

Contract performance clauses for safeguarding basic human rights 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 with Human Rights Due Diligence as a method. Human Rights Due Diligence is an internationally recognised method for identifying, preventing, mitigating and accounting for how businesses address their adverse labour and human rights impacts in their own operations and in the supply chain².

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 182³. 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 32⁴.
- National legislation on labour rights in the country of production⁵. 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.

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

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

² The contract performance clauses are delimited to human and labour rights. Hence, conducting Human Rights Due Diligence is delimited to these. The OECD has developed a guide for Human Rights Due Diligence for responsible business conduct. This guide includes other topics such as environment, anti-corruption and consumer interests. Read more about Human Rights Due Diligence: <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

³ <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

⁴ <https://www.ohchr.org/EN/ProfessionalInterest/Pages/CRC.aspx>

⁵ 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.

2. Policies and routines for Human Rights Due Diligence

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:

- 2.1 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.
- 2.2 Routines for dissemination and regular follow-up of the policies in the Supplier's own operations and in the supply chain.
- 2.3 Routine(s) for conducting regular risk assessments in the Supplier's own operations and in the supply chain. This includes identifying and prioritising the risk of breach of the requirements in clause 1. The routine(s) shall also describe what measures the Supplier will take to identify, prevent, mitigate and account for the consequences of breaches. According to the method of Human Rights Due Diligence, the most severe impacts should be prioritised, regardless of where in the supply chain these impacts are found.

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. The Contracting Authority may require that compliance is documented by one or more of the following measures⁶:

- 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 the Contracting Authority.
- 3.3 A completed Self-assessment questionnaire, sent by the Contracting Authority, within six weeks, unless the Contracting Authority 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 the Contracting Authority, and with any other relevant stakeholders.
- 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 chain⁷. Assessments and audits should be conducted in collaboration between the Supplier and the Contracting Authority.

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 the Contracting Authority without undue delay.

⁶ 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.

⁷ 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.

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. The Contracting Authority can:

4.1 Require rectification: The Supplier shall provide a Corrective Action Plan (CAP) 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 CAP shall be presented within four weeks. For serious breaches a shorter deadline may be required. The Contracting Authority shall approve the CAP 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 CAP.
- 4.2.2 The CAP 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 CAP is not adhered to.

4.4 Termination of the contract: Upon serious breach of the contract, reoccurring serious breaches, or if the CAP 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.

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Name, general manager, [Supplier]

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Place/Date

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Signature, general manager, [Supplier]