

Appendix 4.3 Ethical Requirements

1. CONTRACT PERFORMANCE CLAUSES FOR SAFEGUARDING BASIC HUMAN RIGHTS IN THE SUPPLY CHAIN

1.1 GENERAL PROVISIONS

- 1.1.1 The Supplier shall, for the duration of the Framework Agreement and Call-Off Contract, comply with this [Appendix 4.3 \(Ethical requirements\)](#).
- 1.1.2 The Supplier shall comply with the Act of 18. June 2021 No. 99 relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) if it falls within the scope of the Transparency Act.
- 1.1.3 The clauses below are based on the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Responsible Business Conduct with due diligence as method. These frameworks both recommend due diligence as the preferred method for identifying, preventing, mitigating, and accounting for how businesses address their actual and potential adverse labour and human rights impacts in their own operations and in the supply chain.
- 1.1.4 The requirements in this [Appendix 4.3 \(Ethical requirements\)](#) are applicable to the Supplier and all its Subcontractors. The Supplier has an obligation to communicate the requirements to all its Subcontractors, and to contribute to compliance with the requirements in the supply chain.

1.2 COMPLIANCE WITH INTERNATIONAL CONVENTIONS AND THE NATIONAL LEGISLATION IN THE COUNTRY OF PRODUCTION.

- 1.2.1 The Services delivered under the Call-Off Contract shall be produced under conditions that are consistent with the requirements specified below. The requirements apply in the Supplier's own operations and in the supply chain. The requirements include:
- a) 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 182¹. 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;
 - b) The UN Convention on the Rights of the Child, article 32;
 - c) National legislation on labour rights in the country of production. 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; and
 - d) Where international conventions and national legislation differentiate, the highest standard shall apply.

¹ <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

1.3 POLICIES AND ROUTINES FOR DUE DILIGENCE

- 1.3.1 To fulfil the requirements in clause 1.2 above, as well as to prevent and manage any deviations from the requirements, the Supplier shall upon the start date of the Call-Off Contract, or no later than 6 months after the commencement², have adopted policies and routines for due diligence. This means that the Supplier shall, in cooperation with its stakeholders, identify, prevent, mitigate and account for how it addresses the actual and potential adverse impacts on human and labour rights as set out in clause 1.2 in its own operations and in the supply chain. In line with the OECD due diligence guidance stakeholders, and especially affected rights holders, must be involved. Most salient risk, regardless of where it is occurs in the supply chain, should be prioritised first. The due diligence shall, as a minimum, consist of:
- a) 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 1.1, in the Supplier's own operations and in the supply chain. One or more employees at management level shall be responsible for compliance and continuously report the due diligence progress to the Board of Directors. The Supplier shall have routines to embed and follow up on the policy for responsible business conduct in its own operations and in the operations of Subcontractors in the supply chain;
 - b) due diligence routines for undertaking regular risk analyses in own business and in the supply chain. This involves mapping and assessing the risk of breach of the requirements in clause 1.2;
 - c) the due diligence routines shall describe the measures implemented by the Supplier to cease, prevent and mitigate, with regards to adverse impacts on human and labour rights as set out in clause 1.2, in their own operations and in the supply chain;
 - d) the Supplier shall describe the routines to control and ensure that the measurements are carried out with efficient results;
 - e) the Supplier shall publicly disclose available information on the due diligence routines in their own operations and in the supply chain. This includes how the risk of breaches of the contract clause 1.2, and how the potential adverse impacts in its own operations and in the supply chain, are addressed; and
 - f) if the Supplier has caused adverse impacts, the Supplier shall address such impacts by providing for, or cooperating to provide for, remediation and compensation to the victims.

1.4 SANCTIONS

- 1.4.1 In case of any contract breaches of clauses 1.1-**Feil! Fant ikke referansekilden.**, or incomplete documentation, the sanction provisions in the Framework Agreement and Call-Off Contract apply with the following additions and clarifications. The Customer or DFØ may:
- a) require rectification: The Supplier shall provide a corrective action plan ("**CAP**") for when and how the contract breaches are to be rectified. The rectifications shall be reasonable in relation to the nature and extent of the breaches. The CAP shall be presented within 4 (four) weeks. For serious breaches a shorter deadline may be

² Suppliers subjected to compliance with the Norwegian Transparency Act, shall have adopted policies and routines for due diligence when signing the contract.

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required. DFØ or the Customer shall approve the CAP and authorise the documented rectifications.

- b) implement a temporary suspension in all or part of the delivery when the Supplier does not meet the requirement to submit a CAP or the CAP is not complied with.
- c) require that the Supplier change sub-supplier(s): Upon serious breach of the contract, reoccurring serious breaches, or if the CAP is not adhered to. This shall be done at no cost to DFØ or the Customer.
- d) termination of the contract: Upon serious breach of the contract, reoccurring serious breaches, or if the CAP is not adhered to.

2. WAGES AND WORKING CONDITIONS

2.1 General

- 2.1.1 For Call-Off Contracts governed by the Regulations No. 112 of 8 February 2008 relating to Wages and Working Conditions under Government Contracts, the conditions of this clause shall apply.

2.2 Documentation

- 2.2.1 In areas covered by regulations on generally applicable collective bargaining agreements, the Supplier shall ensure that its own and any of its Subcontractors' personnel who directly contribute to fulfilling of the Supplier's obligations under the Call-Off Contract do not have poorer pay and working conditions than what follows from the regulations on generally applicable collective bargaining agreements. In areas that are not covered by the generally applicable collective bargaining agreement, the Supplier shall ensure that the same employees do not have poorer pay and working conditions than those that follow from the current nationwide collective bargaining agreement for the sector in question. This applies to work performed in Norway.
- 2.2.2 All agreements entered into by the Supplier, and which involve the performance of work that directly contributes to fulfilling of the Supplier's obligations under the Call-Off Contract, shall contain corresponding conditions.

2.3 Non-compliance

- 2.3.1 If the Supplier does not comply with this obligation, the Customer has the right to withhold parts of the fees for the Supplier's Services, corresponding to approximately 2 x (twice) the savings for the Supplier, until it is documented that the situation has been rectified.
- 2.3.2 The Supplier's compliance with its obligations as mentioned above shall be documented in Attachment 3 of the Call-Off Contract by either a self-declaration or a third-party declaration stating that there is a correspondence between the current collective bargaining agreement and actual wage and working conditions for fulfilment of the Supplier's and any subcontractors' obligations.

2.4 Documentation

- 2.4.1 The Supplier shall, at the Customer's request, submit documentation on the pay and working conditions that are applied. Both the Customer and the Supplier may separately

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demand that the information shall be submitted to an independent third party that the Customer has commissioned to inspect whether the requirements of this provision have been complied with. The Supplier may require the third party to sign a declaration that the information will not be used for purposes other than to ensure compliance with the Supplier's obligation under this provision. This documentation obligation shall also apply to Subcontractors.

2.4.2 More specific clarifications on the implementation of this provision can be agreed in the Call-Off Contract.

3. CONTRACT FOLLOW-UP

3.1 The Supplier shall ensure compliance with the requirements set out in this Appendix 4.3 (Ethical requirements) in its own operations and in the supply chain. If the Supplier is made aware of conditions in the supply chain that are in breach of any clauses in this Appendix 4.3 (Ethical requirements), the Supplier shall inform DFØ without undue delay.

3.2 DFØ may require that compliance is documented by one or more of the following means:

- a) adopted policies and routines, cf. clause 1.3;
- b) an overview of production units in the supply chain for selected risk products, and/or components and/or raw materials, determined by the DFØ or the Customer;
- c) a completed Self-assessment questionnaire, Attachment 4.3.1 (Self Assessment questionnaire), within six weeks of notice from DFØ, unless otherwise specified;
- d) a risk assessment, and a report on how adverse impact is accounted for and managed;
- e) participation in follow-up meetings with DFØ, and with any other relevant stakeholders;
- f) provision of report(s) relevant to the requirements in clause 1.2 and 1.3;
- g) an assessment and/or audit of the requirements in clauses 1.2 and 1.3 at the Supplier;
or
- h) an assessment and/or audit of the requirements in clauses 1.2 and 1.3 in the supply chain.

3.3 The contract follow-up is managed by DFØ or by other public organisations with whom the DFØ collaborates.

3.4 DFØ reserves the right to share the audit reports and other contract follow-up information with other public organisations, under duty of confidentiality.