

Contract performance clauses for safeguarding human rights and protecting the environment in the supply chain

The Supplier shall, for the duration of the contract period, comply with clauses 1-4 of this document.

The contractual performance clauses are based on the United Nations Guiding Principles on Business and Human Rights (UNGP)¹ and the OECD Due Diligence Guidance for Responsible Business Conduct (OECD)²

The due diligence process as defined by the UNGP and OECD is an internationally recognised method for identifying, preventing, mitigating and accounting for how businesses address their adverse labour and human rights and environmental impacts in their own operations and in the supply chain³.

If the Supplier makes use of subcontractors to fulfil this contract, the Supplier has an obligation to communicate to the subcontractors the requirements for conditions in the supply chain included in this document and to contribute to the subcontractors' compliance with these.

1. Compliance with international conventions and the national legislation in the country of production.

The goods delivered under this contract shall be produced under conditions that are consistent with the requirements specified below. The requirements apply in the Suppliers own operations and in the supply chain. The requirements include:

- The ILO Core Conventions on forced labour, child labour, discrimination, freedom of association and the right to collective bargaining: No. 29, 87, 98, 100, 105, 111, 138 and 182⁴. Where conventions 87 and 98 are restricted by national law, the employer shall facilitate, and not hinder, the development of alternative forms of independent and free workers' representations and negotiations.
- The UN Convention on the Rights of the Child, article 32⁵.
- National legislation on labour rights in the country of production⁶. Particularly relevant matters are 1) wage and working hours 2) occupational health and safety; 3) regular employment conditions, including contracts of employment; 4) statutory insurance and social schemes.
- National legislation on environmental protection in the country of production⁷. Particularly relevant matters are 1) Energy use and reduction of emissions; 2) reduction of discharges and waste management; 3) water management; 4) environmentally friendly production solutions.

¹ https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf

² <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

³ The contract performance clauses are delimited to human and labour rights, environment and anti-corruption. Hence, conducting Due Diligence is delimited to these. The OECD has developed a guide for Due Diligence for responsible business conduct. This guide includes other topics such as anti-corruption and consumer interests.

⁴ <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

⁵ <https://www.ohchr.org/EN/ProfessionalInterest/Pages/CRC.aspx>

⁶ This means all countries of production in the supply chain: Extraction and production of raw material and/or components; production of semi-finished products; and/or final goods, including distribution and transport.

⁷ This means all countries of production in the supply chain: Extraction and production of raw material and/or components; production of semi-finished products; and/or final goods, including distribution and transport

Where international conventions and national legislation differentiate, the highest standard shall apply.

2. Policies and routines for human rights and environmental due diligence

- 2.1 To fulfil the requirements in clause 1, as well as to prevent and manage any deviations from the requirements, the Supplier shall upon contract commencement, or no later than 6 months after the commencement, have adopted policies and routines for Human Rights and Environmental Due Diligence. This means that the Supplier shall identify, prevent, mitigate and account for how they manage the risks for negative impact on people, society and the environment, and provide fair and just remedy. In accordance with the methodology for human rights and environmental due diligence, stakeholders, particularly affected rightsholders, shall be involved. The most severe impacts should be prioritised, regardless of where in the supply chain these impacts are found. The Supplier's human rights and environmental due diligence shall include: One or more publicly available policies, adopted by the Board of Directors. The content of these policies shall, as a minimum, include a commitment to comply with the requirements in clause 1, in the Supplier's own operations and in the supply chain. One or more employees at management level shall be responsible for compliance and reporting on the work with human rights and environmental due diligence to the board. The supplier shall have routines for dissemination and regular follow-up of such policies in its own business and in the supply chain.
- 2.2 Routine(s) for conducting regular risk assessments in the Supplier's own operations and in the supply chain. This includes identifying, assessing and prioritising the risk of breach of the requirements in clause 1.
- 2.3 The routine(s) shall also describe what measures the Supplier will take to cease, prevent or mitigate negative impact on, and harm to; people, society and the environment.
- 2.4 The Supplier shall account for routines to monitor that measures are implemented and their effectiveness.
- 2.5 The supplier shall be able to refer to publicly available information about the work with human rights and environmental due diligence in its own operations and in the supply chain. This includes how the risk of breach of the requirements in clause 1 and any adverse impact in the Supplier's own operations and in the supply chain is handled.
- 2.6 If the Supplier identifies that it has caused or contributed to actual adverse impacts, this shall be addressed by providing for or cooperating in the remediation of these impacts.

3. Contract follow-up

The Supplier shall ensure compliance with the requirements in clause 1 and 2 in the Supplier's own operations and in the supply chain. NT may require that compliance is documented by one or more of the following measures⁸:

- 3.1 Adopted policies and routines, cf. clause 2.
- 3.2 An overview of production units in the supply chain for selected risk products, and/or components and/or raw materials, determined by NT.
- 3.3 A completed Self-assessment questionnaire, sent by the NT, within six weeks, unless NT has set a different deadline.
- 3.4 A risk assessment, and reporting on how the risks are accounted for and managed.
- 3.5 Participation in follow-up meetings with NT, and with any other relevant stakeholders.

⁸ The measures may be conducted by the Contracting Authority; a party authorised by the Contracting Authority, or by another public entity cooperating with the Contracting Authority.

- 3.6 Provision of report(s) relevant to the requirements in clause 1. The report(s) shall be written by an independent party.
- 3.7 An assessment and/or audit of the requirements in clauses 1 and 2 at the Supplier's head office.
- 3.8 An assessment and/or audit of the requirements in clauses 1 and 2 in the supply chain⁹. Assessments and audits should be conducted in collaboration between the Supplier and NT.

If the Supplier is made aware of conditions in the supply chain that are in breach of clauses 1 and 2, the Supplier shall inform NT without undue delay.

4. Sanctions

In case of any breaches of clauses 1-3, or deficiencies in the documentation, the sanction provisions in the main contract apply with the following additions and clarifications. NT can:

4.1 Require rectification: The Supplier shall provide a Corrective Action Plan for when and how the breaches are to be rectified. The rectifications shall be reasonable in relation to the nature and extent of the breaches. The Corrective Action Plan shall be presented within four weeks. For serious breaches a shorter deadline may be required. The Contracting Authority shall approve the Corrective Action Plan and authorise the documented rectifications.

4.2 Implement a temporary suspension in all or parts of the delivery when:

- 4.2.1 The Supplier has not submitted a Corrective Action Plan.
- 4.2.2 The Corrective Action Plan is not adhered to.

Under temporary suspension, any purchase from an alternative supplier will not be considered as a breach of the contract.

4.3 Require that the Supplier change sub-supplier(s): Upon serious breach of the contract, reoccurring serious breaches, or if the Corrective Action Plan is not adhered to.

4.4 Termination of the contract: Upon serious breach of the contract, reoccurring serious breaches, or if the Corrective Action Plan is not adhered to.

It is hereby confirmed that the Supplier has read, understood and accepted the contract performance clauses for safeguarding basic human rights in the supply chain.

⁹ The Contracting Authority or someone authorised by the Contracting Authority has the right to conduct inspections in the supply chain. In the event of inspections, the Supplier has an obligation to obtain contact information. The information is treated confidentially in accordance with the Freedom of Information Act.

.....

Name, general manager, [Supplier]

.....

Place/Date

.....

Signature, general manager, [Supplier]