

Appendix 3 to Consultancy Contract

Regarding innovation competition for young entrepreneurs across the Arctic region

CSR Requirements and Labour Clause

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1. LABOUR CLAUSE PURSUANT TO ILO CONVENTION NO. 94 AND CIRCULAR NO. 9471 OF 30 JUNE 2014

- 1.1. The Consultant shall ensure that workers employed with suppliers and subcontractors, if any, who contribute to the performance of the contract are guaranteed wages, including allowances, hours of work and other conditions of labour which are not less favourable than those applicable to work of the same character pursuant to a collective agreement entered into by the most representative social partners in Denmark within the trade or industry concerned and which apply to the entire territory of Denmark.

The Consultant and any subcontractors shall ensure that the workers are informed of the provisions of the labour clause.

- 1.2. “Performance of the contract”, as referred to above under clause 1.1, means work performed in Denmark for the performance of the contract.
- 1.3. The Ministry of Foreign Affairs shall be entitled at any time to request relevant documentation of compliance with the conditions of pay and work for the workers as stipulated in the labour clause.

The Ministry of Foreign Affairs may thus require, inter alia, that the Consultant, after written notice to that effect, within 10 Working Days provide relevant documentation, such as pay-slips, time sheets, payroll accounts and employment contracts, in respect of both its own workers and those of its subcontractors, if any.

The Consultant shall ensure that any information in the material about the workers' racial or ethnic origin, political opinions, religious or philosophical beliefs, information about health or sex life, significant social problems and other strictly private matters are deleted before the material is delivered to the Ministry of Foreign Affairs.

- 1.4. If the Consultant neglects its duty to provide the documentation required by the Ministry of Foreign Affairs, see clause 1.3, the Ministry of Foreign Affairs shall be entitled, at the expiry of the time-limit set out in clause 1.3, to impose a penalty of DKK [xx], per day on the Consultant until the documentation required has duly been provided to the Ministry of Foreign Affairs.
- 1.5. For its assessment of whether the Consultant or subcontractors have complied with the labour clause, the Ministry of Foreign Affairs may seek advice from relevant employer organisations and/or labour organisations.
- 1.6. If the Consultant fails to comply with its obligations pursuant to the labour clause, and if such non-compliance results in a justified claim for further pay from the workers, the Ministry of Foreign Affairs shall be entitled to withhold payment in order to meet such claims.
- 1.7. A penalty may furthermore be imposed on the Consultant corresponding to twice the amount payable in additional wages to the workers.

2. CSR REQUIREMENTS

2.1 General requirements

The Ministry of Foreign Affairs wishes the Contract to be performed in accordance with the principles of the UN Global Compact Initiative.

The principles of the UN Global Compact are as follows:

2.1.1. Human rights

Businesses should

- support and respect the protection of internationally proclaimed human rights; and
- ensure that they are not complicit in human rights abuses.

2.1.2. Labour rights

Businesses should

- uphold the freedom of association and the effective recognition of the right to collective bargaining;
- support the elimination of all forms of forced and compulsory labour;
- support the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

2.1.3. Environment

Businesses should

- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies.

2.1.4. Anti-corruption

- Businesses should work against corruption in all its forms, including extortion and bribery.

In the performance of the Contract, the Consultant shall assume social responsibility as set out in the conventions on which the above principles are based. The Consultant assumes social responsibility by committing to observe the requirements set out below in the performance of the Contract.

2.2 Human rights

In the performance of the Contract, the Consultant undertakes to comply at all times with applicable law aiming to prohibit discrimination on the basis of race, colour, religion or faith, political beliefs, sexual orientation, age, handicap, or national, social or ethnic origin, or aiming to ensure ethnic equal treatment.

In the performance of the Contract, the Consultant thus commits to comply with the basic human rights as set out in principles 1 and 2 of the UN Global Compact.

2.3 Labour rights

In the performance of the Contract, the Consultant furthermore undertakes to ensure that basic labour standards are complied with, including:

- that the services supplied, in whole or in part, are not produced in contravention of the general ban on forced and compulsory labour as set out, inter alia, in ILO Convention nos. 29 and 105,
- that the services supplied, in whole or in part, are not produced in contravention of the general ban on the use of child labour as set out, inter alia, in ILO Conventions nos. 138 and 182,
- that the services supplied, in whole or in part, are produced in conditions where the general principle of the right to organise and to collective bargaining is ensured as described, inter alia, in ILO Conventions nos. 87, 98 and 135,
- that the services supplied are produced, in whole or in part, in conditions where the general principle on the right to fair pay as set out, inter alia, in ILO Conventions nos. 26 and 131 and Article 23 (3) of the UN Universal Declaration of Human Rights is upheld,
- that the services supplied are produced, in whole or in part, in conditions where the general principle on the right to fair hours of work as set out, inter alia, in ILO Conventions nos. 1 and 30 and Article 24 of the UN Universal Declaration of Human Rights is observed,
- that the services supplied are produced, in whole or in part, in conditions where the general principle on the right to occupational safety and health as set out, inter alia, in ILO Convention no. 155 is observed.

In the performance of the Contract, the Consultant shall thus comply with basic labour rights, including the ban on child labour and forced or compulsory labour as set out in principles 3, 4, 5 and 6 of the UN Global Compact.

2.4 Environment

In the performance of the Contract, the Consultant shall promote the protection of natural resources and the environment in order to promote a sustainable development of the conditions of human beings and the preservation of animal and plant life.

In the production and supply of the services under the Contract, the Consultant shall particularly to the best of its ability strive to

- prevent and fight pollution of air, water, soil and subsoil and any vibration and noise nuisance,
- use hygienic processes for the protection of the environment and human beings,
- reduce use and waste of raw materials and other resources,
- promote the use of cleaner technology, and
- promote recycling and reduce problems of waste disposal.

In this respect, emphasis is placed on what is achievable when using the best technology available, including less polluting raw materials, processes and facilities and the best possible anti-pollution measures.

In the performance of the Contract, the Consultant shall thus contribute to the preservation of natural resources and the environment as set out in principles 7, 8 and 9 of the UN Global Compact. In this Contract, the principles are implemented by the Consultant's compliance with specific requirements with respect to the quality of the services and minimum requirements of environmental protection and energy efficiency.

2.5 Anti-corruption

A final judgment, decision or settlement agreement for corruption during the term of the contract, including active bribery as defined in, respectively, Article 3 of Council Act of 26 May 1997 and Article 3(1) of the Council Joint Action 98/742/RIA, shall be considered material breach.

In addition, any other incident of abuse of entrusted power for private gain shall be deemed to constitute corruption, such as:

- Passive corruption
- Embezzlement
- Fraud
- Fraudulent abuse of position
- Misconduct

The Ministry of Foreign Affairs may choose not to terminate the Contract if the Ministry of Foreign Affairs considers that the termination is not proportionate to the acts of the Consultant. In its deliberations, the Ministry of Foreign Affairs may attach importance, inter alia, to the measures initiated by the Consultant to avoid a recurrence, and the extent to which the procedures of the Consultant at the time of the non-compliance sufficed.

2.6 The Consultant's liability

As set out above, the Consultant's obligations under the Contract only extend to compliance with the mentioned requirements "in the performance of the Contract". Hence, the Consultant's liability only relates to the deliveries under the Contract.

When assessing whether the Consultant in its performance of the Contract is liable for any non-compliance with the requirements mentioned, the Consultant's own production processes and methods will be taken into account as well as whether the Consultant's conduct otherwise in the performance of the Contract may have had an impact, including the Consultant's choice of subcontractors or choice of components for the deliveries.

2.7 Documentation for compliance with CSR requirements

The Ministry of Foreign Affairs will not in general request documentation that the Consultant, in the performance of the Contract, complies with the above requirements regarding production processes and methods. However, this shall not apply to documentation of compliance with the labour clause as referred to in clause 1 above.

It is a condition, however, that the Consultant no later than one month from the written request of the Ministry of Foreign Affairs complies with the following documentation requirements:

Declaration from the Consultant's management

In this statement, the Consultant shall declare its continuous compliance with the above requirements regarding human rights, labour rights and the environment in the performance of the Contract.

Description of practical measures

In this document, the Consultant shall describe the practical measures taken to ensure compliance with the requirements mentioned. This description may include a description of any obligations undertaken, systems implemented and other initiatives taken.

Description of performance measurement

In this document, the Consultant shall describe the method according to which the initiatives taken are measured. In this respect, standards such as Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines may be used.

The documentation requirements shall be deemed to be complied with when the Consultant has drafted a so-called "Communication on progress" (COP), published on UN Global Compact's website. The Ministry of Foreign Affairs will also accept other types of documentation which fulfil the documentation requirements stipulated.

As a general rule, the Ministry of Foreign Affairs will not request the documentation mentioned above unless prompted by special circumstances, such as a suspicion based on concrete observations.

Should doubts arise as to the Consultant's compliance with the requirements set out above regarding human rights, labour rights and the environment, the Ministry of Foreign Affairs will as a rule initiate a close dialogue with the Consultant in order to clarify matters of dispute.

2.8 Procedure in case of suspicion based on concrete observations of non-compliance with CSR requirements

In case of suspicion based on concrete observations regarding non-compliance with the requirements concerning human rights, labour standards or environmental protection in the production of the services, in whole or in part, the Consultant shall promptly, at the request of the Ministry of Foreign Affairs, submit a written statement and documentation of the production processes and/or methods according to which the services included in the performance of the Contract have been produced and submit any necessary documentation of the materials used in the services.

The Consultant shall furthermore inform whether its own actions in connection with the performance of the Contract have an impact on the compliance with the above requirements regarding human rights, labour rights and environmental protection, including its choice of subcontractors or components.

The statement and the supporting documentation shall include any certificates required to substantiate the production processes and/or methods used as well as the materials used in the product.

On the basis of the written statement and documentation, etc., and taking all relevant circumstances into consideration, the Ministry of Foreign Affairs will assess the matter on a case-by-case basis.

In the event of identified non-compliance with the requirements of human rights, see clause 2.2, labour rights, see clause 2.3, environmental protection, see clause 2.4 and/or anti-corruption, see clause 2.5, the Ministry of Foreign Affairs shall be entitled to require:

- that the Consultant promptly remedy the defect upon the request of the Ministry of Foreign Affairs in this respect,
- that the Consultant, henceforth, in the performance of the Contract, comply with the requirements set out in this Annex 3 regarding human rights, see clause 2.2, labour rights, see clause 2.3, and environmental protection, see clause 2.4 and or anti-corruption, see clause 2.5, and
- that the Consultant compensate in full any damage caused, including payment of appropriate compensation. The assessment of whether any damage caused in the performance of the Contract has been compensated in full shall not, if necessary, be affected by the provisions of any national rules on tort, which govern the incident in question and which might only provide for partial indemnification.
- that the Consultant pays a penalty of DKK 10.000.

In the event of material breach of the requirements of human rights, see clause 2.2, labour rights, see clause 2.3, environmental protection, see clause 2.4 and anti-corruption, see clause 2.5.