

Republic of Croatia

**Ministry of Justice and Public administration
and
State Geodetical Administration**

Integrated Land Administration and Justice Services Project

LABOR MANAGEMENT PROCEDURES

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1. INTRODUCTION

The Government of Croatia has made steady progress in land and justice sector reforms, including with the support of the Integrated Land Administration Systems Project (ILAS) (P122219) and the Justice for Business Project (J4B) (P167247) funded by the World Bank. At its core ILAS aims to build functional land administrations systems to benefit systems by strengthening property rights, enhancing delivery of land administration services, increasing land data, and reducing costs of registration. The J4B project contributes to improving the delivery of justice services to citizens and businesses and simplification of business regulatory procedures.

Despite progress in these sectors obstacles to development persist. With cadaster and land registry functions under separate entities the importance of functional integrations is of key importance for Croatia. The effectiveness of court case processing remains below EU standards set by European Commission for the Efficiency of Justice (CEPEJ) and e-services can be increased. Outdated and poorly maintained court, and cadaster and registry offices infrastructure do not adequately meet the needs of citizens and businesses, or service providers, with offices often scattered across locations.

The proposed activities of the Integrated Land Administration and Justice Services Project (hereinafter: Project) will build upon the achievements of ILAS and J4B to achieve the development objectives of increased digitization, institutional integration, and improved services for citizens.

The proposed implementing agencies of the Project are the Ministry of Justice and Public Administration (MoJPA) and the State Geodetic Agency (SGA).

The Project is being prepared under the World Bank's Environmental and Social Framework (ESF). The Labor Management Procedures (LMP) sets out the Project's approach to meeting national requirements as well as the objectives of the World Bank's Environmental and Social Framework, specifically objectives of Environmental and Social Standard: Labor and Working Conditions (ESS2).

The proposed Project will include the following components:

Component A. Integrated Digital Land Registry and Court Services This component will finance activities that will support the digitization and integration of land registry court data and services. It will continue the digitization of paper and land registry and court records, making them more resilient to disaster and more easily shareable through the JIS and other online systems. With the passage of the Court Fees Act, which entered into force on January 1, 2019, and reduces court fees when using e-communication, MoJPA is working to increase the use of its ICMS and Case Tracking System (CTS) to promote the adoption of e-communication between court users and the courts. MoJPA also seeks to ensure the interoperability of the ICMS and CTS with separate information systems and databases managed by other government entities. The activities will directly contribute to digital transformation (scanning and digitizing of land court records), enhanced management of business processes, asset management and management of IT contracts and systems. Additional scanning of land registry records and court decisions will increase public access to land data while legal professionals will have increased access to court decisions and court staff better access to land records needed to resolve court cases.

Component B: Integrated Digital Services of State Registers and Geospatial This component will support enhanced geospatial data. Data from about two-thirds of counties in Croatia are not yet included in the infrastructure cadaster. Mapping and recording the location of infrastructure supports land use planning. LiDAR surveys will also be implemented to generate precise, 3D topographical data

that is also needed for land use planning and disaster risk management and recovery efforts. The Croatian Positioning System (CROPOS) will be upgraded to ensure transmission of real-time positioning data, which will result in more accurate geospatial data from land surveys. The SGA Digital Archive will also be further enhanced to increase the number of documents it contains and improve data quality. Under the ILAS project, more than two-thirds of land transactions have moved online and, per recent land registration legislative changes, all land transactions are being submitted online. Development and implementation of a proposed Virtual Assistant for the SGA will help citizens and businesses navigate online services.

Component C: Further Digital Integration of Land Register and Cadaster Under Component C, enhancements will be made to the JIS and OSS, such as: (i) improving data quality and maintenance; (ii) recording of real property prices; (iii) simplifying online access to land records; (iv) upgrading of mobile apps (My Properties); (v) simplifying the process of recording construction rights; (vi) further digitization of cadaster processes; and (vii) extension of JIS access to lawyers. As part of the Multi-Annual Plan for Cadastral Surveys in Construction Areas for 2021 - 2030, new cadastral surveys and land register establishment/renewal will be conducted to improve accuracy and corrections to cadaster and land registry records, which will provide citizens and landowners with clearer land rights. These activities will also feed into the improved accuracy of the cadastral data layer accessible via the JIS for more informed climate change adaptation and mitigation planning initiatives. To speed up needed land data corrections, MoJPA has developed a system to delegate certain tasks to notaries to expedite the process and reduce burdens on court clerks. The activities under this component will also allow for opportunities to use interoperable data for service improvement, such as providing judges enhanced access via JIS and ICMS data links to full case files for cases involving property and automatic digital notification to initiate changes to land records based on court decisions. The component activities will also support updates to the methodology for developing Croatia's Building Registry, upgrades of the IT system if required, and piloting and rollout. The Building Registry information system is interoperable with the JIS. The data produced will be shared with public institutions to inform energy analysis, disaster and flood simulations, resource management and overall climate-smart decision-making for green and sustainable development, including energy efficient, low-carbon buildings. E-services will improve access for citizens and businesses and will support the shift to mandatory online applications for land transactions. Additional avenues for land and justice data sharing will be explored, such as issues concerning inheritance of real estate, family law (divorce, alimony and child support), debt and gender-based violence (protection orders).

Component D: Integrated Court, Land registry Offices (LRO) and Cadaster offices (CO) Infrastructure

This component would provide construction of new court, registry and cadaster infrastructure to international and EU standards supporting improved service delivery. This component builds on the successful experience of the J4B project rehabilitating the Zagreb Municipal Civil Court and judicial facilities in Vinkovci, Kutina and Varaždin, and renovation of the Zagreb Land Registry Office through ILAS. This component will support construction of infrastructure in areas possibly to include Novska, Rijeka, Bjelovar and Velika Gorica. Sites would include cadaster and land registry offices and would allow for functional integration with courts and provide a model for future new or renovation of court and cadaster facilities. With the shift to online submission of land transactions and increasing remote hearings for courts, the building designs can consider that office space needs may decrease the need for face-to-face contact. Design will also reflect global trends in providing user-friendly spaces, including for courts facilitating services for cases involving families and children. This component will also support provision of new ICT cabling to improve digital services in thirty COs.

Component E: Institutional capacity building, policy analysis, and Project Management This component will support Project Implementation Unit (PIU) operations and Monitoring and Evaluation (M&E) activities. It will also finance capacity building programs and the implementation of public awareness campaigns and customer satisfaction surveys. A joint PIU is already supporting implementation of ILAS and J4B, and the same team will support implementation of the project, with adjustments to staffing as needed. At a minimum, the PIU will include a project manager, M&E specialist, procurement specialist, financial management (FM) specialist, information technology specialist, civil engineer, architect, and social specialist. Capacity building programs to be financed via Component E will include topics such as (i) cadaster and land registry laws; (ii) individual reconciliation of cadaster and land registry data; (iii) land registry renewal; (iv) joint cadaster and land registry procedures; (v) use of MoJPA and SGA e-services by public and professional users; and (vi) management training. Component D's public awareness activities will aim to inform both professional users and the public about the e-services introduced by MoJPA and SGA and the benefits of data quality improvement as a result of project activities. MoJPA and SGA will also conduct customer satisfaction surveys concerning the use of new e-services as part of the M&E activities.

2. OVERVIEW OF LABOR USE ON THE PROJECT

ESS2 categorizes the project workers, depending on the type of employment relationship between the Borrower and the project workers, into direct workers, contracted workers, community workers, and primary supply workers. ESS2 applies to project workers including full-time, part-time, temporary, seasonal and migrant¹ workers. This project will include all categories of the project workers except the community workers.

These procedures elaborate how the project workers will be managed, in accordance with the requirements of national legislation and ESS 2. The procedures will address the way in which this ESS will apply to different categories of project 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 by MoJPA and SGA to work specifically in relation to the project (direct workers).
- People employed or engaged through third parties to perform work related to core function of the project, regardless of location (contracted workers).
- People employed or engaged by the Borrower's (MoJPA and SGA) primary suppliers (primary supply workers).

Project workers will include civil servants from the MoJPA and SGA, consultants, and direct and contracted / subcontracted workers. The project footprint is relatively small and does not entail a significant amount of labor except for larger construction works under component D 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.

Project activities will not require hiring of community workers. As currently envisioned, the project will be implemented by the MoJPA and the SGA staff who are civil servants and who will remain subject to

¹ 'Migrant workers' are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.

the terms and conditions of their existing public sector employment agreements. Institutional capacity strengthening will be done through hiring different consultants to perform specialized tasks. These consultants would be part of PIU and paid through the loan funds. The project will also deploy services of designers, supervising engineers and construction project managers as well as contractors and, very likely, subcontractors for construction and rehabilitation works, but the number of workers to be contracted/subcontracted is not known yet. Furthermore, for components A, B and C the project will acquire services of IT companies, geodetic companies and other service providing companies (such as scanning, transportation etc.). Primary supply workers will be mainly those that work for companies involved in the provision of construction materials for civil works and will thus be engaged by third parties, such as the contractors or sub-contractors under the project component D.

Direct Workers

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

The MoJPA and SGA 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 joint PIU is already supporting implementation of ILAS and J4B, and the same team will support implementation of the project, with adjustments to staffing as needed. At a minimum, the PIU will include a project manager, M&E specialist, procurement specialist, FM specialist, IT specialist, civil engineer, architect, and social specialist. 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. This will mainly be workers of the contractors hired in relation to the civil works as well as workers of service companies hired under component A, B and C (primarily digitalization of land registry and cadasters).

Workers of service companies hired under component A, B and C are mostly highly trained staff and professionals in the fields of IT and software engineering, development and maintenance, geodetic professionals and similar. The service companies 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 national legislation and the ESS 2. Where a GRM is not available, these workers may access the main project GRM.

The civil works under the project are expected to be conducted by authorized contractors for varying durations depending on the works requirements. It is not known at this time whether the contractor will engage any 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 contractor 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) in line with the provisions of ESS 2 and the national legislation. The designer is

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 engineer 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 as well as per each component.

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 national legislation and the ESS2. 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 (local from outside the sub-project area or foreigners) 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 under Component D. 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 EHSO and GIIP, subject to WB approval.

During construction, the presence of non-local construction and migrant 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 and migrant construction workers to the area can create concern among residents. The Contractor will be required to prepare and enforce a Code of Conduct for Contractors Personnel (Annex I) and workers GRM. Also, for all project workers project GRM is available. As such, negative impacts relating to the presence of non-local and migrant workers within the community are unlikely to occur.

No dedicated camps for project workers accommodation are expected to be established.

All contractors will be required to have a written contract with their workers materially consistent with national legislation and 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.)²

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 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 labor management risks are relevant for the project activities. However, in case they arise, the MoJPA and the SGA 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 afore-mentioned conditions must be fulfilled throughout the whole period of residence of the third-country national in the Republic of Croatia.

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 workers³

Freedom of association and Collective Bargaining

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 agreement⁴.*
- (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

³ or further information on safety and health at work in the Republic of Croatia, see Occupational Health and Safety chapter.

⁴Receipts 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.)

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 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 Croatia⁵.

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 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,

⁵ 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).

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 sites⁶ (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 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 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.

6. WORKING WITH ASBESTOS WASTE

It is not likely that the implementation of Civil works foreseen within component C 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 licencing

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:
 - o 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),
 - o 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-hazardous⁷
- 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 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 taken into account.

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.

⁷ 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.

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, with the exception of 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,
 - o provide the necessary warning signs that alert the expected exceedance of the limit values,
 - o 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:
 - o asbestos and its effects on health and the synergistic effect of asbestos and smoking on health,
 - o types of products or materials that could contain asbestos,
 - o procedures where exposure to asbestos dust or asbestos materials can occur and the meaning of preventive measures to minimize exposure as much as possible,
 - o safe mode of operation, protective measures, and personal protective equipment,
 - o procedures for dealing with accidental situations,
 - o 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:
 - o suitable working or protective clothes,
 - o 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,
 - o separate wardrobe areas for working or protective clothes and civilian clothes,
 - o 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 will be implemented by the PIU and by the MoJPA and the SGA Staff with experience in managing, coordinating, and planning project activities, solving problems, making decisions, managing risks and human resources and reporting.

A joint PIU is already supporting implementation of ILAS and J4B, and the same team will support implementation of the project, with adjustments to staffing as needed. At a minimum, the PIU will include a project manager, M&E specialist, procurement specialist, FM specialist, IT specialist, civil engineer, architect, environmental specialist and social specialist.

PIU responsibility:

- Preparation and quality control of ESMF, site-specific ESMPs/ESMP Checklist/CHMP and Stakeholder engagement plans (SEP)
- supervising the implementation of the ESMF, ESMPs/ESMP Checklist/CHMP, SEP and report on the same,
- supervise the work performed by contractors (e.g. engineering/design companies, supervisors) 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 project 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,
- training of the contractors on implementation of World Bank environmental and social policy and instruments
- on the spot checks

According to the Building Act (OG 153/13, 20/17, 39/19), the MoJPA and the SGA 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 and SGA will incorporate 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 and the SGA will enforce compliance by contractors with these clauses. The contractual arrangements with each project worker will be clearly defined in accordance with Croatian and EU legislation aligned with ESS2 requirements. A full set of contractual requirements related to environmental and social risk and impact management will be

provided in the sub-projects' ESMPs /ESMP check list/CHMP as well as project SEP (and subproject SEP). All environmental and social conditions will be included in the bidding documents and contracts in addition to any additional clauses, which are contained in the projects' environmental and social instruments.

PIU will prepare and implement reporting procedure in the case of incidents or accidental situations which has, or is likely to have, a significant adverse effect on the environment, cultural heritage, the affected communities, the public, or the project workers (including employees of sub-contractors) and any third party, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury, and other significant events.

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 (GM) will be provided for all direct workers and contracted workers (and, where relevant, their organizations) to raise workplace concerns. Such workers will 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 will 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 will 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 GRM will 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 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 PIU will review the records and report on the grievances, response time and resolution status in a semi-annual report to the WB. The grievance mechanism will 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.

Project-based GRM is also available to all project workers. The point of contact regarding grievance is the PIU Social specialist, Marija Herceg Selandari, e-mail contact: marija.hercegselandari.ext@mpu.hr.

11. CONTRACTOR MANAGEMENT

Contractor selection will follow 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 and the SGA 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 will mainly be 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 I - Code of Conduct for Contractor's Personnel

We are the Contractor, [enter name of Contractor]. We have signed a contract with , [enter name of Implementing agency] for civil works [enter name of Contract]. These Works will be carried out at [enter the Site and other locations where the Works will be carried out]. Our contract requires us to implement measures to address environmental and social risks related to the Works, including the risks of sexual exploitation, sexual abuse, and sexual harassment, in accordance with ESMP activities.

This Code of Conduct is part of our measures to deal with environmental and social risks related to the Works. It applies to all our staff, laborers and other employees at the Works Site or other places where the Works are being carried out. It also applies to the personnel of each subcontractor and any other personnel assisting us in the execution of the Works. All such persons are referred to as "Contractor's Personnel" and are subject to this Code of Conduct.

Note to the Bidder:

The minimum content of the Code of Conduct form as set out by the Employer shall not be substantially modified. However, the Bidder may add requirements as appropriate, including to take into account Contract-specific issues/risks.

The Bidder shall initial and submit the Code of Conduct form as part of its bid.

This Code of Conduct identifies the behavior that we require from all Contractor's Personnel.

Our workplace is an environment where unsafe, offensive, abusive or violent behavior will not be tolerated and where all persons should feel comfortable raising issues or concerns without fear of retaliation.

REQUIRED CONDUCT

Contractor's Personnel shall:

1. carry out his/her duties competently and diligently;
2. comply with this Code of Conduct and all applicable laws, regulations, ESMP and other requirements, including requirements to protect the health, safety and well-being of other Contractor's Personnel and any other person;
3. maintain a safe working environment including by:
 - a. ensuring that workplaces, machinery, equipment and processes under each person's control are safe and without risk to health;
 - b. wearing required personal protective equipment;
 - c. using appropriate measures relating to chemical, physical and biological substances and agents; and
 - d. following applicable emergency operating procedures.
4. report work situations that he/she believes are not safe or healthy and remove himself/herself from a work situation which he/she reasonably believes presents an imminent and serious danger to his/her life or health;
5. treat other people with respect, and not discriminate against specific groups such as women, people with disabilities, migrant workers or children;
6. not engage in Sexual Harassment, which means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature with other Contractor's or Employer's Personnel;

7. not engage in Sexual Exploitation, which means any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another;
8. not engage in Sexual Abuse, which means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions;
9. not engage in any form of sexual activity with individuals under the age of 18, except in case of pre-existing marriage;
10. complete relevant training courses that will be provided related to the environmental and social aspects of the Contract, including on health and safety matters, and Sexual Exploitation and Abuse (SEA), and Sexual Harassment (SH);
11. report violations of this Code of Conduct; and
12. not retaliate against any person who reports violations of this Code of Conduct, whether to us or the Employer, or who makes use of the grievance mechanism for Contractor's Personnel or the project's Grievance Redress Mechanism.

RAISING CONCERNS

If any person observes behavior that he/she believes may represent a violation of this Code of Conduct, or that otherwise concerns him/her, he/she should raise the issue promptly. This can be done in either of the following ways:

1. Contact [enter name of the Contractor's Social Expert with relevant experience in handling gender-based violence, or if such person is not required under the Contract, another individual designated by the Contractor to handle these matters] in writing at this address [] or by telephone at [] or in person at []; or
2. Call [] to reach the Contractor's hotline (if any) and leave a message.

The person's identity will be kept confidential, unless reporting of allegations is mandated by the country law. Anonymous complaints or allegations may also be submitted and will be given all due and appropriate consideration. We take seriously all reports of possible misconduct and will investigate and take appropriate action. We will provide warm referrals to service providers that may help support the person who experienced the alleged incident, as appropriate.

There will be no retaliation against any person who raises a concern in good faith about any behavior prohibited by this Code of Conduct. Such retaliation would be a violation of this Code of Conduct.

CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT

Any violation of this Code of Conduct by Contractor's Personnel may result in serious consequences, up to and including termination and possible referral to legal authorities.

FOR CONTRACTOR'S PERSONNEL:

I have received a copy of this Code of Conduct written in a language that I comprehend. I understand that if I have any questions about this Code of Conduct, I can contact [enter name of Contractor's contact person with relevant experience] requesting an explanation.

Name of Contractor's Personnel: [insert name]

Signature: _____
Date: (day month year): _____

Countersignature of authorized representative of the Contractor:

Signature: _____
Date: (day month year): _____

ATTACHMENT 1: Behaviors constituting Sexual Exploitation and Abuse (SEA) and behaviors constituting Sexual Harassment (SH)

**ATTACHMENT 1 TO THE CODE OF CONDUCT FORM
BEHAVIORS CONSTITUTING SEXUAL EXPLOITATION AND ABUSE (SEA) AND BEHAVIORS CONSTITUTING
SEXUAL HARASSMENT (SH)**

The following non-exhaustive list is intended to illustrate types of prohibited behaviors:

1. Examples of sexual exploitation and abuse include, but are not limited to:
 - A Contractor's Personnel tells a member of the community that he/she can get them jobs related to the work site (e.g. cooking and cleaning) in exchange for sex.
 - A Contractor's Personnel that is connecting electricity input to households says that he can connect women headed households to the grid in exchange for sex.
 - A Contractor's Personnel rapes, or otherwise sexually assaults a member of the community.
 - A Contractor's Personnel denies a person access to the Site unless he/she performs a sexual favor.
 - A Contractor's Personnel tells a person applying for employment under the Contract that he/she will only hire him/her if he/she has sex with him/her.

2. Examples of sexual harassment in a work context
 - Contractor's Personnel comment on the appearance of another Contractor's Personnel (either positive or negative) and sexual desirability.
 - When a Contractor's Personnel complains about comments made by another Contractor's Personnel on his/her appearance, the other Contractor's Personnel comment that he/she is "asking for it" because of how he/she dresses.
 - Unwelcome touching of a Contractor's or Employer's Personnel by another Contractor's Personnel.
 - A Contractor's Personnel tells another Contractor's Personnel that he/she will get him/her a salary raise, or promotion if he/she sends him/her naked photographs of himself/herself.

ANNEX 2 - STEPS ON HANDLING THE WORKERS' DISPUTES, COMPLAINTS AND GRIEVANCES

Steps on handling the workers' disputes, complaints and grievances according to the labor act (OG 93/14, 127/17, 98/19, 151/22) are as described below.

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.