

Maersk Group

Supplier Sustainability Guidance

August 2017

1. Respectful Treatment
2. Equal Opportunity
3. Forced Labour
4. Child Labour
5. Working Hours
6. Compensation
7. Freedom of Association and Collective Bargaining
8. Use of Security Forces

- [1] Transparency International [website](#)
- [2] US Gov. [website](#)
- [3] UK Gov. [website](#)
- [4] Transparency International [website](#)



What is corruption?

Corruption is the abuse of entrusted power for private gain. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs. [1]

Why this matters?

Corruption has a negative impact on communities and overall global economic development by channeling funds away from overt towards covert economies. Corruption also erodes the trust necessary to build healthy societies.

Almost all countries have laws and regulations that prohibit corruption, for example:

- the US Foreign Corrupt Practices Act (FCPA) [2]
- the UK Bribery Act (UKBA) [3]

Steps towards an anti-corruption programme

Companies should adopt an anti-corruption programme as an expression of their core values of integrity and responsibility as well as to counteract corruption effectively.

An effective programme requires the ability to see the big picture, leadership and support on the part of the Board of Directors (or equivalent) and senior management.

The commitment should be expressed formally through a written statement published internally and externally. [4]

An example of a policy / statement and additional guidelines on further steps that should be taken are presented below.

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- [2] US Gov. [website](#)
- [3] UK Gov. [website](#)
- [4] Transparency International [website](#)



Example of an anti-corruption policy

“It is the policy of [Company Name] to comply with all applicable laws and regulations prohibiting corruption in our worldwide operations. We expect the same of our business partners.”

“[Company Name] representatives at any level who fail to comply with this Policy, or to support guidelines and procedures or relevant legislation will be subject to internal disciplinary action, and possibly the termination of their contract.

“Those who believe a violation of this Policy has occurred or is about to occur are expected to speak up, either internally to their manager or legal department, or anonymously through the [Company Name] Whistleblower System.”

Maersk Programme

Click [here](#) to read the Maersk Group’s Anti-Corruption Stance and activities against corruption.

Additional guidelines

- Transparency International's Business Integrity Toolkit provides a user-friendly six step process for building an effective anti-corruption programme [4]

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- [1] ILO [website](#)
- [2] ILO [website](#)
- [3] UK Gov. [website](#)
- [4] US Gov. [website](#)

Health and Safety (1/2)



What is health and safety?

Occupational health and safety is a field that aims to understand and control the causes of accidents and illnesses at work to promote and maintain the highest degree of physical, mental, and social well-being amongst workers. [1]

Why this matters?

Respecting human rights obligates all employers, through conventions and legislation, to prevent work-related injuries and fatalities. Having an effective health and safety management system to mitigate the risks of occupational illnesses and accidents, companies will be able to (1) reduce loss time incidents, (2) improve employee morale and productivity, (3) reduce medical costs and workers' compensation costs, and (4) comply with national legislation.

Many countries around the world have legislation on occupational health and safety. Authorities carry out inspections of companies about their health and safety management systems and practices, and investigate fatalities and severe safety accidents. In some cases, authorities can stop the production if they believe the safety risk is too high.

International and local standards:

- the Occupational Safety and Health convention, C155 [1] and its accompanying Recommendation 164 [2]
- the BSI British Standards for Occupational Health and Safety [3]
- the US OSHA Standards [4]

Health and Safety (2/2)



Example of a health and safety policy

"[Company Name] is committed to managing all potential risks to the health, safety and welfare of all our workers, contractors and visitors, and anyone else who may be affected by our business operations."

"[Company Name] specifically aims to comply with applicable laws and regulations; promote awareness through education and training; maintain proactive emergency preparedness and response and; measure and evaluate health and safety performance through regular audits, inspections and internal reporting."

Maersk Policy

Click [here](#) to read Maersk Group's Policies [Health and Safety] page 8.

Additional Guidance on Health and Safety

- Social Accountability International (2016). Guidance Document for Social Accountability 8000 (SA 8000:2014). NY, NY: SAI
- Occupational health and safety management systems – Guidelines for the implementation of OHSAS 18001 (2008). BSI-OHSAS 18002. UK. BSI

Respectful Treatment (1/2)

What is respectful treatment?

Respectful Treatment promotes a positive environment that supports dignity and mutual respect. Promoting respectful treatment in the workplace protects employees from acts of harassment, abuse, or threats, including when implementing disciplinary measures.



Why this matters?

Respecting human rights obligates all employers, through conventions and legislation, to abolish any practice that may compromise or damage the mental and physical well-being of its employees.

Management systems must be aligned with applicable international standards and local laws and regulations such as:

- the Universal Declaration of Human Rights [1]
- the International Covenant on Civil and Political Rights [2]
- the Declaration on the Protection of all Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment [3]

How – procedures to ensure respectful treatment

Companies should have the following elements of a management system in place to promote respectful treatment in the workplace.

- **Policy.** Establish a company policy that prevents it and its suppliers from exercising any form of harassment, abuse, threats, or actions that may damage the mental and physical well-being of their respective employees.

Respectful Treatment (2/2)



Example of a respectful treatment policy

"[Company Name] is committed to providing a safe environment for all its employees, i.e. one that is free from any harassment at work including sexual harassment. [Name of Company] will operate a zero tolerance policy for any form of sexual harassment in the workplace, treat all incidents seriously and promptly investigate all allegations of sexual harassment."

"Any person found to have sexually harassed another will face disciplinary action, up to and including the termination of their employment."

"All complaints of sexual harassment will be taken seriously and treated with respect and in confidence. No one will be victimised for making such a complaint."

- **Complaint Management System.** Provide workers with channels to report related complaints. All persons involved in processing complaints are responsible for keeping reports confidential and ensuring that a person does not suffer prejudice, embarrassment, or retaliation as a result of submitting a complaint. All complaints should be investigated and appropriate preventive, corrective, and disciplinary actions should be taken.
- **Respectful Disciplinary Actions.** Comply with applicable laws and standards in implementing disciplinary actions. Disciplinary actions should fully respect an employee's basic rights and dignity. Wage deductions implemented as a result of a disciplinary action is only allowed if it is permitted by local laws and regulations and supported by a collective agreement. The minimum wage should always be upheld.

Equal Opportunity Rights (1/2)

What is equal opportunity?

Equal opportunity is rooted in the principles of equal pay for work of equal value; the prohibition of discrimination based on race, colour, sex, religion, political opinion, national extraction, social origin or any status protected by international law; and the equal treatment of workers with family responsibilities. [1]



Why this matters?

A bias-free environment fosters a culture of diversity and inclusion, which in turn cultivates innovation and collaboration.

Various legislations are designed to render non-discriminating practices mandatory, with varying emphasis on particular characteristics depending on the country or region. Some examples are:

- Title VII of the American Civil Rights Act of 1964 [2]
- the American Pregnancy Discrimination Act [2]
- the European Union Equal Treatment Directive 2006 [3]

How – procedures to ensure equal opportunity rights

- **Policy.** Establish a company policy that ensures that all employment-related decisions such as those regarding compensation, benefits, training, promotion, termination and retirement are based solely on relevant and objective criteria.

Equal Opportunity Rights (2/2)

Example of an equal opportunity rights policy

“[Company Name] has zero tolerance towards the discrimination of any employee or job-applicant based on the individual’s race, colour, religion, sex, sexual orientation, national origin, age, disability or any attribute protected by national or international laws. This policy applies to all stages of employment.”

“A confidential reporting system is provided to bring forth issues of discrimination and whistle-blowers are protected from retaliation.”

Maersk Policy

Click [here](#) to read the equal employment opportunity statements of Maersk USA’s entities.

- **Complaint Management System.** Provide workers with channels to report related complaints. All persons involved in processing complaints are responsible for keeping reports confidential and ensuring that a person does not suffer prejudice, embarrassment, or retaliation as a result of submitting a complaint. All complaints must be investigated and appropriate preventive, corrective, and disciplinary actions must be taken.
- **Proactive Measures.** In pursuit of diversity, inclusion and fairness, a company could conduct active outreach to underrepresented groups, including individuals with disabilities, women, indigenous communities and other minority groups [4]. In addition, many companies offer parental leave to strengthen the protection of workers with family responsibilities (see above sample policy).



Forced Labour (1/2)

What is forced labour?

Forced labour refers to situations in which individuals are coerced into working through the use of violence or intimidation, or by subtler means such as accumulated debt, the retention of identity papers or threats of denunciation to immigration authorities. [1]

Why this matters?



Using forced labour is considered a violation of human rights. Companies are expected to neither use nor contribute or link to forced labour.

In most countries, forced labour is forbidden by laws and regulations, for example:

- the UK Modern Slavery Act [2]
- the Californian Transparency in Supply Chains Act [3]



Forced Labour (2/2)

How - procedures to prevent forced labour

- **Policy.** Establish a company policy that prevents it and its suppliers from using or benefitting from forced labour.

Example of a forced labour policy

"[Company Name] strictly prohibits the use of forced labour and human trafficking in all company operations and in our global supply chain."

"This document demonstrates a commitment within [Company Name] to mitigate any risk of slavery or human trafficking in our operations or within the supply chain."

"To support honesty and integrity we provide our staff with the opportunity to report any concerns they may have regarding slavery and human trafficking through a confidential whistleblower system."

Maersk Policy

Click [here](#) to read the Maersk Group's Modern Slavery Statement.

- **Training.** Provide training to the people management, who must understand all types of forced labour (e.g. locked rooms, compulsory overtime, detention of ID document, lodging of deposit or recruitment fee, and etc.), and commit to not adopt practices that can give rise to risks of forced labour.
- **Employment.** Provide a written contract (or letter) of employment to each employee. The contract should follow local labour legislation, be fair, and be understood by the employee prior to employment.

[1] [ILO website](#)

[2] [ILO Declaration on Fundamental Principles and Rights at Work website](#)

Child Labour (1/2)

What is child labour?

Child labour is defined by the International Labour Organisation (ILO) as “work that deprives children (people under age 15) of their childhood, their potential and their dignity, and that is harmful to physical and mental development.” [1]

Why this matters?

Child labour is a serious human rights issue. Working children not only lose their access to education, they are also negatively impacted in terms of their physical and psychological growth, especially if they work under very harsh conditions. It is important that companies respect children’s right to education and ensure their healthy growth.

Many countries define the legal working age. The type of work and number of working hours are usually restricted for young workers under the age of 18.

The ILO Declaration on Fundamental Principles and Rights at Work commits Member States to respect the abolishment of child labour. [2]

How – procedures to manage child labour risks

- **Policy.** Establish a company policy that prevents it and its suppliers from using or benefitting from child labour.

Example of a child labour policy

“[Company Name] does not employ any person below the legal minimum age. We also have a policy of zero tolerance against its breach.”

Maersk Policy

Click [here](#) to see Maersk’s policy on child labour

Child Labour (2/2)



- **Control procedures.** Establish control procedures to meet the company's policy commitment. Controls could be integrated with human rights' due diligence processes, or hiring requirements and procedures. Employment contracts and other records, documenting all relevant details of the employees, including age, are maintained by all units and are open to verification by any authorised personnel or relevant statutory body. If young workers are employed, a tracking procedure should be established to ensure that they are not involved in hazardous work and that their working hours permit them to continue their schooling.
- **Remediation procedure.** A remediation procedure should be established in the event that it comes to light that the company has caused or contributed to the actual infringement of the right of a child to be free from child labour. It may help to take note of the following steps as immediate actions to be taken
 - Assess whether it is in the best interest of the children to be dismissed or kept at work. If children should be kept at work, ensure that they are removed from hazardous work and reduce their working hours.
 - Develop an improvement plan to mitigate further risk.

Working Hours (1/2)

What are working hours?

Working hours refer to the time during which the persons employed are at the disposal of the employer. It includes regular and overtime working hours and excludes rest periods and public holidays. [1]

Why this matters?

The negative effect of excessive working hours on the health and safety of workers is twofold. Long working hours with reduced rest periods cause mental and physical stress amongst employees, which in turn results in higher accident/injury rates. [2]

The definition of working hours is addressed by local laws and regulations and varies from country to country. A few examples are:

- the Labour Law of the People's Republic of China [3]
- the EU's Working Time Directive (2003/88/EC)[4]

How – procedures to manage working hours

Policy. Establish a company policy that ensures compliance with local laws and regulations (and collective agreements if applicable) on working hours.

Example of a working hour policy

“[Company name] will not exceed the maximum hours of work prescribed by law and will compensate overtime appropriately.”

“Employees will not be required to work more than 40 hours a week, including overtime, except in extraordinary business circumstances with their consent or where the nature of the position requires such work, as for example is the case for employees in executive, managerial or



Working Hours (2/2)

professional positions. In countries where the maximum workweek is shorter, that standard shall apply. Employees should be allowed at least one day off per seven-day week.”

Maersk Policy

Click [here](#) to read the Maersk Group’s Global Labour Principles (Chapter 6. Working hours).

- **Complaint Management System.** Provide workers with channels to report related complaints. All persons involved in processing complaints are responsible for keeping reports confidential and ensuring that a person does not suffer prejudice, embarrassment, or retaliation as a result of submitting a complaint. All complaints must be investigated and appropriate preventive, corrective, and disciplinary actions should be taken.
- **Automated time and attendance systems.** Record the clock-in/clock-out times of employees to keep fair and realistic records of their working hours. In case a company is unable to install automated systems, it should ensure that the entry and exit times of its employees are adequately recorded.
- **Incentive.** Establish an incentive scheme to reward workers/teams who successfully complete tasks efficiently without clocking up excessive overtime. The incentive scheme should be attractive enough to equal the additional salary earned during overtime. In addition, it is also helpful to improve workers’ after work recreation life, for example by adding recreation facilities in the canteen.



Compensation (1/2)

What is compensation?

Compensation (i.e. in the form of wages and salaries) is the remuneration in cash and in kind paid to employees, as a rule at regular intervals, for the time worked or work done, together with remuneration for the time not worked, such as annual vacation and other types of paid leaves and holidays. [1]

Why this matters?

Companies are expected to pay their employees the minimum wage for normal working hours and a premium rate for overtime, according to local laws and regulations.

The minimum wage is defined by laws and regulations in many countries. For example:

- the India Minimum Wages Act 1948 [2]
- the New Jersey State Wage and Hour Law [3]



Compensation (2/2)

How – procedures to ensure fair compensation

- **Policy.** Establish a company policy that ensures compliance with local laws and regulations (and collective agreements if applicable) on compensation.

Example of a compensation policy

“[Company name] observes the statutory minimum wage set by the government of the country in which it has a local operation. Where this is not sufficient to meet basic needs, [Company name] strives to compensate employees with remuneration that ensures an adequate standard of living. [Company name] maintains a remuneration policy that emphasises the internal equity and external comparability within a defined job market. The key elements within [Company name]’s pay and reward policy are: pay for responsibility and pay for performance.”

Maersk Policy

Click [here](#) to read the Maersk Group’s Global Labour Principles (Chapter 7- Compensation).

- **Training.** All employees should be made aware of the company’s compensation policy and provided with basic training to understand their salary. In addition, management and employees involved in the payroll function should be regularly trained in the latest laws and regulations for compensation (both global and local).



Freedom of Association and Collective Bargaining (1/2)

What is freedom of association and collective bargaining?

Freedom of association refers to the right of an employee / employer to join or create an organisation such as a trade union of their choice. This also includes the freedom not to be forced to join a group.

Collective bargaining agreement is defined by the ILO as “all negotiations which take place between a workers’ organisation and a group of employers on (1) determining working conditions and terms of employment, (2) regulating between employers and workers, and/or (3) regulating relations between employers or their organisations and a workers’ organisation.” [1]



Why this matters?

Workers and employers should be ensured the right to freedom of association and collective bargaining, both of which are fundamental principles and a reflection of human dignity. [1]

Freedom of association and collective bargaining play a role in promoting the peaceful, inclusive and democratic participation of representative workers’ and employers’ organisations.

The application of these two fundamental human rights can have a major impact on working and living conditions, wages, working hours, and etc.

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- Health and Safety
- Labour and Human Rights
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- Environment
- Supplier Management



Freedom of Association and Collective Bargaining (2/2)

How – procedures to ensure workers’ rights of freedom of association and collective bargaining

- **Policy.** Establish a company policy that ensures the right of workers to freedom of association and collective bargaining.

Example of a freedom of association and collective bargaining policy

“Company shall freely allow workers’ lawful rights to associate with others, form, and join (or refrain from joining) organisations of their choice, and bargain collectively, without interference, discrimination, retaliation, or harassment. ”

“Company upholds the freedom of association of its employees and the effective recognition of the right to bargain collectively.”

Maersk Policy

Click [here](#) to read the Maersk Group’s Global Labour Principles on Freedom of Association and Collective Bargaining.

- **Non-interference.** Employers are prohibited from interfering in any aspect of organising or collective bargaining, including the nomination, election, operation, administration, or financing of workers’ representation. Employers supporting organisations that compete with freely elected trade unions, including when the intent is employer control of the organisation, is considered interference and is prohibited.
- **Non-discrimination.** Employers should not discriminate or take adverse actions against employees, in retaliation for their exercising their employee rights, or participating in union activities.
- **Continuous improvement.** Management should be willing to discuss and improve issues raised by a union or other forms of workers’ committees.

Use of Security Forces (1/2)

What are security forces?

Security forces are hired or contracted personnel that serve to protect the employees, facilities, assets, and operations of a company or organisation.

Companies sometimes engage private or public security forces in high-risk environments where companies need a greater level of security. [1]

Why this matters?

Security forces normally possess a certain level of authority and sometimes weapons. If they start misusing their authority and weapons towards workers or people in the surrounding community, the impact could be significant. Therefore, it is very important for companies to define the roles, responsibilities, and boundaries of their security forces clearly, in order to prevent the misuse of these forces. [2]

Management systems are to be aligned with applicable international standards and local laws such as:

- the International Code of Conduct for Private Security Service Providers [3]
- the Voluntary Principles on Security and Human Rights [4]
- the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials [5]

How – procedures to manage security forces

- **Policy.** Establish a company policy that prevents it and a third party security service provider from using of force while ensuring their proper management in situations where the use of force is unavoidable.



Use of Security Forces (2/2)

Example of a security force policy

“The purpose of this Policy is to regulate the use of force, arms and firearms by Security Personnel and to ensure that every individual acts in a manner that is in compliance with applicable national, state and local laws at all times.”

“[Company Name] is responsible for the local implementation of the Policy as well as for ensuring that local armed guards have been carefully selected, vetted to ensure that they have not carried out any human rights abuses and that they are trained regularly and supervised closely in reference to this Policy.”

- **Complaint Management System.** Provide workers with channels to report related complaints. All persons involved in processing complaints are responsible for keeping reports confidential and ensuring that a person does not suffer prejudice, embarrassment, or retaliation as a result of submitting a complaint. All complaints must be investigated and appropriate preventive, corrective, and disciplinary actions should be taken.
- **Risk Assessment.** A risk assessment should be carried out to identify security risks, potential for violence, and understand the root causes of local conflicts (if any).
- **Training.** Companies should ensure that all personnel performing security services have adequate competence in security management including:
 - roles and responsibilities;
 - the proper use and maintenance of weapons and ammunitions;
 - awareness and understanding of human rights and relevant laws.



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Environment (1/2)

What is the Environment?

Environment refers to the surroundings in which an organisation operates, including air, water, land, natural resources, flora, fauna, humans and their interrelationships. [1]

Why this matters?

Human activities and needs have caused the depletion of natural resources and ecosystem services. This is partly due to business activities that result in negative environmental impacts in the short and long term. Therefore, compliance with legislation serves as the foundation for companies to manage and mitigate their environmental impacts in order to ensure a better environment. In addition to compliance, businesses may implement management systems to (1) analyse, mitigate and reduce their environmental impacts, (2) ensure compliance with legal requirements, (3) raise environmental awareness and competence, and (4) make continuous improvements.

Environmental regulations vary per region and country, or based on industry standards. For example:

- the EU Directive 2008/1/EC [2]
- the US Clean Air Act (CAA) [3]
- the MARPOL 73/78 [4]



Environment (2/2)

Example of an environment policy

“[Company Name] is committed to leading the industry in minimising the impact of its activities on the environment.”

“[Company Name] will actively promote recycling both internally and amongst its customers and suppliers.”

“[Company Name] will work on minimising its toxic emissions through the selection and use of its fleet and the source of its power equipment.”

Aspects to consider when developing a policy:

- Energy and emissions
- Water
- Waste
- Soil
- Biodiversity
- Product use and sourcing



Maersk Policy

Click [here](#) to read the Maersk Group’s commitment to the environment.

Additional Guidance on Environmental Management

- ISO 14004:2016, Environmental management systems – General guidelines on implementation

- [1] ISO 20400. [website](#)
- [2] UK Gov. [website](#)
- [3] US Gov. [website](#)

Supplier Management & Sustainable Procurement (1/2)

What is Sustainable Procurement ?

We require that our suppliers have similar rules to the Maersk Third Party Code of Conduct for their own suppliers. Alternatively, suppliers should pass on requirements to their suppliers based on an internationally recognized standard within the areas of human rights, anti-corruption, environment and labour, such as, but not limited to, the United Nations Global Compact (UNGC). This enables our suppliers to carry out sustainable procurement, which is the “procurement that has the most positive environmental, social, and economic impacts possible across the entire life cycle and that strives to minimise adverse impacts.” [1]

Why this matters?

A company is indirectly contributing to unethical behaviour, violation of human and labour rights and environmental impacts if it does business with a supplier that is not sustainable. A company can make a positive shift if it manages its own risks in the supply chain and promotes sustainability throughout.

In addition, governments are placing increased focus on sustainability, drafting laws and regulations that businesses should follow to avoid penalties and fines. Proactively managing the sustainability issues in the supply chain gives a competitive advantage in the market.

Example of laws that require companies to manage a certain issue in their supply chain:

- the UK Modern Slavery Act [2]
- the California Transparency in Supply Chains Act [3]



[4] OECD. [website](#)

[5] UN. [website](#)

Supplier Management & Sustainable Procurement (2/2)

General Sustainable Supply Chain Management is recommended by various guidelines. For example:

- OECD Guidelines for multinational enterprises [4]
- United Nations Guiding Principle on Business and Human Rights [5]

Example of a sustainable procurement policy

“[Company Name] promotes sustainable development and strives to address sustainability throughout its value chain and expects its suppliers to operate in the same way.”

“We use our influence wherever possible to promote good practice and raise awareness, not only among our suppliers and their employees, but amongst others along our value chain as well. We believe that working together in partnership is the best way we can make a positive difference.”

“In order to promote sustainable development, [Company Name] commits to collaborating with suppliers and partners that meet certain standards within environment, occupational health and safety, social responsibility and anti-corruption. [Company Name] procures goods and services at the best terms, assessing total costs, quality and sustainability.”



Maersk Policy

Click [here](#) to read Maersk Responsible Procurement Programme

Additional Guidance on Sustainable Procurement

- ISO 20400 Sustainable Procurement