

## **ANNEX M**

### **CORPORATE RESPONSIBILITY**

## 1 Background and definitions

The Norwegian Armed Forces 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 Armed Forces have a number of conditions that must be satisfied before a potential supplier can be accepted. These include requirements regarding the suppliers' level of social responsibility, environmental responsibility, economic responsibility as well as their corporate governance.

**Social responsibility** relates to the protection of human rights, quality of life and positive social structures, and the prevention of social dumping and social exclusion. A supplier that is socially responsible is conscious of how it affects people and society socially, culturally and socio-economically. Social responsibility comprises both the supplier's intra-firm responsibility as well as wider, external social responsibility. The requirements for social responsibility can be found in article 2 below.

**Environmental responsibility** refers to how a company can minimize negative environmental impact and contribute to an environmentally sound production, trade and consumption. The environmental requirements are found in article 3 below, and may also be a part of the pre-qualification process.

**Economic responsibility** refers to how suppliers choose to invest their profits; the extent to which their investments in both products and services are done lawfully and ethically. The economic requirements are mainly a part of the pre-qualification process where suppliers must submit tax certificates, auditor-approved financial statements etc.

**Corporate governance** comprises the processes through which a company is managed and controlled. In other words, how a supplier is structured, and how it executes authority, accountability, management, leadership, performance management and control. Corporate governance is the foundation for exercising corporate responsibility in the three above-mentioned categories through set systems, guidelines and control for ethical conduct. The requirements for corporate governance can be found in article 4 below.

## 2 Social responsibility

### 2.1 Introduction

The Contractor shall respect the fundamental requirements of human rights, labour rights and environment. The Scope of Delivery to be delivered to the Purchaser shall be manufactured under conditions that are compatible with the requirements listed below. The requirements are based on the central UN-conventions, ILO-conventions and national labour law at the place of production.

These requirements establish minimum standards. Where the conventions and national laws and regulations relates to the same subject, the highest standard shall always prevail. If the Contractor uses subcontractors to fulfil this contract, the supplier is obligated to forward the requirements, and contribute to the compliance with these requirements by his subcontractors.

### 2.2 The Universal Declaration of Human Rights

The Contractor shall respect the UN's Universal Declaration of Human Rights.

### 2.3 No Forced Labour

*(ILO Conventions Nos. 29 and 105)*

There shall be no forced, bonded or involuntary prison labour.

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Workers shall not be required to lodge “deposits” or identity papers with their employer and shall be free to leave their employer after reasonable notice.

## **2.4 Freedom of Association and the Right to Collective Bargaining**

*(ILO Conventions Nos. 87, 98)*

Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively.

Workers representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.

Where the right to freedom of association and collective bargaining is restricted or under development, the Contractor shall facilitate meetings between workers and the management to discuss wages and working conditions without this having negative consequences for the workers.

## **2.5 No Child Labour**

*(UN Convention on the Rights of the Child, ILO Conventions Nos. 138, 182)*

Children have the right to be protected from financial exploitation in labour, and from performing work which can limit the educational- and developmental possibilities.

Children and young persons under the age of 18 shall not be engaged in labour that is hazardous to their health or safety, including night work.

Children under the age of 15 (14 or 16 in certain countries) shall not under any circumstances be engaged in labour.

If child labour, as described above, is already in existence, sustained efforts shall be made to redress the situation as quickly as possible. However, the children concerned shall be given the possibility of earning a livelihood, as well as acquiring an education until they are no longer of compulsory school age.

## **2.6 No Discrimination**

*(ILO Conventions Nos. 100 and 111 and the UN Convention on Discrimination against Women)*

There shall be no discrimination at the work place based on ethnic background, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

## **2.7 Working Conditions**

### **2.7.1 Wages and Working Conditions**

The Contractor shall ensure that employees in its own organisation and the employees of any subcontractors do not have wages or working conditions that are inferior to those stipulated by any applicable nationwide collective bargaining agreement or those that are normal for the relevant location and trade.

The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in, the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment. All employees shall have access to relevant health and safety equipment which meet at minimum, national legal standards. Employees shall be informed of eventual health risks associated with the work.

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This only applies to employees who contribute directly to the performance of the Contractor's obligations under the Contract.

### **2.7.2 No Excessive Working Hours**

Working hours per week shall not exceed national legal standards.

Workers shall always receive overtime pay, minimum in accordance with national legal standards.

### **2.7.3 Regular Employment**

All workers are entitled to a contract of employment that shall be written in a language they understand.

Obligations to employees under international conventions and national social security laws, and regulations arising from the regular employment relationship, shall not be avoided through the use of short term contracting (such as contract labour, casual labour or day labour), sub-contractors or other labour relationships.

## **3 Environmental Responsibility**

### **3.1 Environment management system**

The Contractor shall have established an environmental management system which as a minimum consists of the following elements:

- A system for the company's environmental objective and environmental policy
- Strategy for competence in the environmental field
- Procedures for performing the Contract in an environmentally sound manner

The Contractor can present the company's quality or environmental management system according to ISO 14000, EMAS, or other equivalent third party verified systems.

### **3.2 Recycling scheme**

Norwegian Contractors (manufacturer or importer) that uses packaging shall at time of contract signing be a member of a recycling scheme, or meets the obligation by means of its own recycling scheme with its own scheme for final disposal where the packaging is dealt with in an environmentally aware manner (Grønt Punkt Norge, or similar scheme).

## **4 Corporate Governance**

The Contractor shall take positive actions to implement the requirements of this Annex, to incorporate the requirements into all of its operations, and to make these requirements an integral part of its overall philosophy.

The Contractor shall assign responsibility for all matters pertaining to the Social Responsibility requirements to a manager within its organisation.

The Contractor will make observance of the Social Responsibility requirements a condition of all agreements that it enters into with Sub-contractors. These agreements shall oblige these sub-contractors to conform to all requirements of this Annex and participate in the Contractor's monitoring activities as requested.

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## **5 Compliance**

### **5.1 Documentation**

Compliance with the Social Responsibility requirements shall be documented at the request of the Purchaser. The following documentation is acceptable:

- A report by the Contractor which documents that the requirements of the Social Responsibility are met.
- An external report on working conditions at the production site(s). Information on inspection methods and the identity of the inspector are required.
- Relevant certification of the Contractor. SA8000 or equivalent standard.

### **5.2 Inspections**

The Purchaser and/or his authorized representative retains the right to inspect all production and storage sites used by the Contractor; including all production and storage sites used by sub-contractors.

The Purchaser retains the right to conduct both announced and unannounced inspections.

### **5.3 Violation of the Corporate Responsibility requirements**

In case of a breach of the Corporate Responsibility requirements, the Contractor shall take corrective action within a time limit agreed upon by the Purchaser and the Contractor. The time limit agreed upon shall be no longer than 3 months.

If the Contractor fails to meet obligations outlined in the Social Responsibility requirements, the Purchaser has the right to fine the Contractor or retain part of the contract price corresponding to the type and size of the breach of the requirements.

If the Contractor fails to take corrective action within the agreed time limit, the Purchaser retains the right to invoke other remedies under the Contract corresponding to the type and size of the breach of the requirements, and corresponding to the Purchaser's interest in that these requirements are fulfilled.

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