1. About this page

This page is designed to help fund managers quickly familiarise themselves with key aspects of community health, safety and security as they relate to investments. It is not intended to be a detailed technical guidance document.

- [Additional considerations](#)
  Formal specific technical guidance is provided in [Reference materials](#), including [International Finance Corporation (IFC) 2012 Performance Standard 4: Community Health, Safety, and Security](#) and the [Community Health and Safety section of the World Bank Group General Environmental, Health and Safety (EHS) Guidelines](#).

  This page provides an overview and general guidance. Fund managers should carefully consider each company based on its specific characteristics and circumstances including scale, location, technology, and management capacity, commitment and track record. Risks, impacts and opportunities relating to a particular company or sector can change over time due to a number of factors (e.g. changes in the applicable laws and regulations or to the company's activities or assets). Fund managers may need to engage external experts in some situations (see the 'Advice for fund managers' section below).

2. Introduction

Although public authorities have a central role in the promotion of the health, safety and security of the public, companies and their investors also have a responsibility to avoid or minimise risks and impacts that arise from the company's activities during both routine and non-routine circumstances. The expectations of companies have increased in recent years and this trend looks set to continue.

- [Adverse impacts and benefits to local communities linked to companies' activities](#)
  Companies' operations often bring benefits to communities including employment, services and opportunities for economic development. However, they can also increase the potential for community exposure to risks and impacts from:
  - The presence of migrant workers and working camps, which could disturb local communities.

○ Accidents due to increased traffic and movement of heavy machinery.

○ Communicable diseases brought by workers from outside of the area.

○ Water-borne, water-based, water-related and vector-borne diseases.

○ Alterations to local environment could increase the risk of landslides, floods and other natural hazards.

○ Reduced access or damage to resources on which, communities have previously relied (including water and other natural resources).

○ Structural failures related to, for example, dams, tailings dams or ash ponds situated in high-risk locations.

○ Release of hazardous materials during operations.

○ Security risks (e.g. use of security personnel).

Where a company's activities create material risks to local communities (either directly or indirectly), it is important that the company engages with those affected and establishes an ongoing stakeholder engagement plan. A stakeholder engagement plan should include a grievance mechanism and emergency preparedness and response plans that have been developed in collaboration with affected parties.

3. Why companies and fund managers should address this topic

- Risks for the business
  Companies can face several types of business risks if community health, safety and security matters are not appropriately managed, including:
    ○ Fines and other penalties levied by local regulatory authorities.

    ○ Complaints and legal claims from local communities.

- Accidents in the community (particularly serious accidents) can lead to operational downtime. Sites may be legally required to shut down until an external authority gives permission to re-open.

- Lost operating time and significant management resources maybe required to address any objections or conflict that arise due to the company's presence or operations in the community.

- Social action such as protests about poor management and/or accidents.

- Reputational damage, which can escalate to regional or international level and implicate not only the company, but also the General Partner (GP) and Limited Partners (LPs).

- Loss of contracts or Inability to secure contracts with major or international customers.

- Opportunities for the business
  Opportunities related to communities' health, safety and security include:
    - Establishing a good relationship with local communities could significantly reduce security risks and associated security management costs, and improve the company's reputation.

    - Providing opportunities for communities can also benefit the company. For example providing training and education can help communities to meet their social and economic goals, which can help to enhance social licence and also provides a larger pool of skilled and educated workers for the company.

    - The implementation of health programmes in some communities could significantly benefit the company by limiting employee exposure to diseases and reduce employee absenteeism and associated medical costs.

4. Advice for fund managers

See [CDC environmental and social checklist](#) as it contains questions and tips to help fund managers to assess the E&S aspects of an investment.

Companies have a responsibility to ensure that their operations are conducted in a manner which ensures communities' health, safety and security.

Companies and investors should have an understanding of the risks and impacts on local communities' health, safety and security. Companies can identify risks and impacts via a formal Environmental and Social Impact Assessment (ESIA) or a less extensive assessment, depending on the nature and scale of the risk and impacts. Fund managers should review whether an appropriate form of assessment has been undertaken and, if it has not, ensure that the scale and significance of risks and impacts are understood prior to investment. Where community health, safety and security issues are complex and pose high risks, fund managers should consider engaging external experts.

The likelihood that community health, safety and security issues will affect an investment largely depends on the location of the company's assets and activities. Some sectors and activities are more likely to present community health, safety and security issues given their intrinsic characteristics:

- [Sectors most likely to present community health, safety and security issues](#)
  Sectors most likely to present community health, safety and security issues
    - Extractives (mining, and oil and gas).

    - Infrastructure, including power generation and transmission.

    - Some manufacturing activities (e.g. glass, cement and fertiliser manufacturing).

    - Food and beverages (food safety).

    - Healthcare.

    - Construction activities.

    - Activities requiring worker camps.

- Operations located in conflict or post-conflict areas.

- Activities involving the use of security forces.

Fund managers should ensure that, at a minimum, companies' management systems are designed are compliant with local laws and regulations. In many cases, local regulations may not be fully aligned with good international industry practice (GIIP). Fund managers should assess companies' alignment with international standards and, where appropriate, develop action plans to ensure that any gaps are addressed within a reasonable time frame. Companies should be able to demonstrate that they have implemented management plans in accordance with GIIP:

- Infrastructure and equipment safety
  Companies need to ensure their operations are conducted in a manner that avoids potential injury to the surrounding community, particularly where aspects of the operations are accessible to the community. If activities involve the operation of moving equipment on public roads, necessary safety measures should be in place to prevent incidents and accidents.

- Hazardous materials safety
  Companies need to prevent (or at least minimise) the potential for community exposure to hazardous materials, including both accidental and planned releases, and the transport of hazardous wastes and materials. If there is a potential for life-threatening hazards, operations may need to be modified, or substances causing the hazard substituted or eliminated. Companies also need to have systems in place to control the safety of deliveries of raw materials and the transportation and disposal of wastes.

- Increase in traffic
  Traffic, particularly the movement of heavy vehicles, peaks during the construction phase of a project. Companies should plan to reduce risks (e.g. by re-routing traffic, adjusting the timing of traffic movements and training staff and/or contractors) and work collaboratively with Affected Communities to develop an appropriate traffic management plan.

- Environmental and natural resource issues
  Companies should have systems in place to avoid (or at least or minimise) the risk of natural hazards such as landslides or floods that could arise from land use changes due to operations. This includes avoiding or minimising adverse impacts due to operations on soil, water and other natural resources used by the Affected Communities.

- Community exposure to disease
  Companies need to prevent (or at least minimise) the potential for community exposure to water or vector-borne diseases, and other communicable diseases that could result from operations. Companies should work with communities to prevent or minimise the transmission of communicable diseases (e.g. sexually transmitted diseases) that may occur with an influx of temporary or permanent labour.

- Security personnel
  Companies should always take into account security risks. A company exposed to security risks would typically hire security personnel. Companies should assess the risks posed by their security arrangement to the community and workers. In making such arrangements, companies should be guided by the principles of proportionality and good international practice in relation to hiring, rules of conduct, training, equipping and monitoring of such workers, and by applicable law. Such practice should be consistent with the United Nation's Code of Conduct for Law Enforcement Officials and the United Nations Basic Principles on the Use of Force and Firearms by Law.

  Companies should make reasonable inquiries to ensure that those providing security are not implicated in past abuses. Companies should also check to ensure security personnel are adequately trained in the use of force (and where applicable, firearms), to show appropriate conduct toward workers and communities, and require them to act within the applicable law. Processes to investigate any allegations of unlawful or abusive acts by security personnel should be in place.

- Vulnerable communities
  When assessing community health, safety and security risks, particular attention should be given to vulnerable groups (e.g. Indigenous Peoples). Fund managers should assess whether companies ensure that personnel and property are safeguarded in accordance with relevant human rights principles and in a manner that avoids or minimises risks to Affected Communities.

- Stakeholder engagement
  Where there are material risks, companies should conduct consultations and establish ongoing communication with Affected Communities in order to understand and monitor all of the potential risks and impacts. Putting in place an appropriate consultation and grievance mechanism can help manage and minimise potential risks, avoid reputational issues, and reduce the risk of conflicts with the community (see E&S topic: External stakeholder engagement).

- Emergency preparedness and response
  Where operations create specific risks, companies need to inform surrounding communities about potential hazards and collaborate with both them and local government agencies to prepare effective responses for emergency situations.

5. Further resources

- Further information and guidance
  - IFC 2012 Performance Standard 4: Community Health, Safety, and Security.

  - IFC 2012 Guidance Note 4: Community Health, Safety, and Security.

  - World Bank Group General Environmental, Health, and Safety (EHS) Guidelines, Section 3.0 Community Health and Safety.

  - United Nation's Code of Conduct for Law Enforcement Officials.

  - United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

  - United Nations Guiding Principles on Business and Human Rights.