



Introduction

This guideline is designed to be used by EBRD Financial Intermediaries (FIs) to understand the nature of environmental and social (E&S) risks associated with existing operations in this sector and suggested actions for businesses to take to manage these E&S risks. It also provides guidance for FIs on potential due diligence questions to raise with management to understand how their business is managing these E&S risks. This guideline focuses on material E&S risks; it is not an exhaustive list. In managing E&S risks, all businesses should be compliant with relevant E&S laws and regulations. Where applicable, these include European Union legislation, which may also be taken as a benchmark for good practice.

This guideline covers activities concerned with the repair, servicing (including re-fuelling) and parking of vehicles.

Reference NACE codes:

- 45.20 Maintenance and repair of motor vehicles
- 47.30 Retail sale of automotive fuel in specialised stores
- 52.21 Service activities incidental to land transportation

Material risks

Below is an overview of the material risks present in the industry of repair, servicing and parking of vehicles.

E&S Risk Category	Environment 	Health and safety 	Labour 	Community 	Page no.
Key E&S Risks (In order of materiality)	Affect the natural environment	Affect the health or safety of employees	Affect workplace conditions and the treatment of employees	Affect the health and safety, livelihoods, and environment of the community and wider public	
Air Emissions	✓	✓		✓	5
Hazardous materials	✓	✓		✓	6
Fire/Explosion risk	✓	✓		✓	7
Solid Waste	✓			✓	7
Water management and wastewater	✓			✓	8
Occupational Health and Safety		✓	✓		8



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E&S Risk Category	Environment 	Health and safety 	Labour 	Community 	Page no.
Labour Rights			✓	✓	10
Ethics and bribery			✓	✓	10
Community and Social Risks				✓	11



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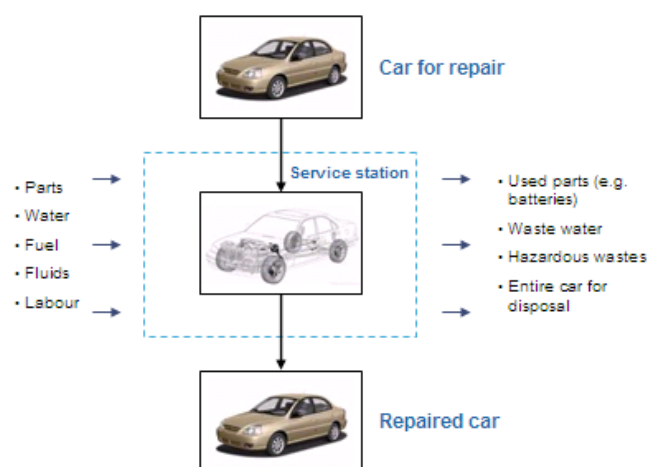
1. Process description

This guideline covers activities concerned with the repair, servicing (including re-fuelling) and parking of vehicles. Repair and servicing operations would be carried out mainly at garages and vehicle dealers. Parking might occur at service stations, manufacturing facilities and parking lots.

This guideline does not cover the social and environmental issues associated with the construction of parking lots. For these issues please refer to the Building and Construction Activities guideline.

Motor vehicle repair and associated industries cover activities such as maintenance and repair (including tyre, exhaust, windscreen etc. replacement); testing, body repair, painting and refinishing; and the roadside recovery of motor vehicles. Parking facilities offer short and long term parking services to customers.

Service stations dispense diesel and petrol to motor vehicles. These fuels are usually stored in bulk storage tanks positioned underground. Repair and servicing would also require replacement parts such as engine components, tyres etc. and fluids such as antifreeze, brake fluids, motor oils and paints. The process involves the vehicle entering the service station for maintenance, repairs being carried out and the vehicle exiting the station. In extreme situations where the vehicle is too damaged to be roadworthy disposal of the entire vehicle might be necessary.



2. Key E&S Risks

Motor vehicle repair and associated industries face a number of potential E&S risks. Most of these risks come from handling of fuels and other fluids and products used to repair or clean vehicles, as well as discharge of harmful substances which are used in the chemical reactions as part of the manufacturing process, as well as hazards arising from waste rubber and emissions.

Businesses specialised in vehicle repair, services and parking may need permits or licences which will set out the relevant limits for pollution and harm to human health. An environmental permit from a national or local authority may be required where an installation is a large consumer of organic solvents, fuels and paints, where significant volatile organic compound (VOC) emissions may be released. Water use and discharge and trade effluent permits may also be required, particularly for those facilities where there is potential for effluent to be contaminated.

Specific legislation that may apply to the sector of vehicle repair, services and parking may include, but is not limited to, the following:



- The European Union Waste Legislation on Batteries and Accumulators (2006/66/EC) prohibits the placing on the market of certain batteries and accumulators with a proportional mercury or cadmium content above a fixed threshold. In addition, it promotes a high rate of collection and recycling of waste batteries and accumulator.
- The European Union Landfill Directive (1999/31/EC) bans tyres from being sent to landfill except for bicycle tyres and tyres with an outer diameter greater than 1.4 metres.
- The Petrol Vapour Recovery Stage I and Stage II Directives (94/63/EC + 2009/126/EC) regulate the storage of petrol and dispensing of petrol in order to reduce the emissions of volatile organic compounds (VOCs) by recovering the vapour.
- Registration, Evaluation and Authorisation of Chemicals (REACH) (1907/2006). If certain chemicals are being used within the EU they may need to be registered under the REACH regulation.

Below are the material E&S risks associated with this sector and key measures to manage them. Where gaps are found in the management of key E&S risks, the E&S risk management measures should form part of a corrective E&S action plan agreed with your customer.

Air emissions



Activities such as the repair, servicing and parking of vehicles generate substantial air emissions including VOCs and exhaust gases.

Volatile organic compounds (VOCs)

The main atmospheric emissions arising from service stations occur through evaporation of fuel. This can occur when bulk storage tanks and individual motor vehicles are being filled with petrol.

Petrol contains VOCs, but they may also be generated by car paint spraying and respraying operations. VOCs lead to ozone creation at ground level which is known to play a major role in the foundation of photochemical smog and has been linked to respiratory disorders. VOC emissions also include carcinogenic compounds, such as benzene.

Exhaust gases

Another source of air pollution involves exhaust emissions when vehicles are being moved or parked, or when their engines are running under static conditions for testing purposes. Petrol or gas (liquefied petroleum gas – LPG) fuelled engine fumes contain up to 10% carbon monoxide, a poisonous gas. In addition, motor vehicles emit particulate matter and pollutants such as nitrogen oxides and carbon monoxide. Prolonged exposure to diesel fumes, especially blue or black smoke, could lead to coughing, chest infections and breathlessness, and there is evidence that long term exposure may increase the risk of lung cancer.

Vehicle exhaust gases also contain greenhouse gases such as carbon dioxide, which have a high global warming potential.

How can a business manage this risk?

- Employ floating roofs or reflective coatings to reduce evaporative losses from storage tanks.
- Use a vapour-tight connection line to control petrol evaporation while filling storage tanks.
- Provide adequate ventilation where solvents, paints and fuels are used.
- Monitor air quality and use signage where there



are elevated levels of emissions and personal protective equipment (PPE) is required.

- Use respiratory hazard control technology, (e.g. respirators) when exposure cannot be avoided, e.g. during maintenance.
- Limit worker exposure time and implement health surveillance.
- Switch from solvent-based to water-based paints and cleaning products, where feasible.
- Consider offering cleaner fuel options to customers (such as unleaded fuel, biodiesels, Liquefied Natural Gas, Compressed Natural Gas) and electricity.

Hazardous materials



Considerable quantities of hazardous raw materials and chemicals may be used in the motor vehicle repair sector. These substances include petrol, used oil engine, battery acid, cleaning substances, paints, solvents, etc. Hazardous properties relating to these substances are many and varied and include flammability, combustion potential, and toxicity from carcinogens and persistent organic pollutants (POPs), corrosive potential and oxidising potential.

Inadequate control or accidental releases of hazardous substances on site or in transit could impact the workers, the local community and the environment as outlined below.

- **Contamination of soil, groundwater and surface waters** - Significant environmental impacts can occur through acute incidents and accidents such as a major spillage or via gradual or repeated leakage of raw material contaminants into soil and water. These impacts can occur during the transport, storage, use and disposal of chemicals, fuels and wastes. For example, significant environmental impacts can occur during the filling of storage tanks where overfilling

and potential leaks in the storage tanks and underground pipes can lead to an environmental incident. Old underground tanks and associated pipework frequently corrode and the resulting leaks may be small and not immediately detectable via inventory records. Resulting contamination may be significant. On-site storage, spillage or disposal of hazardous wastes such as paints, oils and brake fluids can also contaminate soil. Surface waters are particularly vulnerable to chemical contamination. Remediation costs could be high, particularly if the site is in an area of high environmental sensitivity, for example, if located above a drinking water aquifer. Additional costs may include criminal or civil fines, ecosystem rehabilitation (e.g. fish restocking) and claims from third parties such as nearby landowners or residents.

- **Air pollution** (for more detail see Air Emissions section) - Releases of hazardous substances such as VOCs/organic solvents to the air could impact the workers, local environment and communities, potentially leading to large compensation claims.

How can a business manage this risk?

- Use a fuel retriever (a device designed for draining vehicle fuel tanks) for draining tanks and lines, in particular following misfuelling diesel with petrol.
- Install devices to prevent spills and overfills, e.g. alarms to warn of overfilling and automatic shut-off devices, funnel drum covers and overhead fluid delivery.
- Install a layer of impermeable hardstanding in all areas at high risk of contamination to prevent ground infiltration by pollutants.
- Install secondary spill containment (bunds etc.) for storage units containing hazardous materials.
- Maintain and inspect storage units regularly.
- Consider installation and use of groundwater monitoring points on site to check for contamination.



- Consider use of corrosion protection in tanks and piping such as double skinning or membranes;
- Pave stockyards to prevent ground infiltration by pollutants.
- Label chemicals with appropriate, internationally recognised, diamond shaped hazard symbols.
- Store chemicals in a dedicated, enclosed and secure facility with a roof and a paved/concrete floor. Chemical tanks should be completely contained within secondary containment such as bunding.
- Inspect tanks routinely to prevent overfilling or filling with incompatible materials.
- Consider feasibility of substitution of hazardous chemicals with less hazardous alternatives.
- Provide panic showers at locations where hazardous chemicals are stored or used.

Fire / explosion risk



Petrol is highly flammable and presents a risk of fire/explosion. Most accidents involve the mishandling of petrol when draining fuel tanks and lines but incidents have also occurred during ‘hot work’ (any process which generates flames, sparks or heat) repairs on tanks or the inappropriate use of paints/thinners (e.g. to light rubbish fires).

Some chemicals may also present a risk of fire/explosion if they have the opportunity to react with other compounds.

Major explosions or fires can result in widespread contamination and destruction, impacting not only the immediate site but surrounding land, rivers and communities. Fires can generate black acrid smoke and poisonous gases including carbon monoxide. Smoke and toxic gases may cause injury and potential fatalities to workers and communities. These fires can spread quickly and can be difficult to extinguish.

Compensation costs for such incidents are high and widespread remediation and rebuilding may be necessary.

How can a business manage this risk?

- Control the effect of fires and explosions by segregating process, storage, utility and safe areas.
- Avoid potential sources of ignition including banning smoking in and around facilities.
- Introduce accident, fire and explosion precautions and emergency response plans and involve the emergency services and neighbouring community in the creation and practice of these plans to respond to major incidents at the installation.
- Label chemicals with appropriate, internationally recognised hazard symbols.
- Chemicals with different hazard symbols should not be stored together - clear guidance on the compatibility of different chemicals can be obtained from the Materials Safety Data Sheets (MSDS) which should be readily available from the manufacturer and on site.
- Provide the local fire department with a list/ volume of products stored on the premises.
- Emergency storage lagoons may be needed to prevent contaminated firewater reaching watercourses.
- Involve the emergency services and neighbouring community in the creation and implementation of plans to respond to major incidents at the installation.

Solid wastes



The motor vehicle repair industry generates hazardous and non-hazardous waste that needs to be disposed of responsibly and in compliance with local and national legislation. Waste might include vehicles and vehicle parts, tyres and batteries, oils and paints. Battery waste management is likely to become an ever increasing issue with the expansion of electric and hybrid vehicles.



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Improperly disposed of waste can lead to significant pollution and ground contamination.

How can a business manage this risk?

- Ensure collection and disposal of oil wastes is undertaken by licensed operators.
- Develop and implement a waste management plan covering all aspects of waste treatment on site. Wherever possible, priority should be given to reduction of wastes generated, and recovery and re-use of raw materials.

Water management and wastewater



Discharge of pollutants to water may arise when fuels, oils, cleaners, paints and other fluids are washed away either through rainwater run-off or when vehicles, vehicle bays or parking lots are washed down.

Local communities and the environment may be affected by pollution due to discharge of untreated wastewater.

The operator of the facility will need to comply with local and national legislation. This might require an oil or grit separator for wastewater or a holding tank if the sewer line does not lead to a sewage treatment plant. The safe disposal of this sludge would then be required, at a cost.

How can a business manage this risk?

- Minimise the consumption of water used in equipment cleaning. By increasing rinse efficiency, a facility will reduce the volume of hazardous wastewater produced.
- Use the least harmful cleaning substances (by comparing safety data sheets from suppliers).
- Recycle wastewater where possible.
- Ensure untreated wastewater does not discharge

to watercourses through use of wastewater treatment facilities and monitoring of wastewater discharges.

- Segregate wastewater, effluent streams and rainwater to reduce the need for wastewater treatment. Install oil-water separators and sediment traps.
- Install roofs where there is a risk that rainwater may fall on contaminated areas. Where necessary, rainwater should be captured and treated before discharge.

Occupational Health and Safety



Chemical exposure

Workers are exposed to emissions and chemicals that can negatively impact their health, causing dermatitis, headache, tiredness, nausea and dizziness, and asthma. Substances of concern might include: constituents of petrol such as benzene; used engine oil; asbestos in brakes; solvents; battery acid, and; cleaning and degreasing substances. Long term exposure to benzene can lead to serious blood disorders such as anaemia and leukaemia. Used engine oil is also classed as carcinogenic in some jurisdictions. Safe systems of work, using appropriate personal protective equipment, high standards of personal hygiene, and ventilation and exhaust gas scavenger systems (systems to trap and release exhaust emissions safely) can help control health risks

Noise

Noise is a significant hazard in body repair work where pneumatic tools are used. There are also wider noise impacts associated with the movement of vehicles, in particular heavy vehicles, into and out of service stations and parking lots. Noise may reach levels that are hazardous to health, leading to symptoms associated with permanent deafness. Noise, particularly during unsocial hours, may



cause annoyance or disruption to local communities.

Machinery

Moving parts of machinery can result in entanglement and entrapment. Poorly designed workstations can require awkward postures, twisting, bending or reaching motions that could cause musculoskeletal disorders.

Manual handling and repetitive work

Lifting and carrying heavy or awkwardly shaped objects, such as bags, can result in manual handling injuries.

Collision

This can take the form of people being hit by vehicles, or moving or falling loads. Collisions between vehicles can also occur.

Lifting equipment

Vehicles lifted and moved to elevated heights using hydraulic platforms and cranes present a serious safety hazard, if the lifting equipment is not inspected and maintained on a regular basis.

Slips, trips and falls

These are primarily caused by uneven surfaces, inappropriate footwear, poor lighting, weather conditions, trailing cables and pipe work, especially during unblocking, maintenance and cleaning activities.

Working hours

Long hours or night shifts can lead to fatigue, decrease wellbeing and ability to concentrate.

Security

Service stations could be targets for criminal attack due to chemicals and materials stored onsite, especially fuels.

How can a business manage these risks?

Chemical exposure

- Ensure working areas are well ventilated and assess the need for local exhaust ventilation.
- Connect an exhaust gas scavenger system to the vehicle tailpipe during static running.
- Ensure the use of protective equipment, including eye protection and appropriate gloves to protect hands and fore arms are cleaned or replaced regularly.

Noise

- Conduct a noise survey and mark out dedicated areas with signage where there are elevated noise levels and PPE is required.
- Enclose noisy machines to isolate people from the noise where practicable.
- Limit transport during unsocial hours to reduce noise.

Machinery

- Train staff in correct selection, use and maintenance of PPE.
- Train workers in correct use of machinery and safety devices.

Manual handling and repetitive work

- Redesign manual processes and rotate work tasks to reduce heavy lifting/repetitive activities, and where possible install mechanical lifting aids.
- Train workers in correct lifting technique.

Collision

- Separate people from moving equipment:
 - Ensure that the process layout reduces opportunities for process activities to cross paths; and
 - Install safeguards on moving parts of conveyor belts to reduce the risk of entrapment of employees.
- Install walkways to separate people from vehicle movements to reduce risk of collision.



- Introduce a one way system for site traffic and introduce speed limits to reduce the likelihood of traffic accidents.

Lifting equipment

- Lifting equipment should be inspected and maintained on a regular basis by trained and competent staff/contractors.

Slips, Trips and Falls

- Ensure that walkways are constructed of non-slip materials and route cables and pipework under walkways.

Working Hours

- Implement a programme of routine monitoring of worker health.
- Implement a grievance/dispute resolution mechanism for workers.

Security

- Undertake a security vulnerability assessment and consider the need for upgrades to existing security measures.

Labour rights



Labour standards are rules that govern working conditions and industrial relations. They may be formal, such as national level regulation and international agreements, or informal, expressed through norms and values. In general, developed countries have more robust labour standards than developing countries where the associated risks are higher. The commonly accepted rights and principles enshrined in the International Labour Organization conventions are the right to collective bargaining, elimination of forced or compulsory labour, abolition of child labour and elimination of all forms of discrimination. In addition, fair wages, fair working hours and acceptable working conditions should be expected.

Specific issues that might arise in this sector are: the use of immigrant or temporary labour at low rates of pay; unpleasant working and/or living conditions; long work shifts; freedom of association; and child or forced labour.

How can a business manage this risk?

- Adhere to national government legal requirements.
- Ensure business meets good practice standards for managing labour issues and working conditions, in particular those set out in the International Labour Organisation conventions.
- Record employee hours worked, including overtime, and ensure that staff receives written details of hours worked and payment received.
- Ensure that labour standards, contracting, wages, and working hours, are consistent with the average for the sector and national standards, for the company's own employee as well as to contractors and temporary and part-time workers.
- Implement a grievance/dispute resolution mechanism for workers.
- Permit the formation of unions and the use of collective bargaining.

Ethics and bribery



The awarding of repair and maintenance contracts for car fleet companies might present a risk of corruption and bribery. Strong governance structures and transparency in reporting are also important, particularly since charges of corruption and bribery can negatively impact a company's reputation and its ability to enter into business relations with partners, in addition to being illegal. The risks are higher in developing countries where institutional checks and enforcement are weaker.



How can a business manage this risk?

- Implement a formal code of business conduct, which outlines the principles by which individual employees and the organisation must conduct themselves.
- Develop a whistle-blowing policy to allow anonymous reporting of any ethical violations without fear of repercussion.

Community and Social Risks



The motor vehicle repair, servicing and parking industry may have an impact on communities at different levels: health and safety and fair treatment of customers. Attention should also be paid to community engagement so as to preserve their “licence to operate”.

Community of health and safety

Depending on the type of vehicles and the scale of operations, impacts on community health and safety could be significant. Soil and groundwater contamination and the potential for fires/explosions could potentially significantly impact local communities. Other community issues include increased road congestion, impacting road safety, increasing road accident rates.

Fair treatment of customers

Fair treatment of customers is a particular issue in this sector where customers can often be overcharged for vehicle repair and servicing. This might include an overestimation of the time or complexity associated with the work, or recommendations for unnecessary replacement of parts.

Community engagement

Community engagement is important to maintain good relations with the communities

within which the company operates. From a risk perspective, the larger the size of the company’s operations, the greater the potential impacts on the community and the greater the need to engage with the community in order to protect the reputation of the firm and its social “licence to operate”. Consultation is especially important if the company plans to expand its operations or if its operations are adjacent to sensitive land (for instance, land of cultural or biological significance). New parking lot developments in particular might benefit from consultation with stakeholders regarding site selection.

How can a business manage these risks?

- Involve the neighbouring community in the creation and practice of plans to respond to major incidents at the installation.
- Develop a policy on fair billing practices.
- Develop a policy to engage with communities on issues of health and congestion.

3. Financial implications

Outlined below are examples of financial implications for businesses due to ineffective management of E&S risks related to this sector. These implications may in turn create issues for FIs.

- Significant capital investment in site infrastructure may be required to comply with planning constraints, permit / consent conditions and new environmental, health and safety requirements, especially if local communities raise concerns regarding the site operations.
- Fines, penalties and third party claims may be incurred for non-compliance with



environment or health and safety regulations.

- Reputational risk through poor environment, health and safety performance may impact sales or cause the local community to no longer tolerate the company's operations (loss of a 'social licence to operate').
- Financial impacts such as compensation claims might arise if customer vehicles are stolen on-site.
- Injuries to employees may lead to increased payroll costs, lost production time and employee compensation claims.
- Fire/explosions can result in widespread contamination and destruction, impacting surrounding land, rivers and communities. Compensation costs can be high and widespread remediation and rebuilding may be necessary.
- Soil and groundwater contamination from accidental chemical releases such as fuels, oils, brake fluids or paints can be costly to remediate, especially if contamination affects neighbouring property, water supplies or public health.
- Compliance with the REACH regulation may incur a substantial cost. Failure to register chemicals under REACH may prevent import of products into the EU, with significant financial implications.

4. Suggested due diligence questions

When assessing E&S risks, it is important to discuss with the customer how these risks are being managed. Below are suggested questions that can be used when engaging with management or on a site visit. You may wish to engage a specialist consultant to support you with this.

General

- Does the site have all the required permits in place?
- What processes are undertaken and are any hazardous chemicals used? How hazardous are the materials and have associated risks been documented and addressed in appropriate risk assessments?
- If on a site visit, note signs of poor housekeeping, inadequate/untidy storage areas and poor drum labelling. Look for evidence of any recent spills or releases of raw materials/product.

Management plans

Confirm that the business has put in place at a minimum, the following items in its E&S risk management systems, and investigate whether any of these management systems are certified to relevant standards such as ISO14001 (environment), OHSAS 18001 (health and safety), ISO9001 (quality) and SA8000 (socially acceptable workplace practices):

- Operational policies and procedures for managing environmental, health, safety, labour and community matters. These systems should cover both employees and contractors.
- Accountability and responsibility for environmental, health and safety, and labour matters. Is there evidence of management review/demonstrated involvement in environment, health, safety and hygiene management? This should include senior management oversight.
- Improvement objectives, targets, project plans and monitoring programmes.
- Training for personnel, including ensuring that personnel are trained in the risk associated with their job and the correct use of PPE;



- Regular inspections, checks and audits with records to demonstrate achievement of the required level of performance against legal requirements.
- Energy conservation schemes and development of programmes to reduce greenhouse gas emissions.
- Emergency plans for environment, health and safety accidents or hygiene non-compliance incidents.
- Waste management plans (waste minimisation, re-use, recycling, monitoring).
- Stakeholder engagement plans / programmes.
- Financial investment plans directly or indirectly related to management of environment, health and safety and labour issues.
- Internal reporting systems, including the reporting of near misses.

Air emissions management (including noise)

- What levels of air emissions are permitted? Have permitted levels of emissions been exceeded in the past?
- Has pollution abatement technology been installed to reduce atmospheric emissions?
- Has employee exposure to potentially harmful gases been assessed and controlled?
- Are there any VOC abatement technologies or measures in place? Is there a Leak Detection and Repair (LDAR) programme?
- Is there local exhaust ventilation? Is it maintained?
- Are there any dust control measures? Are they used and effective?
- If on a site visit, note the noise and dust levels and any odours at the site. Is there

any build-up of dust on machinery or other surfaces? Is there any evidence of deployment of noise/dust/odour abatement measures or a requirement for such measures (e.g. hearing protection)?

Water abstraction & management

- What volumes and quality of water are required? Where is water obtained from?
- Are measures in place to recycle water? Will there be any planned changes which may affect the demand for water? Will existing resources be able to meet demand?
- Check regulatory compliance - are all necessary licences/permits/discharge consents in place?

Wastewater management

- What liquid effluents are produced? What discharge control measures are employed?
- Is effluent and wastewater treated before discharge? If so, does the wastewater treatment plant discharge to a local watercourse or the municipal wastewater treatment works? Higher environmental risks will be associated with facilities discharging to water courses without adequate treatment.
- Is the wastewater quality tested and if so, for what? Where are the samples taken from, and how often? Do the discharges have to meet set standards?
- If on a site visit, check the condition of the treatment plant and location of discharge points for effluent and wastewater from the facility. What does the quality of these discharges look like? Note the colour and appearance of adjacent watercourses.

Solid waste management

- What is the nature of solid waste disposal?



- Are measures in place to minimise, re-use or recycle waste products?
- How is hazardous waste removed? How are appropriate contractors selected and monitored to ensure that the waste is being taken to an appropriate waste disposal facility?
- Check that solid waste storage equipment is in a good condition, that waste storage areas are clear of debris and that skips are covered to prevent waste escaping. For example, check that waste containers have lids or are stored in an area with a roof. Check for flora/vegetation zones near storage sites that are not growing very well as this will indicate the possibility of pollution.

Transport of materials to or from the site

- How are chemicals and fuels transported (e.g. road, water or rail), and what are their potential impacts?
- Where are the areas for loading/unloading of materials located? Are they located near any water bodies or other possibly sensitive features? Is there any containment to prevent run-off of contaminated water?
- Does road haulage or vehicle movements cause excessive traffic through any neighbouring residential areas?
- If on a site visit, check the age and condition of equipment and vehicles. Look for signs of wear and tear, degradation, leaks and breaks.

Storage

- What is the potential for spillages and leakages to enter surface water drainage systems? Are surface tanks and material storage areas hard surfaced and bunded? Are alarms installed to detect leaks from storage areas?

- If on a site visit look to see whether these storage facilities are in good condition. Is the volume of the bunded area adequate to contain the stored materials? Are they regularly cleaned and inspected and tested for leakages?

Health & safety

- Do staff wear PPE? Is there signage to inform staff where PPE should be worn?
- Is first aid equipment available? Is there a trained and competent first aid resource on site?
- Is there a worker health monitoring programme? What does it check for?
- Have workers been historically exposed to materials that could potentially lead to occupation health diseases?
- If on a site visit, check signage around the site:
 - Does it convey the health and safety risks?
 - Are fire exits and/or evacuation routes clearly marked?
 - Are there demarcated routes for pedestrians and vehicles?
- If on a site visit, check the age and condition of equipment, look for signs of wear and tear, degradation, leaks and breaks. Check for automatic safeguards on machinery to prevent accidental injury.

Incident management

- Have there been any recent incidents on site such as fatalities, fires/explosions, spills?
- Assess emergency responses to fires, major spills and explosions (in some countries it may be a legal requirement to have an emergency response plan). Does the organisation have an emergency response plan which includes an engagement plan to



disseminate information to local communities at risk?

- Does the organisation have insurance to cover any significant damage to the environment/ community/operations (this may be covered by public liability insurance or the organisation may be party to an industry insurance scheme). Review the terms of the cover and identify any exclusions relevant to environmental and health and safety matters. Identify the number and types of insurance claims in the past.
- If on a site visit, note if safety equipment is clearly signed and readily available, e.g. fire extinguisher(s), eye wash, safety shower, first aid equipment, emergency escape routes, emergency stop, decontamination equipment, and absorbent materials.

Inspections & regulation

- Check the conditions and duration of validity for all permits. Will any planned changes at the facility require revisions to the permits or require new consents?
- What systems are in place to check and maintain assets and infrastructure?
- Have the premises been inspected recently by the regulatory authorities for health and safety, labour conditions, hygiene and environment? What were their findings?
- Has the organisation been subject to environment, health and safety or quality audits by customers/insurers? What was the outcome of these audits?
- Does the organisation have insurance in place to cover the recall of contaminated/ faulty products? Have there been any recent product recall incidents? If yes, what did these relate to?
- Review historical environmental fines. If appropriate, it may be useful to contact local

regulatory agencies to determine compliance and whether complaints have been made by the public.

Investment

- Review budgets for capital expenditure and operational expenditure to cover EHS matters. Does the business plan have line items for Environment, Health and Safety improvements as well as asset management and maintenance?
- If investment or refinancing will lead to restructuring of the organisation what will be the potential impacts on health and safety at the operation and wider community? Have these been considered and assessed by the company?
- If the company plans to invest in new technology, what will be the impacts and benefits for human resources?

Labour

- Check that labour standards, contracting and remuneration are in line with national law and are consistent with the average for the sector.
- Check that hours worked, including overtime, are recorded. Staff should receive written details of hours worked and payment received.
- Check that wages and working hours are consistent with the average for the sector and national standards.
- Has the company received inspections from the local labour inspectorate in the previous three years? Have these resulted in any penalties, fines, major recommendations or corrective action plans?
- Does the organisation have a grievance mechanism, which allows employees to raise workplace concerns?



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- Are employees free to form, or join, a worker's organisation of their choosing?

Community

- Does the company have a policy or processes in place to ensure that customers are billed fairly?
- Does the company have a policy covering consultation with the community over issues of public interest such as health and congestion?

Take note of/ask questions relating to any activities that manage risks as listed in the earlier sections of this document.



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5. References and additional sources

European Bank for Reconstruction and Development (EBRD). Environmental and Social Policy 2014. Performance Requirement 2: Labour and Working Conditions.
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