Appendix [X]

ESG Appendix

The Supplier's societal responsibilities
The City of Copenhagen's ESG Appendix

1.0 INTRODUCTION
The City of Copenhagen focuses on the societal responsibilities of its suppliers when the City of Copenhagen carries out procurement. As part of this, the City of Copenhagen has established requirements relating to human rights, labour rights, climate and environmental protection, anti-corruption, and other forms of financial crime, with which the City of Copenhagen's Suppliers must comply when fulfilling the Agreement. These requirements are encompassed by the term ESG (*Environmental, Social, and Governance*), which addresses environmental responsibility, social matters, and good governance practices.

On this basis, the City of Copenhagen (hereinafter referred to as the "Contracting Authority") obliges the Supplier and the Suppliers Subcontractors, through this ESG Appendix, to comply with its requirements in accordance with the Agreement. The requirements of the ESG Appendix reflect and build upon the principles of the UN Global Compact, as well as compliance with national and international laws and regulations, recognised international standards, and treaties.

The Contracting Authority conductsfollows up regarding the Supplier's compliance with the ESG Appendix. If the Supplier does not comply with the requirements of the Appendix, or if there are reasonable grounds to suspect non-compliance, the Contracting Authority will generally initiate a dialogue to address the non-compliance before exercising its remedies for breach against the Supplier. However, the Contracting Authority is always entitled to apply the remedies for breach set out in the Appendix without prior dialogue, as further described in Section 7.0.

1.1 Responsibility for Subcontractors throughout the Supply Chain
The Supplier is responsible for compliance with the requirements of the ESG Appendix throughout the supply chain. This responsibility applies to the Supplier's Subcontractors only to the extent that goods, services, or other deliverables from these Subcontractors form part of the Supplier's performance of the Agreement with the Contracting Authority.

1.2 Communication of Substantive Requirements throughout the Supply Chain

The Supplier shall ensure appropriate communication of the material requirements set out in Section 2.0 to its employees and Subcontractors throughout the supply chain.

2.0 MATERIAL REQUIREMENTS

2.1 Requirements for the Supplier's Corporate Social Responsibility

When fulfilling the Agreement, the Supplier must comply with the applicable versions of:

- The international minimum standards for responsible business conduct as set out in the UN Guiding Principles on Business and Human Rights (UNGP);
- The OECD Guidelines for Multinational Enterprises, including the principles on stakeholder engagement;
- The UN Global Compact principles;
- The UN Declaration on the Rights of Indigenous Peoples and the ILO Convention No. 169 on Indigenous and Tribal Peoples.

2.2 Specific Provisions regarding Pay, Working Conditions, and Labour Rights

2.2.1 Production and delivery in Denmark

When fulfilling the Agreement, the Supplier shall ensure that all individuals involved in its performance, whether employees of the Supplier or of any Subcontractor, are ensured pay (including special payments), working hours, and other employment conditions which are not less favourable than those which are applicable to work of the same kind under a collective agreement entered into by the most representative labour market partners in Denmark within the industrial area in question and which are applicable to the entire Danish territory. Furthermore, the Supplier is committed to ensure terms of employment which are not less favourable than those applicable by arbitration, by national legislation, or by administrative regulations. All wages must be traceable through digital records.

2.2.2 Production and delivery outside Denmark

When production or delivery occurs outside Denmark, the Supplier must ensure that all individuals involved in fulfilling the Agreement, whether at the Supplier or at any Subcontractor, are paid a fair and adequate wage sufficient to ensure the employee and their family a dignified standard of living, as described in Article 23(3) of the UN Universal Declaration of Human Rights. To determine whether the wages paid can be considered fair and favourable, the Contracting Authority shall apply the International Labour Organization's (ILO) methodology for establishing a "living wage."

2.2.3 Ensuring Fundamental Labour Rights

In accordance with the obligations set out in this Appendix, the Supplier shall ensure that both the Supplier and its Subcontractors comply with

fundamental labour rights. In the Contracting Authority's assessment, consideration shall be given to whether the goods and/or their components:

- Are produced in compliance with the general prohibition of forced labour, cf. ILO Conventions No. 29 and No. 105.
- Are produced in compliance with the general prohibition of child labour, cf. ILO Conventions No. 138 and No. 182.
- Are produced under conditions ensuring the general principle of freedom of association and the right to collective bargaining, cf. ILO Conventions No. 87, No. 98 and No. 135.
- Are produced under conditions enduring the general principle of the right to a safe and healthy working environment, c.f. ILO Conventions No. 155 and No. 187.
- Are produced under conditions where no discrimination occurs, cf. ILO Conventions No. 100 and No. 111.
- Are produced under conditions respecting the general principle of the right to fair remuneration, cf. ILO Conventions No. 26 and No. 131.
- Are produced under conditions respecting the general principle of the right to reasonable working hours, cf. ILO Conventions No. 1 and No. 30.
- Are produced without violence and harassment in the workplace, cf. ILO Convention No. 190.

2.3 Specific Provisions Regarding Climate and the Environment

In fulfilling the Agreement, the Supplier shall protect the climate and the environment by avoiding actions that cause significant harm to the following environmental objectives:

1. mitigation of climate change;
2. adaptation to climate change;
3. sustainable use and protection of water and marine resources;
4. transition to a circular economy;
5. prevention and control of pollution;
6. protection and restoration of biodiversity and ecosystems.

In the Contracting Authority's assessment of the above, consideration shall be given to what is achievable through the application of the best available and widely recognised techniques, including the use of less-polluting raw materials, processes, and facilities, as well as the implementation of the most effective possible pollution-prevention measures.

2.4 Specific Provisions Regarding Corruption, Bribery, Money Laundering, and Breach of Sanctions

Throughout the term of the Agreement, the Supplier shall refrain from conduct covered by the mandatory and voluntary grounds for exclusion pursuant to Sections 134a, 135 and 137(1)(1) of the Danish Public Procurement Act. This includes refraining from:

- corruption;
- bribery;
- extortion;
- embezzlement;

- fraud;
- breach of mandate;
- misconduct, and
- money laundering.

3.0 DUE DILIGENCE REQUIREMENTS

In fulfilling the Agreement, the Supplier shall implement due diligence procedures to ensure compliance with the material requirements of the ESG Appendix set out in Section 2.0. These procedures are designed to ensure that the Supplier does not deliver any goods, services, or other deliverables to the Contracting Authority that fail to comply with the requirements of this Appendix.

The Supplier's due diligence procedures shall incorporate the six steps of the OECD Due Diligence Model, in accordance with the OECD Guidelines for Multinational Enterprises.

This model comprises the following stages:

1. Embed responsible business conduct into policies and management systems.
2. Identify and assess adverse impacts in operations, supply chains, and business relationships.
3. Cease, prevent, or mitigate adverse impacts.
4. Track implementation and results.
5. Communicate how impacts are addressed.
6. Provide for, or cooperate in, remediation where appropriate.

The extent of the Supplier's description of procedures for complying with its due diligence obligations, including which specific steps are relevant in a given situation, shall depend on several factors. Such factors include company size, business context, the specific recommendations in the guidelines, and the extent of any breaches.

The Supplier shall provide information regarding its due diligence procedures only upon request from the Contracting Authority.

4.0 DOCUMENTATION AND DUTY TO NOTIFY

4.1 Supplier's Documentation Requirements

It is the Supplier's responsibility to ensure that the Contracting Authority has access to all relevant documentation in a specific case.

Upon request from the Contracting Authority, the Supplier shall submit the documentation necessary for the Contracting Authority, or a third party appointed by the Contracting Authority, to verify the Supplier's and its Subcontractors' compliance with the requirements set out in this Appendix. Based on dialogue with the Supplier, the Contracting Authority shall determine which documentation must be submitted in a specific case.

The Contracting Authority may, for example, request the Supplier to submit the following documentation:

- Names and addresses of the Supplier's and Subcontractors' production sites.
- Relevant documentation of wages and working conditions, cf. Section 0. Evidence regarding wages and employment conditions, working hours, social security, and the reference framework used by the Supplier and Subcontractors when determining wages and working conditions for employees.
- Contact details for affected parties and stakeholders.

All costs relating to the preparation, maintenance, retrieval, and provision of documentation to the Contracting Authority shall be borne by the Supplier and shall not concern the Contracting Authority.

The Contracting Authority shall receive the requested documentation no later than 21 calendar days after sending its request. The Contracting Authority may extend this deadline at its discretion.

4.2 Supplier's Duty to Notify

In performing the Agreement, the Supplier is obliged to notify the Contracting Authority immediately if the Supplier becomes aware that it or its Subcontractors have not complied with the requirements of this Appendix, or if there is a basis for a concrete, well-founded suspicion of non-compliance.

5.0 FOLLOW-UPS AND INSPECTIONS

The Contracting Authority conducts follow up regarding the Supplier's and Subcontractors' compliance with the requirements of this Appendix.

The Supplier shall ensure and facilitate that the Contracting Authority, and/or a third party acting on its behalf, has access at all times during the term of the Agreement to carry out both announced and unannounced inspections at the Supplier's and Subcontractors' locations in Denmark and abroad.

The Supplier shall ensure that the Contracting Authority and the aforementioned third party have access to speak with company management, employees, elected representatives, or any other persons deemed relevant by the Contracting Authority. The Contracting Authority shall also have access to relevant documentation in connection with any inspection.

All costs incurred by the Supplier and Subcontractors in connection with inspections, including the provision of documentation, shall be borne by the Supplier and shall not concern the Contracting Authority. The Contracting Authority shall bear its own costs for inspections.

6.0 REMEDIATION AND CORRECTIVE ACTION PLAN

It is the Supplier's responsibility to ensure effective remediation for affected parties and/or to implement corrective actions in the event of breaches of the requirements of this Appendix. The Supplier shall do so on its own initiative to ensure that breaches are remedied (where and to the extent possible) and not repeated.

These matters shall be documented in a corrective action plan, which the Supplier shall submit to the Contracting Authority. The Contracting Authority will engage in dialogue with the Supplier regarding the breach and the corrective action plan. The corrective action plan shall include any relevant Subcontractors, and affected parties and their representatives shall be involved in the preparation, in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP).

The corrective action plan shall be submitted to the Contracting Authority within the remediation deadline set by the Contracting Authority, taking into account the nature and extent of the breach.

The Contracting Authority shall be entitled, without liability, to suspend the Agreement until the Supplier has submitted the corrective action plan to the Contracting Authority containing content that meets the requirements of this Appendix.

Based on the submitted corrective action plan, the Contracting Authority shall make a specific assessment to determine whether the Supplier has sufficiently remedied the breach of the requirements of the Appendix.

7.0 PENALTIES AND REMEDIES

7.1 Penalty

The Supplier shall pay a daily penalty to the Contracting Authority for each commenced day of delay, corresponding to [insert per mille of the contract sum], but not less than DKK [5,000] per day, in the event of the Supplier's delayed submission of:

- Documentation pursuant to Section 4.1.
- Notifications pursuant to Section 4.2, and/or
- The corrective action plan pursuant to Section 6.0.

The daily penalty shall accrue from the moment the delay occurs until the matter(s) referred to above have been remedied. The Supplier shall also pay the above-mentioned daily penalty if it fails to provide the Contracting Authority with access to perform inspections as set out in Section 5.0.

In cases of multiple simultaneous breaches, the daily penalty shall be payable per breach.

The daily penalty shall fall due for payment upon written notice from the Contracting Authority to the Supplier and shall be paid no later than seven (7) calendar days thereafter. Payment of a daily penalty shall not relieve the Supplier of liability for breach of the requirements of this Appendix or for any breach of the Agreement. The daily penalty paid shall not be deducted from any damages payable to the Contracting Authority, and the Contracting Authority shall be entitled to set off the penalty against the Supplier's remuneration.

7.2 Termination

The Contracting Authority regards breaches of the requirements in this Appendix as serious. If a breach of the requirements of the Appendix is

found, it shall carry particular weight in the Contracting Authority's assessment of whether the breach constitutes a material breach of the Agreement that may justify termination thereof.

The Contracting Authority shall always regard the following breaches as material breaches of the Supplier's obligations:

- Repeated or material breaches by the Supplier or its Subcontractors of the requirements set out in Sections 2 to 6 of the Appendix.
- A conviction for any of the matters referred to in Section 2.4. This applies both where the Supplier or its Subcontractors receive a final judgement, and where a member of their board of directors, executive management, or supervisory board receives such a final judgement.

The Contracting Authority may decide not to terminate the Agreement if it considers that termination would not be proportionate to the Supplier's actions or omissions. In its assessment, the Contracting Authority shall place particular emphasis on the measures initiated by the Supplier to prevent recurrence in the future.