

ANNEX D

Corporate Social Responsibility (CSR) requirements

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1. CONTRACT CSR REQUIREMENTS

1.1 General requirements

JMTO wishes that the Contract be performed while observing the principles of the UN Global Compact initiative.

The principles of the UN Global Compact are as follows:

Human rights

Businesses should support and respect the protection of internationally proclaimed human rights; and ensure that they are not complicit in human rights abuses.

Labour standards

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 the elimination of discrimination in respect of employment and occupation.

The 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.

Anti-corruption

Businesses should work against corruption in all its forms, including extortion and bribery.

In the performance of the Contract, the Supplier shall assume social responsibility as set out in the conventions on which the above principles are based. The Supplier assumes social responsibility by committing to observe the requirements set out below in the performance of the Contract.

1.2 Human rights

In the performance of the Contract, the Supplier undertakes to comply at all times with applicable law aiming to prohibit discrimination on the basis of race, color, religion or faith, political beliefs, sexual orientation, age, handicap, or national, social or ethnic origin, or aiming to ensure ethnic equal treatment.

In the performance of the Contract, the Supplier thus commits to comply with the basic human rights as set out in principles 1 and 2 of the UN Global Compact.

1.3 The environment

In the performance of the Contract, the Supplier shall promote the protection of natural resources and the environment in order to promote a sustainable development of the conditions of human beings and the preservation of animal and plant life.

The Supplier shall ensure that the vessel during the contract fulfills all relevant environmental conventions to take charters in all seas worldwide. Particular measures shall be made regarding IMO ECA-requirements (Emission Control areas).

In the production and supply of the products/services under the Contract, the Supplier shall particularly to the best of its ability strive to

- prevent and fight pollution of air, water, soil and subsoil and any vibration and noise nuisance,
- use hygienic processes for the protection of the environment and human beings,
- reduce use and waste of raw materials and other resources,
- promote the use of cleaner technology and
- promote recycling and reduce problems of disposal of waste.

In this respect, emphasis is placed on what is obtainable when using the best technology available, including less polluting raw materials, processes and facilities and the best possible anti-pollution measures.

In the performance of the Contract, the Supplier shall thus contribute to the preservation of natural resources and the environment as set out in principles 7, 8 and 9 of the UN Global Compact.

In this Contract, the principles are implemented by the Supplier's compliance with specific requirements with respect to the quality of the products/services and minimum requirements of environmental protection and energy efficiency.

1.4 Anti-corruption

A final judgment for corruption during the term of Contract, including active bribery as defined in Article 3 of the Council Act of 26 May 1997 and Article 3(1) of Council Joint Action 98/742/RIA, respectively, shall be considered material breach, cf. the provisions of the Contract regarding termination and section 4 in this Annex.

In addition, any other incident of abuse of entrusted power for private gain shall be deemed to constitute corruption, such as:

- Passive corruption
- Embezzlement
- Fraud
- Criminal breach of trust
- Misconduct

JMTO may choose not to terminate the Contract if, in JMTO's opinion, a termination is disproportionate to the actions of the Supplier. In this respect, JMTO will consider the measures taken by the Supplier to avoid repetition and the extent to which the Supplier's procedures have been adequate at the time of the breach.

1.5 The Supplier's obligations

As set out above, the Supplier's obligations under the Contract only extend to compliance with the mentioned requirements "in the performance of the Contract". The Supplier's obligations thus only concern what is delivered under the Contract.

When assessing whether the Supplier in its performance of the Contract is liable for any non-compliance of the requirements mentioned, the Supplier's own production processes and methods shall be taken into account as well as whether the Supplier's conduct otherwise in the performance of the Contract may have had an impact, including the Supplier's choice of Subcontractors or choice of components for the products/services.

2. DOCUMENTATION

Except as set out specifically in the Contract, JMTO will not in general request documentation that the Supplier in the performance of the Contract complies with the above requirements regarding production processes and methods.

It is a condition, however, that the Supplier no later than 30 Days from JMTO's written request complies with the following documentation requirements:

1. Statement from the Supplier's management and other documentation

In this statement, the Supplier shall make representation ensuring, on a continuous basis, the compliance of the above requirements regarding human rights, cf. section 1.2, the environment in the performance of the Contract, cf. section 1.3 and anti-corruption, cf. Section 1.4.

2. Reporting of practical measures

In this document, the Supplier shall describe the practical measures taken to ensure the compliance of the requirements mentioned. The document may include a description of obligations undertaken, systems implemented and other measures initiated.

3. Reporting of results

In this document, the Supplier shall **describe** the method according to which the initiatives taken are measured. In this respect, standards such as Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines may be used.

The documentation requirements shall be deemed to be complied with when the Supplier has drafted a so-called "Communication on progress" (COP) published on UN Global Compact's webpage. JMTO also accepts other types of documentation as long as they fulfil the documentation requirements stipulated.

As a general rule, JMTO will not request the documentation mentioned above unless prompted by special circumstances, such as a suspicion based on concrete observations.

If JMTO has doubts as to whether the Supplier complies with the requirements set out above regarding human rights, cf. section 1.2 and the environment, cf. section 1.3. JMTO will as a rule initiate a close dialogue with the Supplier in order to clarify matters of dispute.

2.1 Procedure in case of suspicion based on concrete observations of non-compliance of requirements regarding human rights or environmental protection

In case of suspicion based on concrete observations regarding non-compliance of the requirements concerning human rights, cf. section 1.2, environmental protection, cf. section 1.3 and/or anti-corruption, cf. Section 1.4 in the manufacture of any products/services, or part thereof, the Supplier shall promptly, at JMTO's request, submit a written statement and documentation of the production processes and/or methods according to which the products/services included in the performance of the Contract have been manufactured and submit any necessary documentation of the materials used in the products/services.

The Supplier shall inform whether its own actions in connection with the performance of the Contract have an impact on the compliance of the above requirements regarding human rights and environmental protection, including its choice of Subcontractors or components.

The statement and the supporting documentation shall include any certificates required to substantiate the production processes and/or methods used as well as the materials used in the product.

On the basis of the written statement and documentation, etc., and taking all relevant circumstances into consideration, JMTO will make a concrete assessment of the individual incident.

3. DEFECTS

A defect shall be deemed to exist if any items supplied, in whole or in part, including components of the items, have been manufactured according to manufacturing processes or methods where the requirements set out in this Annex regarding human rights or environmental protection have not been observed.

Failure to deliver the documentation required in clause 2 of this Annex within 30 Days shall furthermore be construed as a failure to comply.

In case of suspicion, based on concrete and strong indications, of failure to observe any requirements regarding human rights, cf. section 1.2, environmental protection, cf. section 1.3 and/or anti-corruption, cf. Section 1.4 in the manufacture of any items, in whole or in part, the procedure set out in this Annex shall be followed. This procedure includes, at JMTO's request, a prompt written statement and documentation, etc., from the Supplier, whereupon JMTO will make a concrete assessment of the individual incident.

When assessing whether the Supplier is liable for any performance of the Contract in contravention of this Annex, the Supplier's own production processes and methods shall be taken into account as well as whether the Supplier's conduct otherwise in the performance of the Contract may have had an impact, including the Supplier's choice of Subcontractors or choice of components for the items supplied.

In the event of a defect due to violation of human rights, cf. section 1.2., the environmental requirements, cf. section 1.3 and/or anti-corruption, cf. Section 1.4 set out in this Annex, JMTO shall be entitled to demand:

That the Supplier promptly remedies the defect upon JMTO's request to this effect,

That the Supplier, henceforth, in the performance of the Contract, comply with the requirements set out in this Annex regarding human rights, cf. section 1.2, environmental protection, cf. section 1.3, and anti-corruption, cf. Section 1.4 and

That the Supplier compensates in full any damage caused, including payment of adequate compensation. The assessment of whether any damage caused in the performance of the Contract has been compensated in full shall not be affected by the provisions of any national rules on tort, governing the incident in question, only providing for partial indemnification.

4. BREACH

JMTO shall be entitled to terminate the Agreement, in whole or in part, with a notice of 30 Days, if the Supplier commits a material breach of the requirements stipulated in this Annex.

Thus, the following breaches (the list is not exhaustive) shall always be deemed to constitute a material breach which shall entitle JMTO to terminate the Agreement in whole or in part:

- a) In the event of concrete facts which might justify a suspicion of the Supplier's violation of any requirements set out in the this annex concerning the requirements set out with respect to human rights, environmental protection and anti-corruption, the Supplier fails to submit within a time-limit set by JMTO a written statement documenting that the Supplier comply with the requirements.
- b) JMTO notes that the Supplier has violated the requirements set out in this annex regarding human rights, environmental obligations and anti-corruption, and the Supplier has previously committed a similar breach.
- c) The Supplier has received a final, enforceable judgment for corruption during the term of the Agreement.