance with the provisions of the Ordinance on jobs in special work conditions (OG 5/84), before start of work must each employee who performs work must send to the medical examination in the health institution which covers occupational medicine to determine whether he or she fulfils requirements for working on these jobs,

In the case that exposure is periodic and low intensity, and results of risk assessment show that the exposure limit value in the workplace airspace will not be exceeded above mentioned actions are not required. But it is necessary after consultation with occupational medicine specialists, to established practical guidelines for determination of periodic exposure and the low intensity exposure.

- must make working plan defined by article 14 of the Ordinance on the protection of workers from risk related to exposure to asbestos (OG 40/07). Drafted plan must deliver to the state inspectorate on their request,
- in the case of waste collection, must obtain waste management permit issued by competent authority according to the Waste Management Act (Ministry of Economy and Sustainable Development (MESD) for collection hazardous waste, county offices and City of Zagreb for collection of non-hazardous⁶
- in the case of waste transport, must entered into the Register of Waste Carriers kept in the MESD according to the Waste Management Act,
- in the case of transport hazardous waste, must meet the requirements according to the Act on the transportation of dangerous substances (OG 79/07). During handling asbestos waste (e.g. reloading), it is necessary to stick to prescribed occupational safety requirements. Workers must have adequate protective equipment, protective masks and must undergo appropriate training for handling asbestos waste.

During the conducting work contractor has following obligations:

- keeping a record of workers performing the activities with asbestos materials, which shall include information on the type and duration of the activity and degree of worker exposure. Every worker has the right to see data from the records referred to him personally and anonymous aggregate data.
- keeping those records from point forty years from the date of termination of asbestos exposure. If the employer ceases to perform the activity, those records must submit to the Croatian Medical Bureau,
- depending on the results of the risk assessment and to ensure the maximum permissible limit value, the measurement of the concentration of asbestos fibers in the workplace environment

⁶ According to the Ordinance on waste catalogue (OG 90/15) asbestos waste can be classified as hazardous and non-hazardous waste depended on the form in which appears.

must carry out on a regular basis. When determining the concentration of asbestos fibers in the working environment, only fibers with a length greater than 5 µm, a diameter of less than 3 µm and a length ratio of > 3: 1 should be considered.

When it comes to informing workers, contractor has following obligations:

- must with written instructions and notices, ensure that the workers and their representatives are informed about:
 - o possible health risk due to exposure to asbestos dust or asbestos materials and the risk of tobacco use,
 - o maximum limit values and the way of air monitoring in the working environment,
 - o hygiene measures, including positive health effects due to smoking cessation,
 - o proper use and wearing of work or protective clothes and personal protective equipment,
 - o special preventive measures to reduce and prevent the exposure to asbestos dust or asbestos materials dust.

Those instructions and notices must be placed in clearly visible places in the working rooms and must be clear and easily understood.

- must provide to the workers and/or their representatives access to the results of measuring asbestos concentrations in the working environment and explanations of the results.
- acquainting the workers and/or their representatives with the exceedances of the maximum permissible concentrations in case of exceeding, as soon as possible, counselling workers and/or their representatives on measures to be taken or acquainted the workers and/or their representatives on measures taken in emergency situations.

General conditions regarding workers health protection which contractor have to meet in the case of workers exposure to the asbestos.

Ordinance on the protection of workers from risk related to exposure to asbestos (OG 40/7) stipulates some general conditions regarding workers health protection in the case of exposure to the asbestos.

Those conditions are given below:

- the contractor should not distribute young workers, pregnant women or women nursing their infants to workplaces where they can be exposed to asbestos dust or dust from asbestos materials,
- it is forbidden to use asbestos spraying technology as well as working procedures involving low density materials (less than 1 g / cm³) for insulation and sound insulation which contain asbestos,
- activities where workers are exposed to asbestos fibers when removing asbestos or the production and processing of asbestos products or the production and processing of products containing deliberately added asbestos are forbidden, except for the treatment and disposal of products resulting from the destruction or removal of asbestos,

- in carrying out activities, the contractor shall reduce exposure of workers to asbestos dust or asbestos-containing materials at the lowest possible level and to ensure that the concentration of asbestos fibers in the air does not exceed the limit values. in that purpose, the contractor must take the following measures:
 - o the number of workers exposed or might be exposed, contractor must limit to the minimum extent possible,
 - o the working process must be designed on the way that no asbestos dust is produced and, if this is not possible, does not result in the release of asbestos dust into the air,
 - o all areas and equipment for asbestos processing must be such that it is possible their regularly and effectively cleaning and maintaining rooms and equipment,
 - o asbestos or materials containing asbestos which create dust should be kept and packed in packaging that are closed, sealed and marked,
 - o asbestos waste must be collected and disposed of as early as possible and in accordance with the environmental regulations.
- the contractor must ensure that in an eight-hour time-adjusted average no worker is exposed to asbestos concentrations in the air of more than 0,1 fibers per cm³,
- where the limit value is exceeded, work must not continue in the affected area until appropriate measures are taken to protect the exposed workers,
- where exposure cannot be reduced in any other way and where personal protective equipment for breathing is necessary to comply with the limit values, this must not be permanent and should be minimized for every worker. During the period of work when the use of such equipment is necessary, it is mandatory to ensure the breaks in accordance with physical and climatic conditions. also related to the breaks, when relevant, consultations with workers and / or workers' representatives must be conducted,
- where workers' safety cannot be provided in a different way, the contractor shall provide workers with personal protective equipment for the protection of respiratory system in accordance with the provisions of the Ordinance on the use of personal protective equipment (OG 05/21)
- personal protective equipment for the protection of respiratory organs prior to giving to workers on use shall be tested in accordance with the provisions of the Ordinance on placing personal protective equipment on the market (OG 89/10),
- personal protective equipment for the protection of respiratory system may be put and removed only outside the area where asbestos dust is released,
- the contractor must ensure the proper cleaning, maintenance, and storage of personal protective equipment for respiratory protection,
- in carrying out certain activities such as demolition, removal, repair, and maintenance where it is possible to foresee that despite of the application of preventive measures the limit value will be exceeded, the contractor shall determine and implement the following measures for the protection of workers who perform such works:
 - o equip workers with appropriate personal protective equipment for respiratory protection and other personal protective equipment, which workers must continually use,

- provide the necessary warning signs that alert the expected exceedance of the limit values,
- prevent the spread of asbestos dust or dust from material containing asbestos outside the premises or work site.
- contractor must not allow a worker to work on jobs where he or she can be exposed to asbestos dust or asbestos materials if the worker is not trained for safe working,
- training program for workers must enable workers to acquire the necessary skills and knowledge regarding:
 - asbestos and its effects on health and the synergistic effect of asbestos and smoking on health,
 - types of products or materials that could contain asbestos,
 - procedures where exposure to asbestos dust or asbestos materials can occur and the meaning of preventive measures to minimize exposure as much as possible,
 - safe mode of operation, protective measures, and personal protective equipment,
 - procedures for dealing with accidental situations,
 - the meanings of medical examinations.

The program specified in points a) and f) is carried out by the occupational medicine specialists.

- contractor must also ensure for workers:
 - suitable working or protective clothes,
 - that workers can replace asbestos-contaminated clothes with clean one and that workers contaminated clothes do not take outside the company. Also, the contractor must ensure the washing and cleaning of contaminated clothes in the companies authorized for that type of job if the contractor does not wash and clean himself. In that case, transport of contaminated clothing should be carried out in closed containers,
 - separate wardrobe areas for working or protective clothes and civilian clothes,
 - appropriate washrooms, showers, and toilet facilities,
 - disposal of the protective equipment at a specific location and checking and cleaning the protective equipment after each use. Prior to further use, the contractor must provide repair or replacement of inoperative equipment.

7. RESPONSIBLE STAFF

The Project is implemented by the PIU and by the MoJPA Staff with experience in managing, coordinating, and planning project activities, solving problems, making decisions, managing risks and human resources and reporting.

A PIU is already supporting implementation J4B,

PIU responsibility:

- Quality control of site-specific ESMPs/ESMP Checklist/CHMP and Stakeholder engagement plans (SEP)
- supervising the implementation of the ESMPs/ESMP Checklist/CHMP, SEP and report on the same,

- supervise the work performed by engineering/design companies, supervisors and contractors to ensure that they are applying adequate standards and are following agreed procedures,
- advise the contractors on the mitigation of environmental and social impacts at the sub-project level and preparation of monitoring reports,
- monitoring and reporting of compliance with ESMF and site-specific ESMPs/ESMP Checklists, CHMP and SEP
- manage the Feedback and Grievance Redress Mechanism (GRM)
- organize tendering procedures, review tender evaluation performed by the architectural/engineering firms, and arrange for the contracts to be signed in accordance with agreed procedures,
- on the spot checks

According to the Building Act (OG 153/13, 20/17, 39/19), the MoJPA is obliged to contract supervision of works to ensure technical and professional control of the project for the whole time of the execution of all planned infrastructure works.

8. POLICIES AND PROCEDURES

Most environmental and social impacts of subprojects resulting from activities directly under the control of contractors will be mitigated directly by the same contractors. Therefore, ensuring that contractors effectively mitigate project activities related impacts is the core of the projects' approach. The MoJPA incorporates standardized environmental and social clauses in the tender documentation and contract documents, for potential bidders to be aware of environmental and social performance requirements that shall be expected from them, are able to reflect that in their bids, and required to implement the clauses for the duration of the contract. The MoJPA enforces compliance by contractors with these clauses. The contractual arrangements with each project worker shall be clearly defined in accordance with Croatian and EU law aligned with ESS2 requirements. A full set of contractual requirements related to environmental and social risk and impact management are provided in the sub-projects' ESMPs /ESMP check list/CHMP as well as project SEP (and subproject SEP). All environmental and social conditions are included in the bidding documents and contracts in addition to any additional clauses, which are contained in the projects' environmental and social instruments.

9. AGE OF EMPLOYMENT

The Republic of Croatia has ratified both the ILO Minimum of Age Convention (C138) and the ILO Worst Forms of Child Labour Convention (C182). The minimum age of employment for this project shall be 18 years and to ensure compliance, all employees will be required to produce Personal Identification Number (PIN) as proof of their identity and age, which is the national identification document required for employment.

10. GRIEVANCE MECHANISM

A grievance mechanism shall be provided for all direct workers and contracted workers (and, where relevant, their organizations) to raise workplace concerns. Such workers shall be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against

reprisal for its use. Measure shall be put in place to make the grievance mechanism easily accessible to all such project workers. Project workers should be able to raise concerns regarding unsafe or unhealthy work situations through the grievance mechanism. The contractor shall establish and describe the details of an appropriate workplace grievance mechanism consistent with the ESS2 requirements (including a written record, established responsibilities and response time, etc).

The workers GM shall include (Contractor GRM):

- A channel to receive grievances such as comment/complaint form, suggestion boxes, email.
- Stipulated timeframes to respond to grievances.
- A register to record and track the timely resolution of grievances.
- A responsible person/section/committee to receive, record and track resolution of grievances.

The mechanism shall be based on the following principles:

- The process shall 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 shall 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 PIU shall review the records and report on the grievances, response time and resolution status. The grievance mechanism shall not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements. The Labor Act articles 133; 134; 135 and 136 stipulate grievance redress procedure in detail. These are provided in Annex 2 of the LMP.

11. CONTRACTOR MANAGEMENT

Contractor selection follows the procedures consistent with the WB Procurement Policy. The PIU will have the responsibility of monitoring contractors’ and subcontractors’ adherence to the labor management procedures including adherence to provision of wages, working hours, non-discrimination and other ESS2 requirements which are aligned with national legislation.

The Public Procurement Act (OG 120/16, 114/22) regulates procedures for the award of public contracts and framework agreements for the procurement of supplies, works or services, legal protection concerning those procedures, and the competences of the central state administration body competent for the public procurement system.

Contract management capability and capacity

The contract management business process already is and will be performed in a satisfactory manner and compliance with current Croatian regulations which meet ESS2 requirements. Since the Public Procurement Act doesn’t define obligation to use standard Contract forms, procurement documentation

must contain as much relevant information as possible, to be able to make Contracts compatible with procurement documentation.

Contractual relations in Croatia are regulated according to the Mandatory Relations Act.

Departments responsible for procurement procedures within the MoJPA are familiar with changes that could take place in the contract's implementation, for example, with annexes regarding deadline prolongations, procurement of additional goods, services, or work, all according to Public Procurement Act articles 314.-321.

12. COMMUNITY WORKERS

Project activities will not require the hiring of community workers.

13. PRIMARY SUPPLY WORKERS

Primary suppliers are suppliers who provide goods or materials directly to the project. The project requires procurement of a substantial amount of materials, equipment, and etc. It is not expected that primary supply workers will be relevant as the project will unlikely source goods or materials from a single supplier on an on-going basis.

The primary suppliers for the project are construction material (brick, cement, etc.) suppliers and electrical and sanitary equipment suppliers. The primary suppliers shall be reputed, registered in companies in Croatia with valid operating licenses. The contractors shall be required to carry out due diligence procedure to identify if there are any risks that the suppliers would exploit child or forced labor or expose worker to serious safety issues.

The Labor Inspectorate is responsible for carrying out periodic inspections to verify that licensed suppliers/enterprises are in compliance with national legislation/regulations relating to OHS and the age of employment and prohibitions against forced labor.

ANNEX - STEPS ON HANDLING THE WORKERS' DISPUTES/COMPLAINTS/GRIEVANCES

Article 133

- (1) The worker who considers that his employer has violated any of his rights arising from employment may require from the employer the exercise of this right within fifteen days following the receipt of a decision violating this right, or following the day when he gained knowledge of such violation.
- (2) If the employer does not meet the worker's request referred to in paragraph 1 of this Article within fifteen days, the worker may within another fifteen days seek judicial protection before the court having jurisdiction in respect of the right that has been violated.
- (3) A worker who has failed to submit a request referred to in paragraph 1 of this Article, may not seek judicial protection before the competent court, except in the case of the worker's claim for indemnification for damages or another financial claim pertaining to the employment.
- (4) When the laws, regulations or administrative provisions, collective agreement or working regulations provide for an amicable dispute resolution, the deadline of fifteen days for filing a request with the court starts as of the date when the procedure for such resolution ended.
- (5) The provisions of this Article shall not apply to the procedure for the protection of workers' dignity referred to in Article 134 of this Act.
- (6) Unless otherwise provided for by this Act or any other law, the competent court within the meaning of this Act shall be the court that has jurisdiction over labor disputes.
- (7) The worker must not be put in a disadvantageous position due to submitting a request to exercise the rights of workers prescribed by this Act, another law or regulation, a collective agreement, an agreement concluded between a works council and the employer, a labor regulation or a labor contract, due to the exercise of these rights, or due to submitting a request and participating in the procedure for the protection of the rights of that worker.

The protection of workers' dignity

Article 134

- (1) The procedure and measures for the protection of workers' dignity from harassment or sexual harassment shall be regulated by special legislation, collective agreement, agreement between the works council and the employer or working regulations.
- (2) The employer employing at least 20 workers is obliged, with the prior written consent of the person for whom he proposes to appoint, to appoint one person, and the employer employing more than 75 workers is obliged to appoint two persons of different genders who, in addition to him, are authorized to receive and resolve complaints related to protection of the workers' dignity.
- (3) Persons referred to in paragraph 2 of this Article may be workers or persons who are not employed by the employer.
- (4) The employer is obliged, within eight days from the appointment of the person referred to in paragraph 2 of this article, to inform the employees about the appointment.
- (5) The employer or person referred to in paragraph 2 of this Article shall, within the time limit prescribed by the collective agreement, the agreement between the works council and the employer or working regulations, and within a maximum of eight days from the day of filing the complaint, examine

the complaint and take all the necessary measures appropriate for a particular case, to stop the harassment or sexual harassment, if he has established that harassment has taken place.

(6) Where the employer fails to take measures for the prevention of harassment or sexual harassment within the time limit referred to in paragraph 3 of this Article, or if the measures taken are clearly inappropriate, the worker who is a victim of harassment or sexual harassment shall have the right to stop working until he is ensured protection, provided that he sought protection in the court that has jurisdiction, within the following eight days.

(7) If there are circumstances under which it is not reasonable to expect that the employer will protect a worker's dignity, the worker shall not be obliged to file a complaint with the employer and shall have the right to stop working, provided that he sought protection before the competent court and notified the employer thereof, within eight days of the date of work interruption.

(8) During the period of interruption of work referred to in paragraphs 4 and 5 of this Article, the worker shall be entitled to remuneration in the amount he would have earned if he had actually worked.

(9) In the event of a valid judicial decision ruling that the worker's dignity was not violated, the employer may request the refund of remuneration referred to in paragraph 6 of this Article.

(10) All information collected in the procedure for the protection of workers' dignity shall be confidential.

(11) The worker's behavior constituting harassment or sexual harassment shall be regarded as the breach of obligations arising from employment.

(12) The worker's resistance to the behavior constituting harassment or sexual harassment shall not be regarded as the breach of obligations arising from employment and must not be grounds for discrimination against the worker.

Burden of proof in labor disputes

Article 135

(1) In the event of an employment-related dispute, the burden of proof shall lie with the person claiming the violation of his rights arising from employment relationship or the person initiating the dispute, unless otherwise provided for by this Act or any other law.

(2) In the event of a dispute related to the discrimination of the worker on the grounds of the worker's approach to the competent persons or state authorities due to reasonable suspicion of corruption or his report in good faith on the said suspicion, which resulted in the violation of worker's rights arising from employment, and where the worker presents a reasonable case of him being discriminated and of violation of his rights arising from employment, the burden of proof shall lie with the employer, who must prove the non-discrimination of the worker and non-violation of his rights arising from employment.

(3) In the event of a dispute related to the employment contract termination, the burden of proving justified reasons for the termination shall lie with the employer, where the termination was effected by the employer; the burden of proof shall lie with the worker only where the termination of employment contract was effected by the worker by means of an extraordinary notice of termination.

(4) In the event of a dispute related to working time, the burden of proof shall lie with the employer, if he fails to keep records referred to in Article 5, paragraph 1 of this Act.

(5) In the case of a dispute about putting a worker in a disadvantageous position who submitted a request for maternity and parental rights in accordance with the regulation on maternity and parental benefits or rights related to the provision of personal care on the basis of this Act, which led to the violation of one of the worker's rights, from the employment relationship, if the employee makes it likely that he was put in a disadvantageous position for those reasons, the burden of proof shifts to the employer, who must prove that the employee was not put in a disadvantageous position for those reasons, i.e. that he did not violate his right from the employment relationship.

(6) In the event of a dispute regarding the existence of an agreement to work at a separate workplace from Article 17, paragraph 6 of this Act, the burden of proof of such an agreement is on the employer

Arbitration and mediation

Article 136

(1) Parties to an employment contract may, for the purpose of resolving a labor dispute and subject to their mutual consent, use arbitration or mediation services.

(2) The composition, procedure, and other issues relevant for the arbitration or mediation may be laid down by collective agreement.