**TERMS AND CONDITIONS RELATED TO THE CODE OF CONDUCT ANNEX FOR THE PROCUREMENT CONTRACT**

**INSTRUCTIONS TO THE CLIENT**:

**When you use the Code of Conduct annex, include these contract terms as a separate chapter in the Procurement Contract.**

**Fill in the grey marked texts in this document. You can modify / delete bold texts as needed. Please remove bolding.**

**Always remember to append the Code of Conduct annex to the Procurement Contract.**

**The self-assessment form can either be appended to the contract or delivered separately to the Supplier at a later date.**

**Please delete these instructions.**

# ENVIRONMENTAL ISSUES AND RESPONSIBILITY

### **General**

During the contract period, the Supplier shall seek to improve the energy efficiency and environmental friendliness of its products that are included within the scope of the Procurement Contract.

**[INSTRUCTIONS TO THE CLIENT: Include the following term in the contract if you are part of the state’s central government. Please remove bolding. Otherwise, delete the following term. *Please delete these instructions.]***

**The Supplier shall especially take into account that, pursuant to section 5a (1338/2016) of the Act on Energy Efficiency (1429/2014), which entered into force on 1 January 2017, a Client who is a central government authority shall, as a rule, have an obligation to procure energy-efficient products, such as products fulfilling the requirements of the European Commission’s product group-specific implementing act on ecodesign, if the value of the procurement exceeds the European Union threshold value set out in the Act on Public Procurement and Concession Contracts.**

### **Minimum responsibility requirements (Code of Conduct)**

The Supplier shall actively ensure that the products within the scope of this Procurement Contract are manufactured in conditions that comply with the minimum responsibility requirements (Code of Conduct) set out in Annex X. It is the Supplier’s responsibility to supervise the supply chain and take necessary actions to ensure that the minimum responsibility requirements are complied with both in its own operations and in the supply chain of the products and services within the scope of the Procurement Contract.

In addition, the Supplier shall see to it that any work carried out in Finland under this Procurement Contract complies, at the minimum, with the minimum terms and conditions of employment that, pursuant to Finnish law and collective agreement provisions, must be complied with in similar work.

### **Actions and policies**

The Supplier shall, at the latest at the beginning of the Procurement Contract period or at a later date explicitly agreed with the Supplier, carry out the following actions; for clarity’s sake, it shall be noted that the policies and procedures referred to below may be prepared in the language of the Supplier’s choice (e.g. English):

1. The Supplier shall prepare, approve and publish a responsibility policy approved by its management, including a commitment to comply with the minimum requirements set out in “Minimum responsibility requirements (Code of Conduct)” above or other minimum responsibility requirements with equivalent content;
2. The Supplier shall communicate the above requirements to its supply chain, with which the Supplier has a contractual relationship;
3. The Supplier shall appoint a management-level person who is responsible for supervising the compliance with the minimum responsibility requirements;
4. The Supplier shall have a procedure for regular risk assessments. The risk assessment shall encompass the identification and prioritisation of existing and potential risks related to deviating from the minimum responsibility requirements referred to above as well as the identification of the supply chain elements entailing a higher risk of deviation;
5. The Supplier shall have a procedure that the Supplier follows to continuously monitor the compatibility of its operations with the minimum responsibility requirements;
6. The Supplier shall have a procedure to prevent deficiencies in and deviations from the minimum responsibility requirements and reduce and eliminate their adverse effects without delay, by rectifying the deficiency or deviation in question, for example.

The above actions shall be documented and must be continuously complied with. The procedures shall be complied with in the Supplier’s own operations and in the entire supply chain.

The Supplier shall assist the Client in the Procurement Contract’s responsibility monitoring by, among other things, providing the Client with reports and analyses on how the Supplier has met its requirements set out in “Minimum responsibility requirements (Code of Conduct)” and “Actions and policies”. The report or the analysis shall be delivered to the Client within two (2) months of the Procurement Contract’s entry into force and after that upon request, within six (6) weeks of the request.

### **Reviews and monitoring**

The Client shall have the right to review the Supplier’s operations to ensure that the Supplier and its subcontractors comply with their requirements set out in “Minimum responsibility requirements (Code of Conduct)” and “Actions and policies”. The review can be conducted with the self-assessment form, as a review by the Client or as an audit.

The Supplier shall fill in and return the self-assessment form to be found as Annex X / separately provided by the Client as well as any clarifications required therein to the Client within two (2) weeks of the Client’s request. The Client may also request the Supplier to provide other written clarifications about the fulfilment of the requirements. The Client reserves the right to update the self-assessment form during the contract period.

The review and audit right shall entail the rights to access the necessary facilities and receive the necessary information and documents from the Supplier.

The Client may have the audit made by an independent third party. The Supplier shall have the obligation to offer the auditor the necessary workspace and to provide necessary information for conducting the review and the audit. The aim is to conduct the reviews and the audit so that they do not cause unreasonable inconvenience to the Supplier.

The Client shall express its intention to conduct a review and an audit at the latest thirty (30) days before the proposed review date. The Supplier may propose another date for the review. However, the new date may not be later than ten (10) days after the date proposed by the Client.

If the products are manufactured or the services supplied by a supply chain company other than the Supplier’s subcontractor, the Supplier shall contribute, as far as possible, to enabling the Client to review or audit the operations of the manufacturing facility of such a supply chain company.

### **Sanctions for violating the minimum responsibility requirements and neglecting actions**

If the Supplier violates its minimum responsibility requirements referred to in “Minimum responsibility requirements (Code of Conduct)” above or neglects the actions agreed on in “Actions and policies” or “Reviews and monitoring”, the Client shall have the right to the following actions due to the violation:

1. **Corrective actions**: The Client shall have the right to request, in writing, the Supplier to submit, within a four (4)-week deadline or within another deadline defined by the Client, for the Client’s approval a plan and a schedule for the Supplier’s corrective actions to ensure the compliance with the Supplier’s requirements. The proposed actions and schedule shall be in proportion to the violation and the plan shall clearly indicate how the Supplier will concretely rectify the violation within the provided schedule.
2. **Compensation payments**: If the Supplier does not commit to the approved plan and schedule referred to above, does not submit them, does not conduct the actions agreed on in the plan by the deadline or does not participate in a self-assessment or an audit in compliance with this contract, the Client shall have the right to demand the Supplier to pay it a delay penalty of thousand (1,000) euros per each starting seven (7)-day delay period, however no more than 15,000 euros in total.

***[INSTRUCTIONS TO THE CLIENT: The point iii below, “Limiting orders”, is possible only if the Procurement Contract allows separate orders. If it does not, please delete the point in its entirety. Also note that this measure can be taken only if the minimum responsibility requirements have been violated. The points i and ii can be used for other, minor deficiencies and negligence, too. If you leave the text in the contract, please remove extra bolding. Please delete these instructions.]***

1. **Limiting orders: In addition to requiring corrective actions, the Client may limit the orders placed with the Supplier under this Procurement Contract until the Supplier has rectified the violation of a minimum responsibility requirement referred to in “Minimum responsibility requirements (Code of Conduct)” or it is evident that the violation has ceased.**
2. **Termination**: The Client shall have the right to terminate the Procurement Contract with immediate effect or within another deadline indicated by the Client if the minimum responsibility requirements have been violated and the Supplier does not carry out the corrective actions referred to above and the maximum compensation amount referred to above has been reached.

***[INSTRUCTIONS TO THE CLIENT: If you have not required a living wage as a minimum requirement in the Code of Conduct terms and conditions, you can add the below goal-oriented term in the contract, if you wish; its realisation shall be monitored during the contract period. Please remove bolding of the paragraph’s text. You can also agree on incentives for the Supplier if the goal is verifiably achieved to the agreed extent. Note! Using this term requires special expertise in, among other things, how a living wage is calculated for each production location. Please delete these instructions.]***

### **Living wage**

**During the contract period, the Supplier shall cooperate with the Client to contribute to that companies in the Supplier’s supply chain pay their workers a living wage. Living wage means the take-home pay received by a worker for a standard work week (excluding overtime) sufﬁcient to secure the worker and the worker’s family a basic, but decent, standard of living in the working location. A living wage must be sufﬁcient to satisfy the family’s basic needs (including food, water, housing, education, healthcare, public transport, clothing and other essentials) and it must leave a share for unexpected events.**