



UDENRIGSMINISTERIET
*Ministry of Foreign Affairs
of Denmark*

Appendix 3 to Consultancy Agreement

CSR Requirements and Labour Clause

Contents

1	LABOUR CLAUSE ACCORDING TO ILO CONVENTION NO. 94 AND CIRCULAR NO. 9471 OF 30 JUNE 2014	3
2	CSR REQUIREMENTS.....	4
2.1	GENERAL REQUIREMENTS.....	4
2.1.1	<i>Human rights</i>	4
2.1.2	<i>Labour rights</i>	4
2.1.3	<i>Environment</i>	4
2.1.4	<i>Anti-corruption</i>	4
2.2	HUMAN RIGHTS	4
2.3	LABOUR RIGHTS	5
2.4	ENVIRONMENT	5
2.5	ANTI-CORRUPTION	6
2.6	THE CONSULTANT'S RESPONSIBILITY	6
2.7	DOCUMENTATION OF COMPLIANCE WITH CSR REQUIREMENTS	6
2.8	PROCEDURE IN CASE OF CONCRETE REASONABLE SUSPICION OF NON-COMPLIANCE WITH CSR REQUIREMENTS.....	7

1 LABOUR CLAUSE ACCORDING TO ILO CONVENTION No. 94 AND CIRCULAR No. 9471 OF 30 JUNE 2014

- 1.1 The Consultant must ensure that workers employed by consultants and any subcontractors assisting in the performance of the Consultancy Agreement are secured wages (including allowances), hours of work and other conditions of labour which are not less favourable than those established for work of the same nature under a collective agreement concluded by the most representative employers' and labour organisations in Denmark in the trade or industry concerned and which apply to the entire Danish territory.

The Consultant and any subcontractors must ensure that the workers receive information about the conditions applicable according to the labour clause.

- 1.2 The execution of the Consultancy Agreement, see above, under clause 1.1, means work performed in Denmark with a view to executing the Consultancy Agreement.
- 1.3 The MFA is at any time entitled to request relevant documentation that the workers' conditions of labour and wages fulfil the obligation stipulated in this labour clause.

Consequently, the MFA may i.a. demand that the Consultant, following a written request to this effect, procure relevant documentation such as pay slips and time sheets, payroll accounts and contracts of employment from its own workers as well as from any subcontractors' workers within ten (10) working days.

The Consultant must ensure that any information in the material relating to the workers' racial or ethnic background, political, religious or philosophical beliefs, information about health and sexual life, significant social problems and other matters of a purely private nature is extracted before the material is submitted to the MFA.

- 1.4 If the Consultant fails to observe its obligation to procure the documentation demanded by the MFA, see clause 1.3, the MFA may, when the time-limit mentioned in clause 1.3 has expired, impose a daily penalty of DKK 2,000 on the Consultant, such penalty being payable until the documentation demanded has been duly submitted to the MFA.
- 1.5 For use in its assessment of whether the Consultant or subcontractors have complied with this clause, the MFA may seek advice from relevant organisations representing employers and/or workers.
- 1.6 If the Consultant fails to comply with its obligations under the labour clause, and if such non-compliance results in a legitimate claim from the workers for additional payment, the MFA may withhold payment with a view to fulfilling such claim.
- 1.7 Furthermore, a penalty may be imposed on the Consultant, corresponding to twice the amount paid in additional payment for the workers.

In case of material breach of the labour clause, the MFA may terminate the Consultancy Agreement with immediate notice.

2 CSR REQUIREMENTS

2.1 General requirements

The MFA requests that the Consultancy Agreement be executed, observing the principles of the UN Global Compact.

The principles of the UN Global Compact are the following:

2.1.1 Human rights

Businesses should

- support and respect the protection of internationally proclaimed human rights; and
- make sure 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
- eliminate 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.

The Consultant undertakes to incorporate social responsibility as formulated in the conventions upon which the above-mentioned principles are based in its performance of the Consultancy Agreement. This is done by the Consultant committing to meeting the requirements below in its performance of the Consultancy Agreement.

2.2 Human rights

In the performance of the Consultancy Agreement, the Consultant warrants that it will at all times observe applicable law which prohibits discrimination on account of race, skin colour, religion or faith, political opinions, sexual orientation, age, disability or national, social or ethnic origin or which aims to ensure ethnic equal treatment.

Thus, the Consultant commits to performing the Consultancy Agreement in due compliance with the fundamental human rights as laid down in Principles 1 and 2 of the UN Global Compact.

2.3 Labour rights

In the performance of the Consultancy Agreement, the Consultant also commits to ensuring compliance with the fundamental labour rights, which i.a. means

- that the services and subservices supplied are not produced in contravention of the general prohibition against forced and compulsory labour such as i.a. expressed in ILO Conventions Nos. 29 and 105;
- that the services and subservices supplied are not produced in contravention of the general prohibition against child labour such as i.a. expressed in ILO Conventions Nos. 138 and 182;
- that the services supplied are produced under conditions that secure compliance with the general principle on the freedom of association and the right to collective bargaining such as i.a. expressed in ILO Conventions Nos. 87, 98 and 135;
- that the services and subservices supplied are produced under conditions that secure compliance with the general principle on the right to reasonable remuneration such as i.a. expressed in ILO Conventions Nos. 26 and 131 and Article 23(3) of the UN Declaration of Human Rights;
- that the services and subservices supplied are produced under conditions that secure compliance with the general principle on the right to reasonable working hours such as i.a. expressed in ILO Conventions Nos. 1 and 30 and Article 24 of the UN Declaration of Human Rights;
- that the services and subservices supplied are produced under conditions that secure compliance with the general principle on the right to occupational health and safety such as i.a. expressed in ILO Convention No. 155.

Thus, the Consultant commits to performing the Consultancy Agreement in due compliance with the fundamental labour rights, including the prohibition against child labour and forced and compulsory labour as laid down in Principles 3, 4, 5 and 6 of the UN Global Compact.

2.4 Environment

In the performance of the Consultancy Agreement, the Consultant commits to contributing to the protection of nature and the environment so that developments in society can take place on a sustainable basis with respect for man's living standards and the preservation of flora and fauna.

This especially means that the Consultant, when providing services under the Consultancy Agreement, will, in a good way, seek

- to prevent and eliminate the pollution of air, water, soil and subsoil as well as vibration and noise nuisance;
- to apply processes based on hygienic considerations which are significant to the environment and man;
- to reduce the use and wastage of raw materials and other resources;
- to promote the use of cleaner technology; and
- to promote recycling and reduce problems in connection with waste disposal.

In this connection, importance is attached to what can be achieved by using the best technology available, including less polluting raw materials, processes and systems, and the best possible anti-pollution activities.

Thus, the Consultant commits to protecting nature and the environment as laid down in Principles 7, 8 and 9 of the UN Global Compact in the performance of the Consultancy Agreement. In terms of the Consultancy Agreement, this means that the Consultant must observe the requirements specifically stipulated concerning the properties of the services as well as any minimum requirements relating to the environment and energy stipulated in the Consultancy Agreement.

2.5 Anti-corruption

A final corruption conviction during the contract period, including active bribery as defined in Article 3 of the Act of the Council of the European Union dated 26 May 1997 and Article 3(1) of the Joint Action 98/742/JHA adopted by the Council, will be deemed to constitute material breach of the Consultancy Agreement.

In addition to all other cases of abuse of entrusted power for private gain, corruption e.g. means:

- Passive bribery
- Embezzlement
- Fraud
- Criminal breach of trust
- Abuse of office.

The Consultant undertakes, in executing the Consultancy Agreement, to refrain from offering gifts or otherwise illegally manipulate officials, courts and/or private parties.

The MFA may choose not to cancel the Consultancy Agreement if the MFA finds that such cancellation is not proportionate to the Consultant's actions. In such assessment, the MFA may i.a. take into account measures implemented by the Consultant to prevent repetition as well as to the extent to which the Consultant's procedures were adequate at the time of the corruption.

2.6 The Consultant's responsibility

The Consultant is only obliged to ensure compliance with the stipulated requirements in connection with the performance of the Consultancy Agreement. Consequently, the Consultant's responsibility only concerns the deliverables under the Consultancy Agreement.

In the assessment of whether the Consultant can be held liable for a performance of the Consultancy Agreement that is not in compliance with the above requirements, importance will i.a. be attached to issues such as how the Consultant has organised its own production processes and methods and to what extent it is otherwise possible for the Consultant's conduct to impact the performance of the Consultancy Agreement, including through choice of subcontractors or through choice of parts for the deliverables.

2.7 Documentation of compliance with CSR requirements

As a general rule, the MFA will not demand documentation of the Consultant's compliance with the above requirements relating to production processes and methods in its performance of

the Consultancy Agreement. This does, however, not apply to the documentation of compliance with the labour clause, see above under clause 1.

However, a condition for this is that the Consultant can meet the following documentation requirements no later than one (1) month after the MFA has submitted a written request to this effect:

Declaration from the Consultant's management

Here the Consultant declares that it will ensure compliance, on an ongoing basis, with the requirements above relating to human rights, labour rights and the environment in its performance of the Consultancy Agreement.

Description of practical measures

Here the Consultant describes the practical measures implemented with a view to ensuring compliance with the above requirements. This description may include a description of the obligations assumed, systems implemented as well as any other measures taken.

Description of performance measurements

Here the Consultant describes how the performance of implemented measures is measured. This may be done by means of standards such as Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines.

The documentation requirements will be considered to be met when the Consultant has prepared a so-called "Communication on progress" (COP) as published on the UN Global Compact website. The MFA also accepts other types of proof that are in compliance with the documentation requirements stipulated.

As a general rule, the MFA will not request the documentation above, unless there is a particular reason for doing so, including a concrete reasonable suspicion.

In case of doubt as to whether or not the Consultant is complying with the specific requirements relating to human rights, labour rights and the environment, the MFA will start by opening a close dialogue with the Consultant with a view to shedding light on any doubts.

2.8 Procedure in case of concrete reasonable suspicion of non-compliance with CSR requirements

If there is a concrete reasonable suspicion that a service or subservices supplied, including materials that form part of the service, have been manufactured using production processes or methods where the requirements above relating to human rights, labour rights or the environment have not been complied with, the Consultant must immediately, when so requested by the MFA, submit a written statement as well as document using what production processes and/or methods the services included in the performance of the Consultancy Agreement have been manufactured as well as submit the requisite documentation of the materials included in the services.

Furthermore, the Consultant must explain the extent to which the Consultant through its conduct in connection with the performance of the Consultancy Agreement may affect the compliance with the requirements above relating to human rights, labour rights and the environment, including through choice of subcontractors or through choice of parts for the deliverables.

This statement and the associated documentation must to the requisite extent be accompanied by certificates that certify the production processes and/or production methods according to which the manufacture took place as well as the materials that form part of the product.

Based on the above written statement and documentation etc., the MFA will make a specific assessment in the individual case, taking into consideration all relevant matters.

In case a failure to comply with the requirements relating to human rights, see clause 2.2, labour rights, see clause 2.3, the environment, see clause 2.4 and/or anti-corruption, see clause 2.5, the MFA may demand:

- that the Consultant remedy the non-compliance immediately following the MFA's demand to that effect;
- that the Consultant in its future performance of the Consultancy Agreement comply with the requirements mentioned in this Appendix relating to human rights, see clause 2.2, labour rights, see clause 2.3, the environment, see clause 2.4 and/or anti-corruption, see clause 2.5;
- that the Consultant fully restore any damage caused, including by paying appropriate damages (the assessment of whether damage caused through the performance of the Consultancy Agreement has been restored fully is, if required, independent of the national rules relating to damages governing the specific situation possibly only allowing partial indemnity); and
- that the Consultant pay a penalty of DKK 5,000.

In case of material breach of the requirements relating to human rights, see clause 2.2, labour rights, see clause 2.3, the environment, see clause 2.4 and anti-corruption, see clause 2.5, the MFA may terminate the Consultancy Agreement with immediate notice.