

28 January 2015

CONSULTATION DOCUMENT
World Bank Environmental and Social Framework
from the
Employers and Manufacturers Association (New Zealand)
(EMA)

1. The Employer's and Manufacturers Association NZ ("EMA") welcomes the opportunity to make submissions on the World Bank's Environmental policy framework 'Setting standards for sustainable development'.
- 2.
3. The submissions made in this report predominantly relate to how the document relates to occupational health and safety matters of the Borrower and the project.
4. The EMA supports the World Bank's initiative in this area and thinks that the scope of work contained in the discussion document will go a long way to improve sustainability and the health and safety of all those affected by projects supported through the World Bank's instruments.
5. The scope of the discussion document is robust and gives clear direction as to the bank's increased involvement in this important area. Of issue with all these interventions is the concept of balance and scope.
6. In relation to occupational health and safety, balance and scope is vitally important but is often superseded by moral and ethical questions. The submission has tried to balance all these four considerations in our report.

Specific comments

7. Page 10, para 6 – this paragraph refers to a risk based approach yet nowhere in the document is the risk matrix or risk protocol identified in terms of type of risk approach or the methodology to be applied. We suggest that an element of risk assessment be applied to this document. We note on page 61 of the EHSR, table 2.1.1, is a risk ranking table to classify worker scenarios based on likelihood and consequence. This table however is only relating to occupational hazards and identifying the appropriate control. Given the entire document is based on a risk based approach; a wider scope of risk assessment may be required. This may be performed through the ESS standards 1-10 but this is not identified throughout the document.

8. Page 12, para 15 – “ the bank will require the Borrower to comply with EHSg”, we suggest adding “*at a minimum*”.
9. Page 12, para 20 – throughout the document there are classifications of high, moderate or low-risk. There is nothing in this document that allows the reader to understand how these categories are determined and what is the status of high, medium and low risk calculations or assessments. Information of this would be helpful.
10. Page 13, para 24, 25 & 26 – we totally support the notion of the bank using and strengthening a Borrower’s ES framework including EHSg. However we have concerns where the Borrower’s framework does not meet the bank requirements then it appears that a lesser standard can be applied but with the bank assisting the Borrower to improve those standards. We are concerned that the time frame for this improvement may be throughout the duration/ life cycle of the project, therefore the standards will not be in effect throughout the entire life of the project. Paragraph 25 in fact suggests that the interventions and improvements will not be made prior to the start of the project. We note the last sentence in paragraph 25. This concern is also mirrored on page 16, para 39, in the development of the ESCP plan. The implication here is that these plans are evolving as the project evolves thus will not be in place throughout the life of the project.
11. Page 17, para 46 – we strongly believe that monitoring of environmental and social performance should be on the basis of Corporate Sustainable Responsibility (“CSR”). Internationally, more and more companies are reporting CSR requirements and we believe that the bank has a strong lever to improve sustainability by requiring monitoring to include CSR reporting.

Environmental social standard 1 – assessment & management of environmental and social risks and impacts.

12. Page 21, para 4 – we have some concern with regard to the bank allowing the Borrower to use all or part of the Borrower’s natural environment and social frameworks. We question what criteria would be used to allow a Borrower not to use the existing systems. We believe this is at odds with the objectives found on page 22, third bullet point. This states “to utilise national, environmental and social institution systems, laws and regulations...” We believe that any framework that allows national systems not to be used must have a safeguard that any reduction of national systems cannot be less than what is contained in EHSg. Having internal systems that do not ensure the health and safety of workers, contractors and people in the vicinity of work is morally and ethically unacceptable.
13. Page 23, para 11 – we are again cautious of the terminology, “will not materially deviate from the objectives of the ESS”. Refer to comments in paragraph above. How will this new level be assessed or determined. It does imply that a lower standard will be accepted?
14. Page 24, para 17 – there seems to be an overall objective within this paragraph that the EHSg is applicable to all Borrowers. This would seem to be at odds with paragraphs 24,

25 and 26. This may be over thinking the issue but it does seem to be at odds with the intention of 24, 25 and 26 and the wording of ESS1, para 17.

15. We are also concerned with the last sentence whereby the bank can accept a lower threshold of compliance where there is justification and where that justification is unlikely to result in a significant environmental or social harm. That would suggest by default that minor environmental and minor social harm is acceptable. Again, one questions the ethical and moral dilemmas this imposes. Where the Borrower does not or cannot meet EHS, I am sure they will be required to have other standards that are applicable or equal to that document. These may be ILO standards or 18,000 standards.
16. Page 25, para 19 & 21, note 16 – again, throughout this text is a notion of risk assessment and yet there is no formal protocol or system specified to undertake this. We believe that a section on undertaking risk and risk assessment would be pertinent to this document. We suggest that the word ‘formally’ be included in the first sentence which will now read, “the Borrower, in consultation with the bank, will **formally** identify measures”.
17. Page 28, para 32 – we are totally in agreement with the concept of supply chain management and believe this is a strong leverage/strong tool to lift the standards of the Borrower and country in the area of occupational health and safety. We believe also that consideration may be given that the supply chain also may need to be compliant to EHS.
18. Page 29, para 34, sub-heading C – we believe environmental and social commitment plans are a good idea and agree with them totally. In high-risk projects, this could be extended to require the Borrower utilise a “safety case” regime whereby the most significant hazards are itemised and specific control measures put in place. This would be assessed prior to the bank committing to any funds and/or management of the project. Safety cases are used widely in high-risk industries and do require that mitigation protocols are in place before work begins.
19. Page 30, para 39 – we believe the requirement for training is imperative to having a successful outcome. Caution should be made that training *is a one-off situation* and that the concept of refresher training and inductions and re-inductions may be required. This can be cross-referenced to EHS 2.2.
20. Page 30, para 40 – as mentioned earlier we believe that monitoring and reporting of the Borrower must include the concept of CSR. We believe also that lead and lag indicators used within occupational health and safety must be part of the monitoring and reporting regime. The bank has a need to know what the Borrower is doing in terms of preventing health and safety issues of their workers and people in the vicinity of work and thus just reporting on historical lag indicators is a very poor indicator of the safety of the workplace.
21. Page 31, para 49 – as mentioned in the previous paragraph the performance indicators must both be lead and lag indicators and be based on the concepts of CSR.
22. Page 32, para 54 – paragraph 4 requires the Borrower to notify the bank of accidents and what they have done to address the incident. We would urge the bank to require

that a full investigation be undertaken and forwarded to the bank not just the remedial measures put in place. It is in the banks interests that the Borrower has learnt from the incidents and has put in remedial actions across the scope of the project to ensure that further events do not occur.

23. Page 35, ESS1, Annex 3, Management of Contractors – from an international occupational health and safety perspective the management of contractors completely falls under the occupational health and safety agreement. We note that the EHSG does not include the management of contractors. We note on page 63 of EHSG, under 2.2 – New Task Employee and contractor training. This would indicate that OHS and contractors are put together however they seem to be segregated and isolated in Annex 3. We would suggest that the management of contractors fit clearly under occupational health and safety and have the appropriate contracts and performance criteria embedded in that system. It is suggested that management of contractors fits clearly under occupational health and safety from an international perspective. This could be achieved by extending Annex 3 to include much more criteria in and around occupational health and safety or removing annex 3 and adding it into the EHSG. Typically in a contractor management system is a pre-selection process, pre-qualification process, formal contracts with terms and conditions including occupational health and safety management and mitigation of risk being management of sub-contractors, training, qualifications and licenses, permits to work etc.

Environmental and social standards 2

Labour and working conditions

24. Page 36, para 3 – the term ‘Project worker’ by definition within the document excludes contract workers yet it could be argued that contract workers are engaged directly by the Borrower. We believe that some more thought is given to the scope and terminology and definition of the term *project worker*. Internationally, project workers would include contract workers, and any sub-contractors of the contract workers.
25. Page 36, para 3 & 4 – we agree with those paragraphs.
26. Page 37, para 6-11 – we agree
27. Page 38, para 12-18 – we agree. We note under note 4, conditions such as long hours, we would include fatigue, harassment and bullying.
28. Page 39, para 20 – we would add to sub-part D, where it states documentation and reporting of occupational accidents, diseases and incidents, we would suggest adding “*investigation and implementation of root-cause analysis*”.
29. Page 39, para 21 – we agree

Environmental and social standards 3

Resource efficiency and pollution prevention

30. Page 41, para 8 – we would suggest that the notion of recycling of water and the reuse of water be added to that list.

31. Page 42, para 9 – we would suggest consideration be given that the project via the Borrower has their water intake downstream from their exit source. This means that the water quality that they are putting in, they will be taking out as their own intake water.
32. Page 43, para 15 – this paragraph concerns waste generated by the project – Borrower. We would suggest that the notion of waste treatment and recycling be added to that paragraph.
33. Page 45, para 3 – we believe that the requirement for the Borrower to monitor environmental discharges and their impacts was the first step that this data then should be contained in reports back to the bank. There is no requirement under paragraph 23 that the bank would be made aware of environmental issues and discharges that have occurred. This could be included in the overall monitoring and reporting requirements of the Borrower to the bank and would certainly fall under any CSR requirements.

Environmental social standard 4

Community and health safety

34. We believe that the notion of management of the supply chain upstream and downstream from the Borrower is a good vehicle to manage the health and safety on the effected communities.
35. Page 47, para 8 – we would suggest that the notion of material storage be included in paragraph 8.
36. Page 48, para 16 – we would like consideration be given in terms of vehicle safety, the notion of the project workers being able to lock out vehicles that are defective.
37. Page 49, para 21 – we believe that the notion of storage access, security be included in paragraph 21. We also believe the management of used or waste drums or containers be covered under paragraph 21 as well. We note from other work we have been involved in that waste drums can often be used in the community with devastating effects on their health. The management of waste and containers is vital under hazardous materials. This would include de-contaminating any containers that may find their way back into the community. For example having a 3 wash programme for all chemical drums would be seen as a minimum standard.
38. Page 49, para 22 – we accept the notions contained in 22 but would add concept of *bunding and run-off areas*.
39. Page 49, para 24 – the ERP programme must be in place **before** work begins on a project. This is not clear within this section.

Environmental social standard 5

No comment

Environmental social standard 6

No comment

Environmental social standard 7

No comment

Environmental social standard 8

No comment

Environmental social standard 9

40. Page 89, section 3-5 – we believe that this section needs to be re-worded to make it expressly clear that any work done under an FI that the same standards would be applied to a bank Borrower relationship.
41. Page 90, para 14 – we believe that at a minimum that the banks standards need to be consistently applied for any FI involvement.

Environmental social standard 10

Information disclosure and stakeholder engagement

42. We note the stakeholder refers to project affected communities and other stakeholders. Non-levies include local authorities and they bring projects or NGOs. Given the low-level of contractor management found in this document, we would argue that other stakeholders would include contractors. If the contractor management system was increased and improved then the requirement under stakeholder engagement – contractors could be reduced. We also note from NZ's engagement with communities that the notion of good faith in terms of engagement could be introduced. See attachments

Glossary

43. Page 102 – “Project worker”, is used to refer to people employed or engaged directly by the Borrower this would include contractors and therefore we believe that the definition of project worker does include contractors yet they seem to be isolated and managed differently within this document. We would strongly suggest that clarification in and around this term and the inclusion of contractors be considered.
44. EHS Document – the document has a contents going from 2.1 – 2.9. We would suggest that inclusions to this list would be fatigue management and hours of work management, plant and ergonomics, SOPs, audits and monitoring.
45. The content within the 16 pages (page 60 – 76) is of a high level generic nature and if applied with good intent would have an effect of a good occupational health and safety management system. We would note the following issues.
46. Page 73, 2.7 – PPE, second to last dot point – we believe that training under personal protective equipment should include the limitations of the PPE, a fit testing regime and that there should be on-going health monitoring as PPE is the last effective means of

hazard litigation. Where biological monitoring has taken place of employees and that has found an issue with the workers health that there be a requirement that person and their medical problem are being referred to a medical facility for on-going management.

47. Page 76 – accidents and disease monitoring – we note the reference to table 2.10.1 is incorrect.

General comments

48. Throughout the document there is general reference to EHS guidelines and we accept this in principle. What we have concerns about is that there is no requirement for a formal OHS programme within Borrowers ESS programme. Having formal systems based on policies, procedures and guidance guidelines is fundamental to an occupational health and safety programme.
49. We also believe that having a “competent person” in charge of OH&S via the EHSG is an absolute requirement. The minimum qualifications must be a Tertiary OH&S qualification as recognised by international professional bodies and there must be a degree of experience within the projects scope.
50. Having a formal programme then allows for audits to be completed against that programme. Audits can be done internally and they can be done internally by various departments or externally by a third party. We believe that the bank needs to put in place an audit process against the occupational health and safety formal programme implemented by the Borrower and/or FI.
51. We believe that in the high-risk projects (as defined by the bank) at the use of safety cases being implemented to ensure that the high-risk is formally and rigorously managed.
52. We believe that given the title of this consultation document that is setting standards for sustainable development then the concept of CSR reporting back to the Bank and the public at large be a foundation stone of this new initiative.
53. We believe that the World Bank system under the EHGS is seen at a minimum and that point should be given to Borrowers where they have standards that are above the EHSG guidelines.

I would be happy to discuss this report with at any time.

Yours sincerely



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Attachments...

1. UNIDO (United Nations Industrial Development Organisation)

What is CSR?

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (“Triple-Bottom-Line- Approach”), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.

Promoting the uptake of CSR amongst SMEs requires approaches that fit the respective needs and capacities of these businesses, and do not adversely affect their economic viability. UNIDO based its CSR programme on the Triple Bottom Line (TBL) Approach, which has proven to be a successful tool for SMEs in the developing countries to assist them in meeting social and environmental standards without compromising their competitiveness. The TBL approach is used as a framework for measuring and reporting corporate performance against economic, social and environmental performance. It is an attempt to align private enterprises to the goal of sustainable global development by providing them with a more comprehensive set of working objectives than just profit alone. The perspective taken is that for an organization to be sustainable, it must be financially secure, minimize (or ideally eliminate) its negative environmental impacts and act in conformity with societal expectations.

Key CSR issues: environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, labour standards and working conditions, employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures.

A properly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

2. From Forbes

The Five Elements of the Best CSR Programs



Frederick E. Allen , Forbes Staff

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This is a guest post written by Paul Klein, the founder of [Impakt Corp.](#), a Toronto-based advisory services firm that helps large companies align business and social outcomes.

Does your company have what it takes to be a leader? High performance is traditionally measured against key business imperatives including competitive differentiation, sales, attracting and retaining talent, operational efficiency, return on investment and profitability. But that is no longer enough. Today, a new element of leadership is making a profound difference in gauging business performance: corporate social responsibility.

In the last two years, CSR has surged passed its tipping point. “A plethora of research points to a majority of stakeholders agreeing that CSR is a ‘must do,’” says Kristian Darigan Merenda, Edelman’s senior vice president of brand and corporate citizenship. According to Edelman’s 2010 Goodpurpose Study, 67% of consumers say they are more likely to buy products and services from a company if they know it supports good causes, up more than 11% from the year before.

As a key ingredient in business strategy and execution, CSR is playing a central role in helping corporations to be seen as leaders. Astute corporations are allocating increasing internal resources to CSR investments that feature clear objectives and deliver measurable social outcomes.

Campbell’s Canada’s Nourish is the first Canadian private sector, not-for-profit product that specifically targets the growing problem of hunger. This nutritious meal in a can, developed by socially conscious Campbell’s staffers, will only be distributed to food banks, not directly to consumers. Nourish is a great example of how corporations can earn respect and leadership status by taking a disciplined approach to CSR.

At the outset, the company’s objectives were clear. According to Campbell’s: “We have a responsibility because of who we are and what we do to take a lead role in alleviating hunger.” The product was conceived and developed by Campbell’s employees who came together to build on their expertise in product development, production, distribution and marketing.

Campbell’s expected outcome for the initiative was to raise awareness for hunger while at the same time setting an example for other food companies to follow, says Philip Donne, the president of Campbell’s Canada. “If we get even one company introducing their Nourish, we will have been successful.”

Research conducted in January by Impakt Corp. revealed that corporations that are considered leaders in terms of business performance take a common approach to CSR. We found five interrelated criteria that form a new blueprint for how corporations can

maximize their investments in CSR: business-based social purpose, clear theory of change, quality and depth of information, concentrated effort, and partnering with experts.

1. Business-based social purpose: There have been too many examples of CSR programs that ignore business fundamentals. Leadership-level CSR programs always directly reflect what the business is and what it does. Campbell's Nourish illustrates how an innovative CSR initiative can reinforce the company's business purpose and seamlessly leverage its operational competencies.

2. Clear theory of change: CSR is becoming ubiquitous. On the one hand, that's good news because it proves its business value. On the other hand, it's getting harder to distinguish one company's efforts from another's. CSR leaders develop proprietary approaches to drive measurable social change. [3M](#) Canada's Healthy Communities program was designed to spark systemic change in the interrelated areas of education, health and the environment by influencing government and academic leaders. The program also engages young people through national partnerships with leading not-for-profit organizations. The Healthy Communities program was recently awarded the prestigious 3M Global Marketing Excellence Award.

3. Quality and depth of information: Merely identifying social priorities for community investment isn't enough. Leadership comes from providing employees, customers and external stakeholders with a significant depth of information about the social issue through credible research, white papers, videos, stories, social media, and so on. IBM's Smarter Planet is a best practice in this area. "We support sophisticated projects that lead to a more intelligent, enlightened world," explains Ari Fishkind, IBM's public affairs manager for corporate affairs and citizenship. "For instance, through our World Community Grid project, we are helping to develop new solutions to important medical and sustainability issues by providing scientists with unused PC computing power, supplied by volunteers, to enable them to conduct better and faster research."

4. Concentrated effort: Colin Powell once stated that people are capable of effectively addressing only one objective at a time. He would not be surprised to discover that companies that support multiple social issues don't move the needle very far on any of them. Leadership is shown by corporations that focus their efforts on one social issue and align all their internal and external resources with this issue. Procter & Gamble focuses on helping children in need around the world. Since 2007, P&G has improved the lives of more than 210 million children through initiatives such as Protecting Futures, which helps vulnerable girls stay in school, and Hope Schools, which increases access to education in rural areas of China. "We see programs like Protecting Futures as an investment in the future that helps both children and communities thrive," says Jeff Roy, Procter & Gamble's media relations manager.

5. Partnering with experts: Leadership requires establishing a high degree of credibility. This is best done through relationships with social issue experts and not-for-profit organizations. [Starbucks](#) hosted a "Cup Summit" at the Massachusetts Institute of Technology to bring together municipalities, raw materials suppliers, cup manufacturers, retail and beverage businesses, recyclers, non-government organizations and academic experts to share ideas for making paper and plastic cups more broadly recyclable. "On the journey to make our iconic coffee cups 100% recyclable, we quickly learned that developing recyclable material is just one part of the complex equation. We had to consider the entire lifespan of the cup, including what happens after it leaves our customers' hands," said Ben Packard, Starbucks' vice president of global responsibility. "This required bringing together the entire system of stakeholders with the expertise, the influence and the infrastructure to coordinate a fundamental shift, not only in our own operations, but in the entire food packaging and recycling industries."

Corporations that haven't optimized their approach to CSR may still be considered industry leaders. But not for much longer. CSR is already influencing how employees,

customers, and stakeholders are deciding whom they'd prefer to follow. The good news is that a path to high performance CSR has been uncovered and it's possible to follow the leaders.

3. Good Faith definition (NZ)

Employers and employees are obliged to deal with each other at all times fairly, reasonably and in good faith.

In broad terms, this means that both employers and employees must:

- act honestly, openly, and without hidden or ulterior motives
- raise issues in a fair and timely way
- be constructive and cooperative
- be proactive in providing each other with relevant information and consider all information provided
- respond promptly and thoroughly to reasonable requests and concerns
- keep an open mind, listen to each other and be prepared to change opinion about a particular situation or behaviour, and
- treat each other respectfully.