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6.14 Labour and Working Conditions

The following topics are considered in this chapter:

- Direct employment;
- Indirect employment and procurement;
- Working Conditions.

6.14.1 Direct Employment

Project Activities Affecting Direct Employment

The Project will employ (either directly or through contractors) a peak workforce of approximately 1300 during the construction period. The construction period will last for two years. Direct employment generated by the Project will reduce to an estimated 657 workers for the operational period, which will continue for an estimated 10 years.

Anticipated manpower schedules have been developed for the construction period (see Figure 3.25). Table 6.14.1 provides a breakdown of the operational personnel requirements, illustrating the dominance of mining related roles. As described in Chapter 3, much of the bulk earthworks associated with the HLF and BRSF will be undertaken by personnel operating Company owned equipment, however local Armenian contractors will be used to supplement the Company equipment where additional or specialised equipment is required.

Department	Number of Personnel
Mining	315
Processing	199
General and Administration	133
Laboratory	10
Total	657

Potential Direct Employment Impacts

Opportunities for salaried employment in the host communities are currently limited due to the economic environment, raising the value attributed to new salaried jobs in the area. Rural communities reported that approximately 35% of their income was derived from salaried employment in 2010 (this would have included the approximately 50 people working for the Project at the exploration stage due to the time of the survey¹).

¹ This figure has increased since the time of the survey, with 94 contractors recruited from the local area in addition to the Lydian workforce of 31 as at July 2014.

Construction Phase

The construction period will last for two years and will require a peak workforce of approximately 1300 workers (see Figure 3.25). The nature of construction work typically requires a high proportion of skilled or semi-skilled labour. Given the limited experience of mining project construction work within the host communities, 30% local employment is anticipated during this time. The training programme led by Lydian will be targeting operational roles which provide longer term opportunities rather than short-term construction opportunities. Construction is anticipated to be a mixed contracting approach with a Project Construction Management (PCM) contractor overseeing a number of local contractors. It is likely that the PCM will be a foreign company.

Operations Phase

Of the proposed 657 operational roles, it is anticipated that 30% (just under 200 roles) could be filled by residents from the local area and the broader region, including both the rural and urban communities. Access to these opportunities will be improved through the implementation of the Lydian training programme. This would be expected to significantly increase the proportion of income derived from direct salaried labour in these communities.

Closure Phase

Mine closure will result in the retrenchment of the vast majority of employees. Employee retrenchments will be staggered, reducing to a closure workforce of approximately 20 people within 18 months of the cessation of mining operations.

The salaries paid by the Project will be in line with national norms for mining projects, making them considerably higher than the average salaries in the host communities at present, as discussed in Chapter 6.13. The benefit of direct employment is likely to disproportionately affect men within the local communities.

Direct employment and new jobs are generally considered a positive social impact. However, there are inherent risks common with the development of large industrial projects. Environmental, health and safety standards need to be maintained and labour managed in an appropriate manner. Without well-administered human resource policies, job creation can exacerbate existing social divisions and in some cases generate local conflict if job seekers do not trust that recruitment and human resource decisions are transparent.

Without mitigation measures, poor management of recruitment and employment can create accusations of corruption, jealousy and conflict. This dynamic may be heightened in the local area where residents have limited experience with industrial employment and may not fully understand the technical requirements needed for construction and operation of a mine. The mixed direction of direct employment impact is the primary factor in only assessing a minor (positive) impact prior to mitigation.

Mitigation/Enhancement of Direct Employment Impacts

To ensure that the benefits are maximized and positive, Lydian will adhere to the international guidelines set out by the International Labour Organisation (ILO), IFC Performance Standard 2 and EBRD's Performance Requirement 2. Such mitigation steps include:

- Implementation of the existing Human Resources Policy (Chapter 8), which represents the main internal policy for managing and developing staff. The policy includes information on the following key elements:
 - Personal Conduct
 - Non-discrimination
 - Recruitment
 - Induction
 - Training
 - Probation
 - Medical and life insurance schemes
 - Travel and expenses
 - Occupational health and safety
 - Equal employment opportunity
 - Leave policy
 - Performance management
 - Performance improvement
 - Grievances
- Ensuring all employees (including contractors) have clear documentation of their working relationship; and

- Developing clear policy statements that forbid any form of child or forced labour².

The main instrument used to provide documentation of the working relationship is the existing Employment Contract, a document given to every employee at the time of hire. The Employment Contract is written in parallel in Armenian and English languages and includes the following key information:

- Employment conditions;
- Remuneration;
- Employer and employee rights and responsibilities;
- Leave;
- Liabilities, contract period and termination; and
- Dispute resolution.

Armenia has ratified the core Conventions of the ILO related workers' right to organise. Both CO87 – Freedom of Association and Protection of the Right to Organise and CO99 - Right to Organise and Collective Bargaining Convention are in force. These rights are further stated in Lydian's Human Resources Policy: "Lydian recognises the rights of the employees to form and to join any workers' organizations of their choosing, without interference, and have the right to bargain collectively. Lydian does not restrict employees from developing mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment, without interference from the Company. Any such workers' organizations are expected to fairly represent the workers in the workforce".

Lydian will document efforts to explain to contractors and suppliers that they must conform to the international guidelines related to child and forced labour. If there is a specific risk of child, bonded or forced labour within a primary supply chain, steps will be taken to assess the risk and develop measures to minimise it.

Similarly, Lydian will document efforts to explain to contractors and non-employee workers that the key elements³ of ILO, IFC Performance Standard 2 and EBRD Performance

² Article 35 of the Constitution of the Republic of Armenia states that persons under the age of 16 are not allowed to work in a full-time capacity. Lydian will impose a more restrictive standard, not allowing anyone to work on the Project who is under 18 years of age (unless for summer / vocational training).

³ All elements of PS2 are applicable to contractors with the exception of sections related to retrenchment and supply chain.

Requirement 2 are relevant for non-employee workers. This will include using commercially reasonable efforts to incorporate these requirements into contractual agreements.

In cases where a Lydian contractor does not have a formal grievance procedure, Lydian will inform the contractor's workers of their internal policy and invite contractors to use its own Grievance Mechanism to raise worker complaints. Where contractors have their own grievance mechanism, they will be required to report grievances they receive and actions taken to resolve them to Lydian within a timely manner.

Lydian has a Human Resources Policy and subsidiary Local Recruitment Procedure (Appendix 8.4 & 8.25). The Human Resources Policy confirms the company's commitment to non-discrimination and to select workers based on performance, professional behaviour and their approach to safety. The policy and recruitment procedure give priority, other factors being equal, to selecting workers from the local area. The Local Recruitment Procedure defines a clear hierarchy of hiring preference:

- Recruitment decisions will be made upon merit, commitment to safety and personal behaviour. Within this context, local recruitment will be prioritised. If the skills are not held locally, regional candidates will be prioritised. If the skills are not held regionally, Armenian nationals will be given priority over foreign applicants. The following definition apply within this procedure:
 - *Local* - For the context of this procedure, "local" is defined to include people normally resident in the villages of Gndevaz, Saravan, Gorayk and Kechut/Jermuk. It also includes those people who originate⁴ from these villages but have moved away to seek employment in other places (e.g. internal migrants etc.).
 - *Regional* – For the context of this procedure, "regional" includes people who are normally resident in Syunik Marz or Vayots Dzor Marz.
 - *National* – Refers to all people who normally reside in Armenia.

Lydian faces a common challenge of similar mining projects to meet the high expectations for employment with nearby residents who may have little technical training in the skills needed for the operation of an industrial mine. A register of skills held within the local communities

⁴ To be considered to "originate" from a village, an individual must have been born and raised within the village.

will be developed during construction and maintained at all times and used as the basis for recruitment decisions. To enhance the likelihood of local (and regional) residents gaining direct employment with the Project, a training programme will be rolled out which offers access to technical training over a fixed time period. The development of this training programme is being informed by the results gained from the skills survey conducted in June 2014 (see Section 4.17 for discussion of results). The training programme will focus on building skills within the local community to enhance local employability during the operation period. At the professional level, since 2010, Lydian has supported the university tuition fees for students from the three nearby settlements to study geology and mine engineering. This opportunity will be expanded and opened to others in the region⁵.

A key means for addressing the high expectations will be through a proactive stakeholder engagement programme, which will continue to be managed by the Social Development Programs Manager and the Community Liaison Officer (CLO). These key managers will work with the human resources department, local leaders in Vayots Dzor and Syunik and residents of nearby communities to create a realistic strategy for attracting and retaining local workers. This iterative communication process includes explaining to local residents the types of jobs available and why more skilled positions require higher levels of education and technical training. This process will also form the basis for the consultation which will need to occur in preparation for mine closure.

Mine closing planning involves detailed human resource planning, including retrenchment considerations, and the opportunity for re-training for employees to enhance their employment and livelihood prospects post mine closure. The transition from construction to operations will also generate a significant reduction in workforce size, and will again require retrenchment planning to be put in place. The full local effect of the retrenchments associated with the cessation of construction and commencement of operations may be reduced through the comparatively limited number of local employees anticipated during the construction period. Contractor employee retrenchment considerations will also be addressed in the Contractor Management Plan (in development). Retrenchment plans will be developed to be consistent with EBRD's PR 2.17 and IFC requirements.

⁵ Eleven students had received support through this programme between 2010 and 2013. The programme is ongoing.

Residual Impacts of Direct Employment

The impacts of direct employment vary considerably across the construction, operations and closure phases. While the construction phase will generate the largest employment requirement, it is expected that 70% of this employment will be filled by workers recruited from outside the Project area due to the skills required for the work programme. As such, this is considered a moderate positive impact. Direct employment during operations is also likely to generate a moderate positive impact for a period of 10 years. With mine closure, there will be a significant negative impact on direct employment which is likely to be felt over a 12-18 month period as positions are retrenched, which with mitigations in place will be a moderate impact. Training received and professional development will benefit individuals and the economy beyond the estimated life of the mine.

Table 6.14.2: Impact Assessment, Direct Employment						
Sub-category	Direction	Magnitude	Extent	Duration	Impact (prior)	Impact (post)
Direct Employment - construction	Mixed	Moderate	Regional	Short Term	Moderate (positive)	Moderate (positive)
Direct Employment - operations	Mixed	Moderate	Regional	Medium term	Moderate (positive)	Major (positive)
Direct Employment - closure	Mixed	Moderate	Regional	Long-term	Major (negative)	Moderate (negative)

6.14.2 Indirect Employment and Procurement

Project Activities Affecting Indirect Employment and Procurement

Indirect employment refers to the additional employment generated by an institution's economic activities. Indirect employment is likely to be more significant during the operations phase than during the construction phase.

The introduction of around 657 operational wage earners to the host communities, with a target of recruiting 30% from the local and regional areas, will prompt the development of service activities and industries which will in turn generate expanded employment opportunities as a multiplier effect. There is no formally defined multiplier effect for a project of this nature in rural Armenia; however, general equilibrium modelling conducted by Avag Solutions Consultants suggests induced employment could be as high as 3,900 people across Armenia during the operations phase. Note, these estimates of induced employment do not account for productivity improvement, so likely over-estimate the induced employment

levels. Regardless, this modelling suggests that an assumption of one new job being generated at a national level for every Project job is a conservative estimate.

Locally, indirect employment will be enhanced through the accommodation of up to 370 workers in hotel accommodation during construction and between 500-920 in a construction camp, and approximately 250 employees in hotel accommodation in Jermuk during the operations period. A detailed assessment on worker accommodation impacts was undertaken during Q1/2 2016 and is reported in Chapter 6.21.

An additional 210 workers (potentially with their families) are expected to migrate into the area during operations. These employees and any families moving in to Jermuk or Gndevaz in order to work on the Project are likely to stimulate the local economy, potentially providing ballast for Jermuk through the highs and lows of the tourism seasons.

Indirect employment opportunities can also expand through the development of local markets or the improvement of access to larger markets allowing local traders to benefit from the economic expansion. This may be proactively sought after through support from Lydian to assist farmers and cultivators with access to markets and productivity improvements.

Potential Indirect Employment and Procurement Impacts

The multiplier effects related to the Project and in-country investment through the process of procurement for goods and services is considered to be a positive impact. The introduction of a significant wage-earning base into the local economy is anticipated to generate considerable indirect employment (at least equitable to the size of the operational workforce). These opportunities will include: base-load of hotel occupancy in Jermuk during operation periods (and potentially during construction depending on the size of the construction camp which is selected), expansion of restaurants and entertainment facilities in Jermuk, opportunities for rental of accommodation in Jermuk in particular, and increased sales of local consumption items. It will also increase the size of the economic activity at a more general level across the nearby communities. The two year construction period and 10 year operational life will allow sufficient time for enterprises to develop and to transition towards a diversified and independent income stream during the life of the mine. Initially, these suppliers may be potentially heavily reliant upon sales to Amulsar workers or as suppliers for the Project. Unmanaged, the closure of the mine is likely to have a significant negative impact on indirect employment opportunities, however this can be moderated

through transition processes put in place during the operational life of the mine.

Currently, producers of agricultural goods in the host communities have difficulty marketing their goods due to their relative geographical isolation. The expansion of the local economy through the addition of significant new wage earners, and regular transport between Yerevan and the host communities, is anticipated to make it easier for these communities to link into larger markets and to be in a better position to negotiate over prices (at present sale prices are reported to be diminished in the area as national buyers apply a transport cost to the transactions). The daily need for meals for the workforce is also a great opportunity.

As noted above, approximately 250 workers will reside year-round (although each individual will be on rotation, the rooms will be occupied year-round) during the operations period in Jermuk. This hotel occupancy will help make Jermuk feel occupied and alive across the tourism low-season as well as high-season. This is expected to convert a small proportion of the 450 seasonal tourist jobs into year-round employment opportunities.

The Project has recruited a procurement manager to develop detailed procurement requirements, and is expected to continue the company policy of prioritising local procurement where possible. In the exploration period this has prompted the award of a catering contract for the exploration camp to a resident of Gorayk village; a garbage collection contract (for the exploration camp and the rural communities) to a local supplier in Sisian and Vayk towns; establishment of a sewing contractor to prepare sample bags for the exploration activities in Gndevaz; the creation of three major tree nurseries in Gndevaz (1) and Saravan (2); and use of local labour to plant trees in the area to minimise the visual impact of the project.

The impacts from indirect employment and procurement are expected to reflect a moderate improvement on the current situation during operations and even into mine closure. The multiplier effect associated with creating more salaried employment is likely to develop additional economic activity, even if it is difficult to predict exact figures.

Mitigation/Enhancement of Indirect Employment and Procurement Impacts

The key limitation for indirect employment and local procurement is the lack of capacity (either human or financial) to deliver the required service or product.

Lydian has developed a Supply Chain & Logistics - Local Business Initiative (SCL-LBI) programme. The objectives of SCL-LBI programme are to:

- Provide opportunity for local business participation by maximizing the use of the sourcing process for goods and services that are within the capacity and capability of local businesses;
- Ensure that major, non-local contractors and suppliers follow the same principles and procedures to maximize local opportunity and participation when sourcing and managing their sub-contractors and sub-suppliers;
- Emphasise the LBI programme requirements needing consideration and inclusion of requirements into the various activities associated with sourcing and management of goods and services, and disposal of certain goods;
- Focus on planning and packaging goods and services requirements in a manner that is LBI programme suitable, which includes classifying suppliers and contractors based on geographical origin, capability and goods and services suitability;
- Over time, to build capacity and capability of local businesses to increase participation in Lydian's operations, but also to support sustainability post operations closure; and
- Provide a sense of transparency and inclusivity to the local procurement process.

The LSC-LBI defines local, regional and national business, which it will use in targeting businesses closest to the operation as part of the criteria in selecting suppliers. Key steps will include forming a dedicated team that will further develop the LBI governance, goals, communication plan, reporting criteria and key performance indicators. The team will assess local business capability and capacity and target opportunities that would be suitable for these businesses.

Working with other managers, a guideline on "How to do Business with Lydian" will be developed. This will be done in cooperation with local authorities, financial institutions, NGOs and media.

Lydian will establish and maintain a prospective supplier register and prepare a qualified bidder list. The list will enable the identification of local businesses that may not be able to

show full compliance with Lydian's requirements, but can demonstrate initiative to do so if given support.

At the completion of the bidding process, proposals will be evaluated using a number of criteria that will include, but not be limited to:

- Proximity to the Project and impact on the community and local businesses;
- Demonstrated understanding of the scope of work;
- Health and safety standards;
- Previous history of performance or provision of similar goods or services;
- Capability and capacity to fulfil the requirement;
- Price; and
- Quality.

To ensure that all contractors and sub-contractors maximise the contribution to the local economy, local procurement requirements will request information on contractor's methods and processes to recruit locally with reporting on local employment on an annual basis. The skills survey results and register developed by Lydian will be shared with contractors to support this process. For any procurement to occur from somewhere outside of the host communities, a justification for why the procurement could not occur locally will be required.

Residual Impacts of Indirect Employment and Procurement

Detailed plans in the SCL-LBI will aim to identify and solve many of the barriers that would keep local, regional and businesses from participating in the Lydian procurement process. These efforts, as well as the commitment to monitor and track procurement, will increase the overall significant of impact to be moderate (positive). If training initiatives are implemented, the increased professionalism of businesses at every level will likely aid those businesses for longer than the duration of the mine life itself.

Table 6.14.3: Impact Assessment, Indirect Employment and Procurement

Sub-category	Direction	Magnitude	Extent	Duration	Impact (prior)	Impact (post)
Indirect Employment and Procurement - construction	Mixed	Moderate	National	Short term	Minor (positive)	Minor (positive)
Indirect Employment and Procurement - operation	Mixed	High	National	Medium term	Moderate (positive)	Major (positive)
Indirect Employment and Procurement - closure	Mixed	Low	National	Long term	Minor (positive)	Minor (positive)

6.14.3 Working Conditions

Project Activities Affecting Working Conditions

Amulsar Project will employ a peak of around 1300 people during construction and is expected to have an operational workforce of 657. All labour will be hired in a manner consistent with Armenian law and a safe and healthy work place will be provided for employees and contractors. It is outside the scope of this ESIA to detail the employee health and safety considerations put in place for the project. Notwithstanding this, an initial Occupational Health and Safety Plan has been prepared (Appendix 8.7) with additional details to be covered in the Health and Safety Management Systems which will be developed for construction and operations⁶. The focus of this section rests on the construction and operation accommodation plans for the Project, and further detail on this topic can be found in Appendix 8.25.

Potential Working Condition Impacts

Construction Phase

During construction, between 500 and 920 non-local workers (employees and contractors) will reside in a temporary worker accommodation camp, with any overflow being accommodated in hotel accommodation in Jermuk. The size of the camp is yet to be

⁶ An Health and Safety Management System (HSMS) will be developed to be in compliance with IFC's PS, the EHS Guidelines (General and Mining) and EBRD's Performance Requirement 4 "Health and Safety".

confirmed, however, the maximum use of Jermuk hotel accommodation during the construction period will not exceed 370 beds (see Chapter 6.21). The worker accommodation camp would be managed as a closed facility and all employees staying in the camp will work on a roster returning to their point of origin with sufficient frequency to maintain family connections. The remaining 380/390 construction phase employees are assumed to be sourced from local communities and it is anticipated that they will continue to reside in their existing accommodation.

Operations Phase

During operations approximately 250 workers will be accommodated in hotels in Jermuk. These workers will be working on a rotational roster, returning to their families on a regular basis. The remainder of the operational workforce are expected to reside within commuting distance of the Project site in their own accommodation with their families.

Ideally, all workers would be accommodated with their families in their town of origin. Given the personnel requirements for the Project during construction and operations, this will not be possible. A number of options exist to address the accommodation requirements for the Project: construction of new houses; construction of a long-term camp; and renovation of existing accommodation options in nearby centres. Given the location of the Project, and the trend of rural migration within Armenia, the option of constructing new houses was not pursued as they would likely fall into dis-use post mine closure. Instead, the Project has been designed using a hybrid approach, with a camp being used to accommodate the bulk of the temporary workforce during construction, coupled with hotel accommodation. During operations, hotel accommodation will also be used, coupled with the anticipated in-migration of workers and their families into the Project area. The camp and hotel accommodation options are temporary accommodation solutions for workers, and all workers accommodated in this manner will be working on a rotation basis to ensure they have contact with families and their point of origin. Those families who are expected to migrate into the Project area during the operations period are expected to reside in the area for the period of their employment contracts.

The provision of accommodation and basic services to workers, if unmanaged, has a number of potential impacts, including:

- Discriminatory practices – The allocation of accommodation can be open to

discrimination if standards vary across the workforce. This does not imply that all rooms must be identical, however the basis on which the decision for room allocation is made needs to be transparent.

- Restriction of workers' rights – Company control over accommodation has the potential to curtail or restrict workers' rights and freedoms.
- Housing standards⁷:
 - Space – Accommodation must be planned and managed to ensure that all workers have a specified minimum space per person that includes the provision of their own bed and separate gender based accommodation. Accommodation designs also need to ensure that space is allocated for common dining rooms, canteens, rest and recreation rooms and health facilities.
 - Access to water – the camp and accommodation options must be designed to ensure that workers have sufficient access to safe water in quantities required for their personal needs.
 - Sewerage and garbage disposal – Worker accommodation will generate sewerage and garbage disposal requirements which need to be managed in a manner which does not overload existing systems (if connected to a municipal system) or can be managed independently (if in an isolated area). The construction camp will need independent systems, and the needs of Jermuk hotel accommodations have been taken into consideration.
 - Health and safety – The same level of care applied to the construction of the mining infrastructure needs to be applied to the accommodation options to ensure a safe and healthy living environment for employees. This includes consideration of fire, seismic, flooding and other hazards.

Working condition impacts are considered potentially negative impacts prior to mitigation.

Mitigation/Enhancement of Working Conditions Impacts

The effective management of working conditions is a core element of Lydian's operational philosophy. The accommodation options which have been chosen by the Project were selected for a number of reasons, including: the local setting and its ability to absorb new

⁷ IFC, EBRD (2009) Workers' Accommodation: Processes and Standards, www.ifc.org, accessed June 2013

accommodation structures; inflationary pressures upon house prices in the local area; management of influx and social issues; health and safety considerations for workers and cost considerations. For the options selected, the following mitigation measures will be applied (see also Chapter 6.21):

- Accommodation at both the temporary construction camp and hotels will be designed to ensure all workers have a minimum of 5.5m² of floor space each, in a room with a minimal roof height of 2.1m. Hotel rooms which do not meet this requirement will not be rented by the Project.
- Room occupancy levels will be minimised, with no more than four people sharing any single room and all residents will have their own bed (hot-bunking will not occur). If double-bunks are used, a minimum space of 1m between bunks will apply and all beds will be at least 1m apart.
- The accommodation will be designed so that males and females have separate rooms and sanitary facilities, of equitable standards.
- The accommodation will be designed so that a minimum temperature of 20° Celsius can be maintained during the cold winter months in Armenia. Hotel rooms which do not meet this requirement will not be rented by the Project.
- Catering will be established at the camp and the hotels to ensure food meets the tastes of the majority of residents. Camp residents will have an opportunity to influence catering choices through suggestions boxes and other feedback processes. The Company will engage with catering services at hotels to ensure food supplied meets the requirements of the workforce and is largely equitable with the catering at the camp and across other hotels. Further detail on nutrition is covered in Chapter 6.18.
- Worker accommodation management considerations have been further refined/detailed by Lydian in a Worker Accommodation Management Plan (see Appendix 8.25)
- The camp will be a closed dry camp, meaning that workers will not be able to leave the camp at their discretion during their work rotation, with the exception of going to work on the Project. A closed camp has the advantages of minimising the impact of a large construction workforce on host communities, however, the rights of the workers' also need to be considered. To manage this restriction on workers' liberties during their work rotation, leisure and recreational facilities, including and gym and entertainment facilities, will be provided within the camp.
- Hotel accommodation will be an open form of accommodation, i.e., workers will be

free to leave their hotels at their discretion and will likely make use of the leisure and recreation facilities in Jermuk. In the absence of recreation and leisure facilities within Jermuk (e.g. a gym) workers residing in hotels may be granted access to camp facilities.

- The construction camp will be constructed with a packaged wastewater treatment plant suitable to camp capacity. Jermuk’s sewerage system will be used for the management of wastewater from workers resident in hotel accommodations.
- Domestic garbage from the camp and hotels will be disposed of in the Project landfill to avoid adding to the existing municipal waste challenges experienced in Jermuk and the rural villages. An incinerator could be also procured.
- As noted in the Human Resources Policy, Lydian respects and supports workers’ right to organise and will ensure that the accommodation controls put in place do not restrict workers’ freedoms.
- Equitable conditions will be applied across all accommodation options to the extent possible. Where variations in conditions exist, the Project will endeavour to ensure that workers of similar positions are accommodated in an equivalent manner. The worker grievance mechanism will be a key mitigation to understand if worker conditions are considered inequitable or unacceptable by workers.

Residual Working Conditions Impacts

Through the implementation of appropriate conditions in workers accommodation and the development of additional detail in the Worker Accommodation Management Plan (Appendix 8.25), the residual working condition impacts are considered to be Moderate, as shown in Table 6.14.4.

Table 6.14.4: Impact Assessment, Working Conditions						
Sub-category	Direction	Magnitude	Extent	Duration	Impact (prior)	Impact (post)
Working Conditions	Negative	Moderate	Local	Medium term	Moderate	Moderate

Table 6.14.5 and Table 6.14.6 summarise Project impacts on labour and working conditions.

Table 6.14.5: Summary of Impacts on Labour and Working Conditions						
Sub-category	Direction	Magnitude	Extent	Duration	Impact (prior)	Impact (post)
Direct Employment-construction	Mixed	Low	Regional	Short Term	Minor (positive)	Moderate (positive)
Direct Employment-operations	Mixed	High	Regional	Medium term	Moderate (positive)	Major (positive)
Direct Employment - Closure	Mixed	High	Regional	Long-term	Major (negative)	Moderate (negative)
Indirect Employment and Procurement - construction	Mixed	Moderate	National	Short term	Minor (positive)	Minor (positive)
Indirect Employment and Procurement - operation	Mixed	High	National	Medium term	Moderate (positive)	Major (positive)
Indirect Employment and Procurement - closure	Mixed	Low	National	Long term	Minor (positive)	Minor (positive)
Working Conditions	Negative	Moderate	Local	Medium term	Moderate	Moderate

6.14.4 Monitoring and Audit

Mitigation measures that relate to managing labour and working conditions related to the Project will be addressed in greater detail in the Worker Accommodation Management Plan. Table 6.14.6 outlines monitoring indicators that will be used and developed further to assess the effectiveness of mitigation measures.

Table 6.14.6: Impact Summary – Labour and Working Conditions

Section	Mitigation	Monitoring Indicator	Management Plan
6.14.1 Direct employment	<p>Such mitigation steps include:</p> <ul style="list-style-type: none"> • Implementation of the existing Human Resources Policy and Procedure Manual; • Ensuring all employees have clear documentation of their working relationship; and • Develop clear policy statements that forbid any form of child or forced labour. 	<ul style="list-style-type: none"> • HR Policy up to date and disclosed as part of worker induction; • Employee contracts up to date; • Policy statements on child and forced labour included in HR Policy; • Number of worker grievances received; • Number of worker grievances resolved; and • Number of worker grievances transferred to court of third party resolution. 	<p>Environmental and Social Management Plan (Chapter 8)</p>
6.14.1 Direct employment	<p>Lydian will document efforts to explain to suppliers that they must conform to the international guidelines related to child and forced labour.</p>	<ul style="list-style-type: none"> • Contracts with suppliers include language on child and forced labour. 	<p>Environmental and Social Management Plan (Chapter 8)</p>
6.14.1 Direct employment	<p>In cases where a Lydian contractor does not have a formal grievance procedure, Lydian will inform the contractor’s workers of their internal policy and invite contractors to use its own Grievance Mechanism to raise worker complaints. Where contractors have their own grievance mechanism, they will be required to report grievances they receive and actions taken to resolve them to Lydian within a timely manner.</p>	<ul style="list-style-type: none"> • Contractor grievance procedures available or grievance procedures provided to non-employee workers; • Number of contractor grievances received; • Number of contractor grievances resolved; and • Number of contractor grievances transferred to court of third party resolution. 	<p>Environmental and Social Management Plan, Stakeholder Engagement Plan (Chapter 8 and Appendix 8.6)</p>

Table 6.14.6: Impact Summary – Labour and Working Conditions

Section	Mitigation	Monitoring Indicator	Management Plan
6.14.1 Direct employment	Lydian has drafted and will finalise a Recruitment Policy that confirms the company’s commitment to non-discrimination and to select workers based on performance, professional behaviour and ethics and their approach to safety. The recruitment policy gives priority, other factors being equal, to selecting workers from the regional area of influence, defined at the regions of Vayots Dzor and Syunik. If positions cannot be adequately filled from this area, workers will be sought in other areas of Armenia before any recruitment efforts are made for workers from outside the country.	<ul style="list-style-type: none"> • Recruitment Policy up to date and disclosed as part of worker induction; and • Employment statistics up to date, including: <ul style="list-style-type: none"> ○ Gender statistics ○ Home of record (region and city) ○ Age 	Environmental and Social Management Plan (Chapter 8)
6.14.1 Direct employment	Where local recruits are identified that possess the skills and qualifications that could be integrated with Lydian, staff will refer the potential candidate to the Human Resources department for either direct employment or as a potential candidate into the company’s training programmes.	<ul style="list-style-type: none"> • Training programme statistics updated and reported, including: <ul style="list-style-type: none"> ○ Gender ○ Home of record (region and city) ○ Age 	Environmental and Social Management Plan (Chapter 8)
6.14.1 Direct employment	A key means for addressing the high expectations will be through a proactive stakeholder engagement programme, which will continue to be managed by the Social Development/Programmes Manager and Community Liaison Officer (CLO). These key managers will work with the human resources department, local leaders in Vayots Dzor and Syunik and residents of nearby communities to create a realistic strategy for attracting and retaining “local” workers. This iterative communication process includes explaining to local residents the types of jobs available and why more skilled positions require higher levels of education and technical training.	<ul style="list-style-type: none"> • Number of job advertisements; and • Percentage of jobs advertised regionally. • Proportion of jobs awarded to “local” residents 	Environmental and Social Management Plan, Stakeholder Engagement Plan (Chapter 8 and Appendix 8.6)

Table 6.14.6: Impact Summary – Labour and Working Conditions

Section	Mitigation	Monitoring Indicator	Management Plan
6.14.1 Direct employment	Since 2010, Lydian has supported the university tuition fees for students from the three nearby settlements to study geology and mine engineering. This opportunity will be expanded and open to other interested in the regional area of influence.	<ul style="list-style-type: none"> • University tuition programme statistics updated and reported, including: <ul style="list-style-type: none"> ○ Gender ○ Home of record (region and city) ○ Age 	Environmental and Social Management Plan (Chapter 8)
6.14.1 Direct employment	Transition planning from construction to operations phase, and from operations through mine closure will take account of retrenchment considerations. Contractor required will be built into the Contractor Management Plan	<ul style="list-style-type: none"> • Retrenchment plans prepared in advance which include reasonable notification periods for worker’s representatives and effective consultation plans 	Contractor’s Management Framework (forthcoming) Retrenchment Plan (tbd)
6.14.2 Indirect employment and procurement	Lydian has developed a Supply Chain & Logistics -- Local Business Initiative (SCL-LBI) programme. The LSC-LBI defines local, regional and national business, which it will use in targeting businesses closest to the operation as part of the criteria in selecting suppliers. Key steps will include forming a dedicated team that will further develop the LBI governance, goals, communication plan, reporting criteria and key performance indicators. The team will assess local business capability and capacity and target opportunities that would be suitable for these businesses.	<ul style="list-style-type: none"> • Governance, goals, communication plan and reporting criteria developed. 	Environmental and Social Management Plan (Chapter 8)
6.14.2 Indirect employment and procurement	Working with other managers, a guideline on “How to do Business with Lydian” will be developed. This will be done in cooperation with local authorities, financial institutions, NGOs and media.	<ul style="list-style-type: none"> • “How to do Business” developed and disclosed. 	Environmental and Social Management Plan (Chapter 8)

Table 6.14.6: Impact Summary – Labour and Working Conditions

Section	Mitigation	Monitoring Indicator	Management Plan
6.14.2 Indirect employment and procurement	Lydian will establish and maintain a prospective supplier register and prepare a qualified bidder list. The list will enable the identification of local businesses that may not be able to show full compliance with Lydian’s requirements, but can demonstrate initiative to do so if given support.	<ul style="list-style-type: none"> • Supplier register up to date. • Number of local businesses referred for additional support. 	Environmental and Social Management Plan (Chapter 8)
6.14.2 Indirect employment and procurement	To ensure that all contractors and sub-contractors maximise the contribution to the local economy, local procurement requirements will request information on contractor’s methods and processes to recruit locally with reporting on local employment on an annual basis. The skills survey results and register developed by Lydian will be shared with contractors to support this process. For any procurement to occur from somewhere outside of the host communities, a justification for why the procurement could not occur locally will be required.	<ul style="list-style-type: none"> • Contractor records to include information on methods to process and recruit locally. 	Environmental and Social Management Plan (Chapter 8)

Table 6.14.6: Impact Summary – Labour and Working Conditions

Section	Mitigation	Monitoring Indicator	Management Plan
<p>6.14.3 Working Conditions</p>	<p>Accommodation size standards have been defined and will be maintained across the project.</p> <p>No more than 4 people will share any single room and hot-bunking will not occur.</p> <p>Males and females will have separate rooms and sanitary facilities</p> <p>Catering will be provided for camp and hotel residents. The Company will engage with catering services at hotels to ensure food supplied meets the requirements of the workforce and is largely equitable with the catering at the camp and across other hotels</p> <p>In the absence of recreation and leisure facilities within Jermuk (e.g. a gym) workers residing in hotels may be granted access to camp facilities.</p> <p>Equitable conditions will be applied across all accommodation options to the extent possible. Where variations in conditions exist, the Project will endeavour to ensure that workers of similar positions are accommodated in an equivalent manner.</p> <p>The worker grievance mechanism will be a key mitigation to understand if worker conditions are considered inequitable or unacceptable by worker</p>	<ul style="list-style-type: none"> • Camp and hotel audits • Kitchen audits • Worker grievance reports 	<p>Environmental and Social Management Plan (Chapter 8) and Worker Accommodation Management Plan (Appendix 8.25)</p>
<p>6.14.3 Working Conditions</p>	<p>Camp will be a “dry camp” and will be closed.</p>	<ul style="list-style-type: none"> • Compliance audits • Random sampling 	<p>Occupational Health and Safety Plan (Appendix 8.7)</p>

6.14.5 Conclusions

The Impact assessment has been carried out to assess the effects of construction, operation and closure of the mine on labour and working conditions. Findings are summarised below:

- Impacts fall into three main categories: direct employment, indirect employment and working conditions;
- Impacts on direct employment and indirect employment vary across the three phases of the project: construction, operation and closure. Direct employment will be a moderate positive impact during construction, a major positive in operations and a moderate negative with the retrenchments associated with closure. Indirect employment will provide a minor positive impact in construction, a major positive impact during operation and a minor positive during closure. Impacts on working conditions will be medium term and moderate negative.
- Implementation of mitigation measures to increase local employment and develop local capacity through training programmes, will ensure direct employment and indirect employment and procurement have a moderate positive impact rather than a minor positive.