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Annex S

Corporate Social Responsibility

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01. Background

The Buyers aim to make effective purchases that support sound and sustainable economic and social development, as well as minimizing the burden on the environment. In order to achieve this goal the Buyers have a number of conditions that must be satisfied before a potential supplier can be accepted. These include requirements regarding the suppliers' level of Corporate Responsibility, environmental responsibility, economic responsibility as well as their corporate governance.

02. Social Responsibility

02.01. Introduction

The Contractor shall comply with the basic requirements for human rights, labour rights and the environment. The scope of delivery must be made under conditions consistent with the requirements set forth below. These requirements are based on fundamental UN conventions, ILO conventions and national labour legislation at the place of production.

The requirements set minimum standards. Where conventions and national laws and regulations deal with the same theme, the higher standard shall apply. When a Contractor utilizes subcontractors to fulfil this Contract in whole or in part, the Contractor is obligated to continue to comply and contribute to subcontractor's compliance with the stated requirements.

02.02. UN human rights

The Contractor shall respect UN Human Rights.

02.03. Forced Labour/servitude (ILO Convention nr. 29 and 105)

There shall be no form of forced labour, servitude or involuntary work.
The workers may not provide a deposit or identity document to the employer and shall be free to terminate their employment with reasonable notice.

02.04. Association/Collective bargain convention (ILO Conventin nr. 87, 98)

With no exception, the workers shall be entitled to join or establish trade unions of their choice and to negotiate collectively.
The employer shall not discriminate against union representatives or prevent them from performing their trade union work.
If law limits these rights, the employer shall facilitate and, in any event, prevent parallel mechanisms for free and independent organization and negotiation.

02.05. Prohibition of child labour (UN Convention on the Rights of the Child, ILO Convention nr. 138, 182)

Children have the right to be protected from economic exploitation at work, and the right to be protected from carrying out work that may impair educational and development opportunities.
The minimum age must not be below the age of 15 (14 or 16 years in certain countries). Children under the age of 18 should not perform work that endangers health or safety, including night work.
If such child labour is taking place, work will be carried out for phasing out soon. At the same time, it is to be ensured that the children are given the opportunity for life and education until the child is no longer in school age.

02.06. Discrimination (ILO Convention nr. 100 og 111)

There shall be no discrimination in working life based on ethnicity, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

02.07. Work environment

02.07.01. Pay and working condition

The Contractor shall ensure that employees in their own organization and employees of any subcontractors do not have inferior pay and working conditions than those provided for in the applicable national collective agreement, or that which is normal for the place and occupation concerned.

The working environment must be safe and hygienic, given the prevailing knowledge of the industry and particular hazards. At the production site, the working environment must comply with a set of national legal minimum standards for safety and hygiene.

Appropriate measures must be taken to prevent accidents and health damage resulting from, associated with or occurring in connection with work, as far as possible by minimizing the causes of danger(s) in the working environment. All employees must have access to health and safety equipment / protective gear meeting national minimum standards.

Employees should be informed of any health risks associated with the work.

This applies only to employees who directly contribute to fulfilling the Contract.

02.07.02. Overtime

Hours per week should not exceed national legal standards.

Workers will always receive overtime allowance, in accordance with national legal minimum standards.

02.07.03. Requirements for work agreement

All workers are entitled to a work contract written in a language they understand. Employee obligations under international conventions and national social security legislation, which follows from the ordinary employment relationship, shall not be circumvented through the use of short-term contracts (such as choreography, casual work, day-to-day work), subcontractors or other working conditions.

03. Environmental responsibility

03.01. Environmental management system

The Contractor must have established an environmental management system that minimum consists of the following elements:

- A system for the company's environmental considerations and environmental policy
- Strategy for competence in the field of environment
- Procedures for implementing the Contract in an environmentally sound manner

The Contractor can refer to the company's quality or environmental management system in accordance with ISO 14000, EMAS, or other equivalent third party approved systems.

03.02. Packaging recycling

Contractors (manufacturer or importer) who use packaging will be a member of a return arrangement at the time of the contract, or fulfil the obligation through their own return order with their own final disposal order where the packaging is handled in an environmentally sound manner.

04. Corruption prevention (Council of Europe's Criminal Code on Corruption of 27 January 1999 and the Additional Protocol of 22 January 2003)

Contractor must have implemented measures or have processes in his business that will prevent corruption and impact trading.

Measures or systems that the Contractor may prove to have taken to prevent corruption may be:

- Establishment of internal control
- Preparation of ethical guidelines
- Creation of an alert channel and the like

05. Corporate governance

The Contractor shall take the necessary steps to implement the requirements of this Annex and incorporate the requirements within all of its operations and integrate the stated requirements into its business philosophy.

The Contractor shall assume responsibility for all matters relating to these ethical rules of a leader within the Contractor's organization.

The Contractor shall comply with these requirements as a condition for all agreements entered into with subcontractors. These agreements shall obligate subcontractors compliance with all the requirements in this annex and participate as a Subcontractor in the Contractor's internal or other control activities as needed.

06. Compliance

06.01. Documentation

At Buyer's request, it must be documented that the Buyer's Ethical Requirements to all Contractors is respected.

The following documentation is accepted:

- A report from the Contractor documenting ethical requirements are met
- An independently prepared report on working conditions at the production site(s). Information about the inspection method and the identity of the inspector is required
- Relevant certification of the Contractor SA8000 or equivalent standard

06.02. Inspections

The Buyers and their authorised representatives reserve the right to inspect all production and storage areas used by the Contractor, including all production and storage areas used by subcontractors. The Buyers reserves the right to carry out both agreed and unannounced inspections.

06.03. Breach of responsible ethic rules for Contractors

In the event of a violation of the Buyer's Ethical Requirements, the Contractor shall take necessary corrective action within a period agreed between Buyer and Contractor. The agreed deadline should not be longer than 3 months.

If the Contractor fails to take corrective action within the agreed deadline, Buyer has the right to impose fines or to retain part of the purchase price that is in proportion to the type and extent of breach of these rules.

If the Contractor fails to make corrective action within the agreed deadline, Buyer shall have the right to implement other sanctions under the Contract that are in proportion to the type and extent of the breaches, and in relation to the Buyer's interest in compliance with the requirements.