LABOR MANAGEMENT PROCEDURES (LMP)

Trans-Sumatra Toll Road Project (JTTS) Sp. Ness – Merlung Section (Phase I: Jambi – Rengat Toll Road)

Environmental and Social Impact Assessment (ESIA) Annex: Labor Management Procedures

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Disclaimer
These Labor Management Procedures have been prepared as a part of a the Environmental and Social Impact Assessment for the Trans-Sumatra Toll Road Project (Sp. Ness – Merlung Section). While the key elements are presented in the main text, full version is presented as an annex. The LMP establishes project-level procedures and minimum requirements for managing labor and working-condition- relatedrisks in accordance with the AIIB Environmental and Social Framework.

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1. INTRODUCTION

1.1 Project Background

The Government of Indonesia, through the Directorate General of Highways (DGH) under the Ministry of Public Works, is implementing the Sp. Ness – Merlung Toll Road Project, which constitutes Phase 1 of the Jambi – Rengat Toll Road. The Project forms part of the national Trans-Sumatra Toll Road (JTTS) program and involves large-scale civil works, including earthworks, bridges, toll interchanges, access roads, and associated facilities.

Project implementation is undertaken at the regional level by Balai Pelaksanaan Jalan Nasional (BPJN) Jambi, acting as the Technical Implementation Unit (TIU), with oversight and coordination by Directorate of Freeways as Project Implementation Unit (PIU) and Directorate of System and Strategy of Road and Bridges Delivery as Project Management Unit (PMU) at the central level. Construction will be executed through multiple civil-works contracts to be awarded to national contractors, supported by subcontractors and primary suppliers.

Given the nature and scale of construction activities, the Project will engage a substantial workforce, comprising skilled, semi-skilled, and unskilled labor, and is expected to involve labor influx from outside the immediate Project area. These characteristics create identifiable labor-related risks that require systematic management.

1.2 Purpose of the Labor Management Procedures

These Labor Management Procedures (LMP) establish the project-level framework for managing labor and working-condition risks associated with the Project. The LMP is prepared to support the implementation of the Project in a manner that promotes safe, fair, and lawful employment practices and minimizes adverse impacts on workers and surrounding communities. The specific objectives of the LMP are to:

- identify and assess key labor-related risks associated with Project activities, particularly during construction;
- define minimum procedures, requirements, and standards for labor and working-condition management applicable to all Project workers;
- clarify institutional roles and responsibilities among DGH, BPJN Jambi, construction supervision consultants, and contractors;
- establish requirements for occupational health and safety, workforce conduct, grievance handling, and management of labor influx; and
- provide a binding framework that will be adopted and operationalized by contractors through their Contractor Environmental and Social Management Plans (CESMPs) and site-specific labor arrangements.

The LMP is intended to be read and applied in conjunction with the Project ESIA and ESMP.

1.3 Status and Nature of the Document

This document constitutes a project-level Labor Management Procedures framework, prepared prior to procurement and mobilization of construction contractors. At this stage, contractor-specific details (such as final workforce numbers, camp locations, and work schedules) are not yet available. Accordingly, the LMP:

- sets out minimum procedural and performance requirements, rather than detailed site-specific measures;

- defines obligations that are mandatory for all contractors and subcontractors engaged under the Project; and
- requires contractors to develop site-specific labor management measures consistent with these Procedures as part of their CESMPs, to be reviewed and approved by BPJN Jambi prior to commencement of works.

This approach ensures early alignment with applicable requirements while allowing flexibility for contractor-specific implementation.

1.4 Scope of Applicability

These Labor Management Procedures apply to all categories of Project workers, including:

- Direct workers: personnel engaged by DGH or BPJN for Project management, coordination, supervision, or monitoring activities;
- Contracted workers: workers employed by civil-works contractors and subcontractors for construction-related activities; and
- Primary supply workers: workers employed by primary suppliers providing materials and services essential to the Project (e.g. quarries, asphalt and concrete batching plants).

The LMP applies throughout the construction phase of Phase 1 of the Project and will remain in effect for the duration of contractor engagement.

1.5 Linkage with Other Project Instruments

The LMP is an integral part of the Project's environmental and social risk-management framework and is linked to:

- the Environmental and Social Impact Assessment (ESIA), which identifies labor-related risks and impacts;
- the Environmental and Social Management Plan (ESMP), which integrates labor-related mitigation and monitoring measures; and
- contractor CESMPs, through which the requirements of this LMP will be implemented at the site level.

CHAPTER 2. OVERVIEW OF LABOR USE AND WORKFORCE CHARACTERISTICS

2.1 Types of Project Workers

For the purpose of these Labor Management Procedures, the Project workforce is categorized in line with the nature of engagement and contractual arrangements, as follows:

a. Direct Workers

Direct workers include personnel engaged by DGH and BPJN Jambi for Project coordination, supervision, and monitoring functions. This category may include civil servants assigned to the Project, as well as consultants supporting the Project Management Unit (PMU), Project Implementing Unit (PIU), Technical Implementation Unit (TIU), and Construction Supervision Consultant (CSC). Direct workers are expected to be limited in number and will primarily be office-based, with periodic site visits during construction.

b. Contracted Workers

Contracted workers constitute the largest share of the Project workforce and include workers employed by:

- civil works contractors;
- subcontractors; and
- service providers engaged under construction contracts.

This category includes skilled (e.g., engineers, supervisors, heavy-equipment operators), semi-skilled (e.g., technicians), and unskilled labor (e.g., general laborers). Contracted workers may be recruited locally and/or from outside the Project area, depending on skill requirements and labor availability.

c. Primary Supply Workers

Primary supply workers include workers employed by suppliers that provide materials and services essential to the Project, such as:

- quarries and borrow pits;
- asphalt and concrete batching plants;
- material transport and logistics providers.

Where Project-related risks associated with primary suppliers are identified, relevant provisions of these LMP will be applied to manage such risks, commensurate with the Project's level of control and influence.

2.2 Anticipated Workforce Size and Composition

The Project involves large-scale, linear infrastructure construction and is expected to require a substantial temporary workforce during peak construction periods. While precise workforce numbers will be determined by contractors following contract award, the Project is anticipated to involve:

- a combination of skilled, semi-skilled, and unskilled workers;
- a higher demand for labor during earthworks, bridge construction, and pavement works; and
- simultaneous engagement of multiple contractors across different Project sections.

Workforce composition is expected to fluctuate over time in line with construction phases and work schedules.

2.3 Recruitment and Sourcing of Labor

2.3.1 Local Recruitment
Contractors will be encouraged to prioritize recruitment of workers from the local Project area where feasible, particularly for unskilled and semi-skilled positions, in order to:
- enhance local employment opportunities; and
- reduce labor-influx-related risks.

Local recruitment shall be carried out in a transparent and non-discriminatory manner.

2.3.2 External Recruitment and Labor Influx
For specialized skills and positions not readily available locally, contractors may recruit workers from outside the Project area. This may result in temporary labor influx, which presents specific social risks requiring active management.

Where labor influx is expected, contractors shall implement measures consistent with these LMP to manage worker accommodation, conduct, health and safety, and interactions with surrounding communities.

2.4 Working Arrangements and Employment Terms
All Project workers shall be employed under formal employment arrangements consistent with Indonesian labor legislation. Employment terms shall include, at a minimum:
- written contracts or appointment letters;
- clear terms and conditions of employment;
- defined working hours, rest periods, and leave entitlements; and
- transparent wage and benefit structures in compliance with applicable laws.

Contractors are responsible for ensuring that subcontractors apply equivalent standards.

2.5 Worker Accommodation and Mobility
Depending on the location of works and distance from residential areas, some contractors may establish temporary worker camps or basecamps, or arrange rented accommodation. Worker movement and mobility will be influenced by:
- distribution of construction sites along the corridor;
- availability of local housing; and
- construction scheduling.

Worker accommodation arrangements will be subject to the minimum requirements set out in Chapter 7 of these LMP and further detailed in contractor CESMPs.

2.6 Key Labor-Related Risk Considerations
The nature of the Project workforce gives rise to specific labor-related considerations that inform subsequent chapters of these LMP, including:
- occupational health and safety risks associated with heavy civil works;
- risks related to labor influx and worker–community interaction;
- potential SEA/SH risks in connection with workforce conduct;
- challenges related to subcontractor oversight; and
- risks arising from inadequate grievance handling or communication.

These risks are addressed through procedural and performance requirements set out in subsequent chapters.

CHAPTER 3. KEY LABOR RISKS AND IMPACT ASSESSMENT

3.1 Overview

The Sp. Ness – Merlung Toll Road Project entails large-scale linear construction works implemented over an extended corridor and multiple sites. Such projects typically give rise to a range of labor-related risks and impacts, particularly during the construction phase. In accordance with AIIB ESF (2024), these risks are assessed as part of the integrated environmental and social risk-management process under ESS1.

This chapter summarizes the key labor-related risks and impacts identified for the Project, drawing on the ESIA findings, Project design characteristics, and the anticipated workforce profile described in Chapter 2. These risks inform the labor-management measures set out in subsequent chapters of these LMP.

3.2 Occupational Health and Safety Risks

3.2.1 Nature of OHS Risks

The Project involves construction activities that are inherently high-risk, including:

- operation of heavy machinery and vehicles;
- earthworks, excavation, and embankment construction;
- bridge and elevated structure works;
- asphalt and concrete works; and
- work adjacent to live traffic and public roads.

These activities expose workers to risks of accidents, injuries, occupational illnesses, and fatalities if not properly managed. OHS risks are considered high in inherent risk level, particularly during peak construction periods.

3.2.2 Significance of Impacts

Without appropriate controls, OHS incidents could result in serious harm to workers and disrupt Project implementation. The significance of OHS risks requires the application of strict preventive and corrective measures by contractors, supported by effective supervision and enforcement.

3.3 Labor Influx and Workforce-Community Interaction Risks

3.3.1 Labor Influx

Due to the scale and technical complexity of the works, contractors may recruit a portion of their workforce from outside the local Project area. Temporary labor influx may occur, particularly for skilled and semi-skilled positions.

3.3.2 Potential Impacts

Labor influx may give rise to social risks, including:

- pressure on local services and infrastructure;
- social tensions between workers and local communities;
- increased risk of communicable diseases; and
- reputational risks for the Project if worker conduct is not adequately managed.

These risks are typically moderate to substantial in inherent risk level, depending on workforce size and accommodation arrangements.

3.4 Risks Related to Worker Accommodation and Welfare

Where contractors establish worker camps or basecamps, risks may arise from:

- inadequate living conditions;
- insufficient water supply, sanitation, or waste management;
- fire and safety hazards; and
- poor management of worker behavior in and around camps.

Inadequate accommodation conditions can adversely affect worker health, safety, and morale, and may create secondary impacts on surrounding communities. These risks require clearly defined minimum standards and regular monitoring.

3.5 Risks of Sexual Exploitation, Abuse, and Harassment (SEA/SH)

Large construction workforces, particularly where labor influx is present, may create heightened risk of SEA/SH, including harassment of fellow workers or members of nearby communities.

Although the anticipated risk level for SEA/SH under the Project is assessed as moderate, the potential severity of impacts necessitates proactive prevention measures, including Codes of Conduct, awareness-raising, and accessible grievance mechanisms.

3.6 Risks Related to Employment Practices and Worker Rights

Potential labor-related risks also include:

- unclear or non-transparent employment terms;
- excessive working hours;
- delayed wage payments; and
- inconsistent treatment of workers across contractors and subcontractors.

If not managed, such issues could result in labor disputes, grievances, reduced productivity, and reputational risks for the Project.

3.7 Subcontractor and Supply-Chain Risks

Given the likely involvement of multiple subcontractors and primary suppliers, risks may arise from:

- uneven application of labor-management requirements;
- limited oversight of subcontractor practices; and
- inadequate control over labor conditions in primary supply activities.

The significance of these risks depends on contractor management capacity and the effectiveness of supervision arrangements.

3.8 Risks Associated with Security Personnel

Where security personnel are engaged to protect construction sites, materials, or camps, risks may arise from:

- inappropriate or excessive use of force;
- intimidation of workers or community members; and
- lack of training or clear rules of engagement.

Such risks are generally low to moderate but require clear conduct standards and oversight.

3.9 Overall Risk Profile

Taken together, the Project's labor-related risks are assessed as:

- High inherent risk for occupational health and safety;
- Moderate to substantial inherent risk for labor influx, worker accommodation, and SEA/SH; and
- Moderate inherent risk for employment-practice, subcontractor, and security-related issues.

With the application of the labor-management measures set out in these LMP and their incorporation into contractor CESMPs, these risks are expected to be reduced to acceptable levels during implementation.

CHAPTER 4. LEGAL AND POLICY FRAMEWORK

4.1 Overview

The implementation of these Labor Management Procedures is governed by a combination of:

- the Asian Infrastructure Investment Bank (AIIB) Environmental and Social Framework (ESF);
- applicable laws and regulations of the Republic of Indonesia related to labor, employment, and occupational health and safety; and
- good international industry practice (GIIP), including internationally recognized standards and guidelines relevant to labor and working conditions in large infrastructure projects.

This chapter summarizes the applicable policy, legal, and reference frameworks that inform the requirements set out in these LMP.

4.2 AIIB Environmental and Social Framework

4.2.1 Applicability of AIIB ESS1

The Project is subject to the AIIB Environmental and Social Framework (ESF). Under the AIIB ESF, labor and working-condition risks are addressed as part of Environmental and Social Standard 1 (ESS1): Assessment and Management of Environmental and Social Risks and Impacts. ESS1 requires the Borrower to:

- identify and assess all material environmental and social risks and impacts associated with the Project, including those related to labor, workforce management, and occupational health and safety;
- design and implement mitigation measures proportionate to the nature and magnitude of the identified risks; and
- monitor and adapt management measures throughout Project implementation.

4.2.2 Implications for the Labor Management Procedures

In this context, these Labor Management Procedures serve as a project-level management instrument that supports and operationalizes the labor-related requirements of ESS1 by:

- translating identified labor risks into procedural and performance requirements;
- establishing minimum standards to be applied consistently across all contractors and subcontractors; and
- ensuring that labor and working-condition risks are systematically addressed within Project implementation arrangements.

4.3 National Laws and Regulations of Indonesia

Labor and employment practices under the Project shall comply with all applicable national laws and regulations of the Republic of Indonesia, including, as applicable:

- Law No. 13/2003 on Manpower (as amended), governing employment relations, wages, working hours, and worker rights;
- Law No. 1/1970 on Occupational Safety, establishing general requirements for workplace safety;
- Ministry of Manpower Regulation No. 5/2018 on Occupational Safety and Health (OHS) Work Environment Standards; and
- Ministry of Public Works Regulation No. 10/2021 on the Construction Safety Management System (SMKK), which sets mandatory safety management requirements for public works projects.

Contractors and subcontractors are responsible for ensuring compliance with all applicable labor, employment, and OHS requirements throughout Project implementation.

4.4 Good International Industry Practice (GIIP)

4.4.1 IFC Performance Standard 2: Labor and Working Conditions

While not part of the AIIB ESF, IFC Performance Standard 2 (PS2): Labor and Working Conditions provides a widely recognized international benchmark for managing labor and working-condition risks in large infrastructure projects. PS2 addresses, inter alia:

- fair treatment and non-discrimination in employment;
- prohibition of child labor and forced labor;
- occupational health and safety;
- worker accommodation and welfare;
- workers' grievance redress mechanisms; and
- management of labor risks in primary supply chains.

The principles and good-practice elements of IFC PS2 are applied under this Project as GIIP reference standards to supplement the requirements of AIIB ESS1.

4.4.2 World Bank Group Environmental, Health and Safety (EHS) Guidelines

The World Bank Group Environmental, Health and Safety (EHS) Guidelines, including:

- the General EHS Guidelines; and
- relevant industry-specific EHS guidelines applicable to road and bridge construction,

provide technical guidance on occupational health and safety, construction safety, emergency preparedness, and community health and safety.

These guidelines represent internationally recognized GIIP and are used to inform the development and implementation of OHS and worker-welfare measures under the Project.

4.5 Hierarchy of Requirements and Application

In the application of the above frameworks:

1. AIIB ESF and ESS1 provide the overarching policy requirements applicable to the Project.
2. Indonesian national laws and regulations establish legally binding minimum standards for labor and OHS.
3. IFC PS2 and WBG EHS Guidelines are applied as GIIP reference frameworks to enhance and operationalize labor-related risk management.

Where differences exist, Project implementation shall apply the more stringent requirement, consistent with ESS1 principles and applicable law.

4.6 Alignment with Project Institutional Arrangements

The implementation of these LMP under the above legal and policy frameworks is supported by the Project's institutional arrangements, whereby:

- DGH provides overall policy oversight and ensures inclusion of labor-related requirements in procurement and contract documents;
- BPJN Jambi, as TIU, oversees day-to-day implementation and monitoring by contractors; and
- Construction Supervision Consultants (CSC) support BPJN in supervising contractor compliance and reporting.

CHAPTER 5. PROHIBITION OF CHILD LABOR AND FORCED LABOR

5.1 General Principle

The Project adopts a zero-tolerance approach to child labor and forced labor. All labor engaged under the Project shall be employed on a voluntary basis, under lawful and transparent employment arrangements, and in compliance with applicable national legislation and good international industry practice.

The prohibition of child labor and forced labor applies to all categories of Project workers, including direct workers, contracted workers, subcontracted workers, and primary supply workers where Project-related risks are identified.

5.2 Prohibition of Child Labor

5.2.1 Minimum Age for Employment

The minimum age for employment under the Project is 18 years, in line with Indonesian labor law and internationally recognized good practice for construction activities involving hazardous work. Under no circumstances shall persons below the age of 18 be employed or engaged in Project-related activities, whether directly by contractors, subcontractors, or labor brokers.

5.2.2 Age Verification Procedures

Contractors shall implement robust age-verification procedures as part of recruitment and onboarding processes. At a minimum, contractors shall:

- verify the age of all workers using valid, officially recognized identification documents;
- retain copies of age-verification records in personnel files; and
- ensure that subcontractors and labor brokers apply equivalent verification procedures.

Failure to demonstrate adequate age-verification controls shall be considered a non-compliance with these Labor Management Procedures.

5.3 Prohibition of Forced Labor

5.3.1 Definition and Scope

Forced labor includes any work or service not performed voluntarily and exacted under the threat of penalty, coercion, debt bondage, retention of identity documents, restriction of movement, or other forms of compulsion. The Project strictly prohibits all forms of forced or bonded labor, including but not limited to:

- withholding of wages or identity documents to compel work;
- employment tied to repayment of recruitment fees or debts;
- compulsory overtime beyond legal limits; and
- restriction of workers' freedom to leave employment upon reasonable notice.

5.3.2 Recruitment and Employment Practices

Contractors shall ensure that recruitment processes are transparent and free from coercion. In particular:

- recruitment fees shall not be charged to workers;
- employment contracts shall clearly specify terms and conditions of employment;
- workers shall have the right to terminate employment in accordance with applicable law; and
- workers shall retain possession of their personal identity documents at all times.

5.4 Roles and Responsibilities

5.4.1 Contractors and Subcontractors

Contractors bear primary responsibility for ensuring compliance with this chapter and shall:

- enforce child labor and forced labor prohibitions across their workforce;
- monitor subcontractors and labor brokers for compliance;
- take immediate corrective action if violations are identified; and
- cooperate fully with supervision and audits conducted by BPJN and the Construction Supervision Consultant (CSC).

5.4.2 BPJN Jambi (TIU)

BPJN Jambi shall:

- oversee contractor compliance through regular supervision and reporting;
- require corrective measures where deficiencies are identified; and
- escalate serious violations to DGH and, where necessary, to relevant authorities.

5.4.3 Directorate General of Highways (DGH)

DGH shall provide overall oversight and ensure that child labor and forced labor prohibitions are embedded in procurement documents, contracts, and supervision arrangements.

5.5 Monitoring, Reporting, and Corrective Actions

5.5.1 Monitoring

Compliance with child labor and forced labor prohibitions shall be monitored through:

- routine site inspections by BPJN and CSC;
- review of contractor personnel records; and
- worker interviews, as appropriate.

5.5.2 Reporting and Response

Any identified or suspected case of child labor or forced labor shall be reported immediately to BPJN Jambi. Contractors shall:

- remove the affected worker(s) from Project activities without retaliation;
- ensure appropriate remediation measures in coordination with relevant authorities; and
- take corrective actions to prevent recurrence.

Serious or repeated violations may result in contractual sanctions, including suspension of works or contract termination, in accordance with contractual provisions.

5.6 Linkage with Grievance Redress Mechanism

Workers shall be able to raise concerns or grievances related to child labor, forced labor, or coercive employment practices through the workers' grievance redress mechanism described in Chapter 10. Grievances may be submitted confidentially and without fear of retaliation.

CHAPTER 6. OCCUPATIONAL HEALTH AND SAFETY (OHS) MANAGEMENT

6.1 Objective and Scope

The objective of this chapter is to establish minimum occupational health and safety (OHS) requirements applicable to all Project workers in order to prevent accidents, injuries, occupational illnesses, and fatalities during Project implementation.

These requirements apply to all construction activities undertaken by contractors and subcontractors and cover all work locations, including construction sites, camps, material production facilities, and transport routes associated with the Project.

6.2 General OHS Principles

Contractors shall provide a safe and healthy working environment consistent with:

- applicable Indonesian laws and regulations on occupational safety and health;
- the Construction Safety Management System (SMKK) mandated by the Ministry of Public Works; and
- Good International Industry Practice (GIIP), including relevant World Bank Group Environmental, Health and Safety (EHS) Guidelines.

Key principles include:

- prevention of accidents and injuries through hazard identification and risk control;
- prioritization of collective and preventive measures over corrective measures;
- provision of adequate resources, training, and supervision; and
- continuous improvement of OHS performance throughout the construction period.

6.3 Identification of OHS Hazards

Contractors shall identify and assess OHS hazards associated with Project activities, including but not limited to:

- operation of heavy machinery and equipment;
- excavation and earthworks;
- bridge, elevated, and work-at-height activities;
- interaction with live traffic and public roads;
- handling of hazardous materials (e.g. fuels, bitumen, chemicals);
- exposure to noise, dust, heat, and vibration; and
- ergonomic and fatigue-related hazards.

Hazard identification and risk assessment shall be updated periodically, especially when work methods or site conditions change.

6.4 OHS Management Measures

6.4.1 OHS Plans and Procedures

Each contractor shall prepare and implement a site-specific OHS plan as part of its CESMP. The OHS plan shall include, at a minimum:

- an OHS organizational structure with clearly defined responsibilities;
- job hazard analysis and safe work procedures for high-risk activities;
- emergency preparedness and response procedures; and
- procedures for incident reporting, investigation, and corrective action.

OHS plans shall be reviewed and approved by BPJN Jambi, with support from the Construction Supervision Consultant (CSC), prior to commencement of works.

6.4.2 Training and Worker Induction

Contractors shall ensure that all workers:

- receive site-specific OHS induction prior to starting work;
- are trained in safe work practices relevant to their tasks; and
- receive refresher training as necessary.

Specialized training shall be provided for workers performing high-risk activities (e.g. crane operators, scaffolders, workers at height).

6.4.3 Personal Protective Equipment (PPE)

Contractors shall provide, at no cost to workers, appropriate personal protective equipment (PPE) relevant to identified risks, including but not limited to helmets, safety footwear, reflective vests, gloves, and eye protection.

The use of PPE shall be strictly enforced, and damaged or worn-out PPE shall be replaced promptly.

6.4.4 Emergency Preparedness and First Aid

Contractors shall establish and maintain emergency preparedness measures, including:

- site-specific emergency response plans;
- availability of first-aid facilities and trained first-aid personnel;
- fire prevention and firefighting equipment; and
- communication procedures for emergencies.

Emergency drills shall be conducted periodically and documented.

6.5 Incident Reporting and Investigation

6.5.1 Reporting Requirements

Contractors shall maintain records of:

- occupational accidents and injuries;
- near-miss incidents; and
- occupational illnesses.

Serious incidents, including fatalities, life-threatening injuries, or major accidents, shall be reported immediately to BPJN Jambi, the CSC, and DGH in accordance with contractual and regulatory requirements. DGH, in turn, will keep AIIB informed of any such incident within 24 hours of occurrence and discuss further mitigatory measures.

6.5.2 Investigation and Corrective Actions

All incidents shall be investigated to identify root causes and define corrective and preventive actions. Contractors shall implement corrective measures promptly and report on implementation status to BPJN and the CSC.

6.6 Management of OHS for Subcontractors

Contractors shall ensure that all subcontractors:

- comply with the same OHS requirements set out in these LMP;

- implement site-specific OHS measures consistent with the contractor's OHS plan; and
- are subject to regular OHS supervision and audits.

Failure by subcontractors to comply with OHS requirements shall be addressed through corrective actions and, where necessary, contractual remedies.

6.7 Roles and Responsibilities

6.7.1 Contractors

- Primary responsibility for implementation of OHS measures.
- Provision of safe work systems, training, PPE, and supervision.

6.7.2 Construction Supervision Consultant (CSC)

- Monitoring and verification of contractor OHS performance.
- Reporting OHS non-compliance to BPJN Jambi.

6.7.3 BPJN Jambi (TIU)

- Oversight of OHS implementation and enforcement.
- Coordination with DGH on serious OHS matters.

6.7.4 Directorate General of Highways (DGH)

- Overall policy oversight and assurance of OHS compliance at Project level.

6.8 Continuous Improvement

OHS performance shall be reviewed regularly through inspections, audits, and performance reporting. Lessons learned from incidents and near-misses shall be used to strengthen OHS management and prevent recurrence.

CHAPTER 7. WORKING CONDITIONS, WELFARE, AND WORKER ACCOMMODATION

7.1 Objectives and Scope

This chapter establishes minimum requirements for working conditions, worker welfare, and accommodation applicable to all Project workers engaged by contractors and subcontractors during construction. The objective is to ensure that workers are employed under fair, lawful, and transparent conditions and that their basic welfare needs are adequately met, while minimizing adverse impacts on surrounding communities. The provisions of this chapter apply to:

- all contracted and subcontracted workers; and
- any worker accommodation, camps, or welfare facilities established in connection with the Project.

7.2 Terms and Conditions of Employment

7.2.1 Employment Contracts

All Project workers shall be employed under formal employment arrangements consistent with Indonesian labor law. Contractors shall ensure that:

- workers are provided with written employment contracts or appointment letters in a language they understand;
- contracts clearly specify job description, duration of employment, wages, working hours, overtime, leave entitlements, and termination conditions; and
- copies of employment records are maintained and made available for inspection by BPJN Jambi and the Construction Supervision Consultant (CSC), upon request.

Subcontractors shall be required to apply equivalent standards.

7.2.2 Wages, Working Hours, and Leave

Contractors shall ensure compliance with all applicable provisions related to:

- minimum wages and timely payment of wages;
- legally permissible working hours and overtime limits;
- rest periods, weekly rest days, and public holidays; and
- annual, sick, and other legally mandated leave entitlements.

Overtime shall be voluntary, compensated at legally required rates, and shall not compromise worker health and safety.

7.3 Non-Discrimination and Equal Opportunity

Employment decisions under the Project shall be based on objective job-related criteria. Contractors shall prohibit discrimination in recruitment, employment, remuneration, training, promotion, or termination on the basis of gender, ethnicity, religion, disability, or other status protected under national law. Special attention shall be given to ensuring a safe and respectful work environment for female workers and vulnerable groups.

7.4 Worker Welfare Facilities

Contractors shall provide adequate welfare facilities at construction sites, commensurate with the size of the workforce and nature of activities, including:

- access to safe drinking water;
- sanitary toilet facilities, separated for men and women where appropriate;
- washing and hand-washing facilities;
- shaded rest areas; and
- waste collection and disposal facilities.

Welfare facilities shall be maintained in clean and hygienic condition throughout Project implementation.

7.5 Worker Accommodation
7.5.1 Applicability
Where contractors establish temporary worker camps, basecamps, or other forms of provided accommodation for Project workers, such accommodation shall comply with the minimum requirements set out in this chapter and applicable national regulations.

7.5.2 Minimum Standards for Accommodation
Worker accommodation shall, at a minimum, ensure:
- sufficient living space per worker and adequate ventilation and lighting;
- protection from weather conditions and natural hazards;
- adequate and clean sanitation facilities, including toilets and bathing areas;
- reliable access to safe drinking water;
- fire safety measures, including fire exits and firefighting equipment; and
- appropriate arrangements for waste management and wastewater disposal.

Accommodation facilities shall be designed and operated to ensure the dignity, privacy, and safety of workers.

7.5.3 Camp Management and Conduct
Contractors shall establish clear camp management rules, including:
- codes of conduct applicable to workers residing in camps;
- rules governing visitor access and security arrangements; and
- procedures for managing conflicts or incidents within camps.

Camp rules shall be communicated clearly to all residents during induction.

7.6 Interaction with Local Communities
Contractors shall take measures to manage worker behavior and interactions with nearby communities, including:
- induction of workers on local customs, norms, and cultural sensitivities;
- enforcement of codes of conduct addressing respectful behavior; and
- coordination with BPJN Jambi to address community concerns related to worker presence, where they arise.

These measures aim to minimize social tensions and potential negative impacts associated with labor influx.

7.7 Monitoring and Supervision
Compliance with working conditions, welfare, and accommodation requirements shall be monitored through:
- regular inspections by BPJN Jambi and the CSC;
- review of contractor records and site conditions; and
- interviews with workers, where appropriate.

Identified deficiencies shall be addressed through corrective actions agreed with contractors, with timelines for implementation.

7.8 Roles and Responsibilities
- Contractors are responsible for providing compliant employment conditions, welfare facilities, and accommodation, and for monitoring subcontractor performance.

- CSC supports BPJN Jambi in supervision, inspections, and reporting of non-compliance.
- BPJN Jambi (TIU) oversees implementation and enforces corrective measures.
- DGH provides overall oversight and policy assurance.

CHAPTER 8. LABOR INFLUX MANAGEMENT AND PREVENTION OF SEXUAL EXPLOITATION, ABUSE, AND HARASSMENT

8.1 Objectives and Scope

This chapter sets out the procedures to manage risks associated with labor influx and to prevent sexual exploitation, abuse, and harassment (SEA/SH) in connection with Project activities. The objectives are to:

- minimize adverse social impacts resulting from the presence of a temporary construction workforce;
- promote respectful and lawful behavior by Project workers;
- protect workers and affected communities from SEA/SH risks; and
- provide clear requirements for prevention, reporting, and response.

The measures described herein apply to all Project workers, including those employed by contractors, subcontractors, and service providers.

8.2 Labor Influx Risk Management

8.2.1 Anticipated Labor Influx

As described in Chapter 2, portions of the Project workforce may be recruited from outside the local Project area due to the specialized nature and scale of construction activities. Temporary labor influx may be more pronounced during peak construction periods and near major work fronts.

8.2.2 Potential Impacts

Unmanaged labor influx may give rise to risks such as:

- pressure on local housing, services, and infrastructure;
- social tensions between workers and local communities;
- increased exposure to communicable diseases; and
- reputational risks for the Project.

8.2.3 Labor Influx Management Measures

Contractors shall implement the following measures, proportionate to workforce size and local context:

- prioritize local recruitment where feasible, particularly for unskilled and semi-skilled labor;
- manage workforce numbers and accommodation arrangements to avoid uncontrolled settlement;
- provide worker induction covering local customs, cultural sensitivities, and community relations; and
- coordinate with BPJN Jambi to address community concerns related to worker presence.

Labor influx management measures shall be reflected in contractor CESMPs.

8.3 Codes of Conduct

8.3.1 Code of Conduct Requirements

All contractors shall adopt and enforce a Code of Conduct applicable to all Project workers. The Code of Conduct shall, at a minimum:

- set clear expectations regarding respectful behavior toward fellow workers and community members;
- prohibit abuse, harassment, intimidation, and violence;

- explicitly prohibit SEA/SH; and
- define disciplinary measures for violations.

8.3.2 Communication and Enforcement

The Code of Conduct shall be:

- explained to all workers during induction;
- made available in languages understood by workers; and
- enforced consistently by supervisors and site management.

Workers shall acknowledge their understanding of, and commitment to comply with, the Code of Conduct.

8.4 Prevention of Sexual Exploitation, Abuse, and Harassment (SEA/SH)

8.4.1 Risk Context

Construction projects involving large and predominantly male workforces may increase the risk of SEA/SH, particularly where labor influx and worker accommodation are present. Although the inherent SEA/SH risk for the Project is assessed as moderate, the potential severity of impacts warrants proactive prevention and response measures.

8.4.2 Preventive Measures

TIU and Contractors shall implement preventive measures, including:

- mandatory SEA/SH awareness training for all workers;
- integration of SEA/SH provisions into Codes of Conduct;
- information dissemination on acceptable behavior and sanctions for violations; and
- supervision practices that discourage misconduct and promote accountability.

8.5 Reporting and Response to SEA/SH Incidents

8.5.1 Reporting Mechanisms

Workers and community members shall be able to report SEA/SH concerns through:

- the workers' grievance redress mechanism described in Chapter 10; and
- the Project-level grievance mechanism for community members, where relevant.

Reporting channels shall allow confidential and safe reporting, without fear of retaliation.

8.5.2 Response Procedures

PIU shall establish clear procedures for responding to SEA/SH allegations, including:

- immediate measures to ensure the safety of the complainant;
- referral pathways to appropriate support services, where available;
- prompt investigation of allegations in coordination with BPJN Jambi; and
- application of disciplinary measures consistent with national law and contractual provisions.

SEA/SH cases shall be handled with sensitivity, confidentiality, and survivor-centered principles.

8.6 Roles and Responsibilities

- TIU/ Contractors are responsible for implementing labor influx and SEA/SH prevention measures, enforcing Codes of Conduct, and managing incident responses.
- Construction Supervision Consultant (CSC) monitors contractor compliance and reports concerns to BPJN Jambi.
- BPJN Jambi (TIU) oversees implementation, ensures appropriate response to incidents, and coordinates with DGH as needed.

- DGH provides overall oversight and ensures that SEA/SH requirements are embedded in contracts and supervision frameworks.

8.7 Monitoring and Reporting

Contractors shall include labor influx and SEA/SH prevention measures in periodic environmental and social monitoring reports. BPJN Jambi, supported by the CSC, shall review implementation effectiveness and require corrective actions where gaps are identified.

CHAPTER 9. WORKER GRIEVANCE REDRESS MECHANISM (GRM)

9.1 Purpose and Objectives

This chapter establishes a dedicated grievance redress mechanism for Project workers to raise concerns related to labor and working conditions in a timely, transparent, and non-retaliatory manner.

The objectives of the workers' GRM are to:

- provide an accessible and trusted channel for workers to submit grievances;
- ensure grievances are addressed promptly and fairly at the lowest possible level;
- prevent escalation of workplace disputes; and
- support compliance with applicable legal requirements and good international industry practice.

The workers' GRM will also cover issues related to workers' interface with local communities. The GRM will function rather, complementary to, the Project-level grievance mechanism for affected communities as it will form a part of the multi level committees established for Grievance Redressal.

9.2 Scope of the Workers' GRM

The workers' GRM applies to all Project workers, including:

- contracted and subcontracted workers; and
- workers engaged through labor brokers or service providers.

Grievances that may be submitted through the workers' GRM include, but are not limited to:

- terms and conditions of employment (e.g. wages, working hours, overtime);
- occupational health and safety concerns;
- treatment at the workplace, including harassment or discrimination;
- implementation of codes of conduct;
- worker accommodation and welfare issues; and
- concerns related to labor influx or workplace behavior.

SEA/SH-related grievances shall be handled in accordance with the confidentiality and survivor-centered principles described in Chapter 8.

9.3 GRM Principles

The workers' GRM shall operate in accordance with the following principles:

- Accessibility – workers can submit grievances easily and without cost;
- Transparency – procedures, timelines, and outcomes are clearly communicated;
- Confidentiality – personal information and sensitive cases are protected;
- Non-retaliation – workers raising grievances are protected from reprisal;
- Timeliness – grievances are addressed within defined and reasonable timelines; and
- Fairness – grievances are assessed objectively and impartially.

9.4 Grievance Intake Channels

The Project, through Contractor(s), shall establish a grievance committee at the project level and multiple intake channels to ensure accessibility, including:

- verbal submission to supervisors or designated focal points;
- written submissions (complaint boxes, forms);
- dedicated telephone or messaging channels where available; and

- other culturally appropriate means agreed with BPJN Jambi.

Information about the workers' GRM, including contact details and procedures, shall be communicated to all workers during induction and displayed prominently at worksites and camps.

9.5 GRM Process and Timelines

9.5.1 Registration and Acknowledgement

- All grievances shall be registered upon receipt.
- An acknowledgement shall be provided to the complainant within a defined timeframe, typically within 3–5 working days, unless anonymity is requested.

9.5.2 Assessment and Resolution

- Grievances shall first be addressed at the project /contractor level where possible.
- Project level Grievance Committee shall investigate grievances and propose corrective actions within an agreed timeframe, proportionate to the nature of the grievance.
- For complex or unresolved grievances, escalation to BPJN Jambi shall be available.

9.5.3 Escalation and Closure

- If a grievance cannot be resolved at the project level, BPJN Jambi, supported by the CSC, shall review and facilitate resolution , as appropriate, through the main grivance committees. .
- Once resolved, the outcome shall be communicated to the complainant, and the grievance shall be closed in the register.

Workers retain the right to pursue legal remedies through the national labor dispute resolution system at any time.

9.6 SEA/SH-Related Grievances

SEA/SH grievances require special handling and shall:

- be treated with strict confidentiality;
- be reported, received, and managed by appropriately trained personnel;
- prioritize the safety and well-being of the survivor; and
- follow referral pathways to appropriate support services, where available.

Details of SEA/SH cases shall not be disclosed beyond what is strictly necessary for response and reporting.

9.7 Roles and Responsibilities

9.7.1 BPJN Jambi (TIU) /Contractors

- Establish and operate the workers' GRM at site level.
- Designate trained GRM focal points.
- Register, investigate, and resolve grievances promptly.

9.7.2 Construction Supervision Consultant (CSC), as a member of the GRC

- Monitor contractor GRM performance and compliance.
- Verify grievance records and corrective actions.

9.7.3 BPJN Jambi (TIU)

- Provide oversight of the workers' GRM.

- Facilitate escalation and resolution of unresolved or serious grievances.
- Report GRM performance to DGH and the Bank as part of E&S monitoring.

9.7.4 Directorate General of Highways (DGH)

- Ensure GRM requirements are reflected in procurement documents and contracts.
- Provide overall policy oversight.

9.8 Monitoring, Reporting, and Records

Contractors shall maintain a workers' grievance register documenting:

- number and type of grievances received;
- status and resolution timelines; and
- corrective actions taken.

Aggregated, non-confidential GRM information shall be included in periodic environmental and social monitoring reports submitted by BPJN Jambi.

CHAPTER 10. INSTITUTIONAL RESPONSIBILITIES, MONITORING, AND REPORTING

10.1 Objective

This chapter defines the institutional arrangements, roles, monitoring mechanisms, and reporting requirements for the implementation of these Labor Management Procedures. The objective is to ensure that labor-related risks are managed systematically, responsibilities are clearly assigned, and compliance is monitored and reported throughout Project implementation.

10.2 Institutional Responsibilities

10.2.1 Directorate General of Highways (DGH)

As the Executing Agency, DGH holds overall responsibility for ensuring that labor and working-condition requirements are integrated into Project design and implementation. DGH shall:

- ensure that these LMP are reflected in bidding documents and construction contracts;
- provide overall policy oversight and strategic direction;
- review consolidated labor-performance reports submitted by BPJN Jambi; and
- liaise with AIIB on labor-related matters as part of Project supervision and reporting.

10.2.2 BPJN Jambi (Technical Implementation Unit)

BPJN Jambi, acting as the Technical Implementation Unit (TIU), is responsible for the day-to-day oversight of LMP implementation. BPJN Jambi shall:

- ensure contractors are fully informed of, and comply with, the requirements of these LMP;
- review and approve contractor CESMPs, including labor-related components, prior to commencement of works;
- supervise contractor implementation through site inspections and review of reports;
- ensure that corrective measures are implemented in a timely manner; and
- consolidate and submit labor-related information as part of Project environmental and social monitoring reports.

10.2.3 Construction Supervision Consultant (CSC)

The Construction Supervision Consultant (CSC) supports BPJN Jambi in monitoring and supervision of contractor performance. Responsibilities include:

- routine monitoring of contractor compliance with LMP requirements;
- verification of records related to OHS, worker accommodation, grievances, and training;
- documentation of non-compliance and follow-up on corrective actions; and
- reporting labor-related observations and issues to BPJN Jambi.

10.2.4 Contractors and Subcontractors

Contractors bear primary responsibility for enabling implementing the LMP at the site level. Contractors shall:

- prepare and implement site-specific labor management measures through CESMPs;
- ensure compliance by all subcontractors and labor brokers;
- maintain records related to workforce management, OHS, accommodation, and grievances;
- report labor-related performance to BPJN Jambi and the CSC; and
- implement corrective actions as required.

10.3 Monitoring of LMP Implementation

10.3.1 Routine Monitoring

Monitoring of labor-related performance shall include:

- regular site inspections by BPJN Jambi and the CSC;
- review of contractor records (e.g. employment records, OHS logs, grievance registers);
- verification of worker accommodation and welfare facilities; and
- interviews with workers, where appropriate.

Monitoring frequency shall be commensurate with the scale of works and identified labor risks.

10.3.2 Corrective and Preventive Actions

Where non-compliance with LMP requirements is identified:

- PIU shall prepare and implement corrective action plans within agreed timelines;
- BPJN Jambi and the CSC shall verify implementation; and
- repeated or serious non-compliance may result in contractual remedies in accordance with contract provisions.

10.4 Reporting Requirements

10.4.1 Contractor Reporting

Contractors shall submit periodic labor-related reports as part of their overall environmental and social reporting, covering:

- workforce numbers and composition;
- OHS performance, including incidents and near-misses;
- worker accommodation and welfare status;
- labor influx and SEA/SH prevention measures; and
- grievances received and resolved through the workers' GRM.

10.4.2 TIU and Project-Level Reporting

BPJN Jambi shall consolidate contractor information and include relevant labor-related performance indicators in:

- periodic environmental and social monitoring reports submitted to DGH and AIIB; and
- ad-hoc reports on serious incidents or issues, as required.

Reporting shall be conducted in accordance with agreed Project monitoring and reporting arrangements.

10.5 Review and Adaptive Management

Labor-related risks and management measures may evolve during Project implementation due to changes in scope, workforce size, or site conditions. Accordingly:

- BPJN Jambi shall periodically review the effectiveness of LMP implementation;
- lessons learned from monitoring and incident investigations shall be used to improve procedures; and
- these LMP may be updated, as necessary, with approval from DGH and in consultation with AIIB.

CHAPTER 11. REVIEW, UPDATING, AND DISCLOSURE

11.1 Objective

This chapter establishes procedures for the periodic review, updating, and disclosure of these Labor Management Procedures (LMP) to ensure that labor-related risks are managed effectively throughout Project implementation and that the LMP remain fit-for-purpose over time.

11.2 Review and Adaptive Management

11.2.1 Periodic Review

The implementation of these LMP shall be reviewed periodically during construction to assess:

- effectiveness of labor-management measures;
- adequacy of procedures in addressing evolving labor-related risks; and
- compliance by contractors and subcontractors.

Reviews shall be informed by monitoring results, site inspections, incident investigations, grievance records, and feedback from workers and supervising entities.

11.2.2 Adaptive Management

Where reviews identify gaps, emerging risks, or changes in Project conditions (e.g. workforce size, work methods, or contractor arrangements), adaptive measures shall be introduced. Adaptive management may include:

- refinement of procedures or requirements set out in these LMP;
- strengthening of supervision or enforcement measures; and
- targeted capacity building for contractors or supervisory staff.

Any material changes to labor-management arrangements shall be documented and incorporated into updated versions of these LMP, as appropriate.

11.3 Updating of the Labor Management Procedures

11.3.1 Triggers for Update

These LMP may be updated, in full or in part, under the following circumstances:

- significant changes in Project scope, design, or implementation approach;
- changes in applicable national laws or regulatory requirements;
- repeated or serious labor-related incidents indicating the need for procedural revisions; or
- recommendations arising from supervision missions or audits.

11.3.2 Approval and Application of Updates

Any update to the LMP shall be:

- reviewed and approved by DGH, in coordination with BPJN Jambi;
- communicated to contractors and the Construction Supervision Consultant (CSC); and
- reflected in contractor CESMPs, where relevant.

Updated requirements shall become effective upon formal communication to contractors.

11.4 Disclosure and Communication

11.4.1 Disclosure

These LMP shall be disclosed in a manner consistent with Project disclosure requirements, including:

- inclusion as an annex to the Project ESIA; and

- availability to contractors, supervision consultants, and relevant Project personnel.

Public disclosure shall be conducted in accordance with applicable disclosure requirements, recognizing that certain operational details may be contractor-specific.

11.4.2 Communication to Workers

Contractors shall ensure that relevant aspects of these LMP are:

- communicated to workers during induction and toolbox talks;
- available in languages understood by workers; and
- integrated into site-level procedures, Codes of Conduct, and grievance mechanisms.

Effective communication is essential to ensure worker awareness of their rights, obligations, and available channels for raising concerns.

11.5 Record-Keeping and Audit Trail

BPJN Jambi, supported by the CSC, shall maintain records related to:

- LMP reviews and updates;
- monitoring and reporting outcomes related to labor management; and
- communications with contractors regarding LMP requirements.

This documentation shall support supervision, reporting to AIIB, and any future audits or evaluations.