

Communication on engagement

Period covered by this Communication on Engagement: September 2015- August 2016

I: Statement of Continued Support by the Board chair and the Managing Director

To our stakeholders:

October 25th, 2016

We are pleased to confirm that IEH Ethical Trading Initiative Norway reaffirms its support to the United Nations Global Compact and its ten principles in the areas of Human Rights, Labour, Environment and Anti- Corruption.

In this Communication of Engagement, we describe the key actions our organisation has taken to support the UN Global Compact and its principles over the last two years, in line with the suggestions for our kind of organisation. We commit to share this information with our stakeholders through our primary channels of communication.

Sincerely yours

A handwritten signature in blue ink, appearing to read "Knut Lutnæs".

Knut Lutnæs
Chair of the board

A handwritten signature in blue ink, appearing to read "Per N. Bondevik".

Per N. Bondevik
Managing director

Description of IEH Ethical Trading Initiative Norway

IEH – Ethical trading initiative Norway (IEH) is a multi- stakeholder initiative founded in 2000 to protect workers' rights, human rights and the environment in global supply chains. In 2012, the fight against corruption was integrated in our core principles. The composition of IEHs founding members – one company, one union, one NGO and one business association - illustrates the joint understanding of cooperation across sectors as necessary. Improvements and collaboration with suppliers in order to achieve this is at the core of our approach.

As of today, a number of public sector entities have also joined the initiative, currently consisting of more than 160 members, of which 116 are companies. Our purpose is to promote responsibility in global supply chains in a way that ensures that international trade safeguards human and workers' rights, sustainable development and environmental care.

Our members commit to adopting ethical guidelines in line with IEHs requirements, based on ILO conventions and relevant UN instruments. These are fully compatible with the UN Global Compacts ten principles as well as the UN Guiding Principles on Business and Human Rights. Our members commit to each year report publically on improvements and challenges as well as to promote the concept of ethical trade in general. Through trainings, resources, advice and facilitated collaboration and discussions we equip our members to identify issues, develop and implement innovative, long-lasting solutions.

Our 2020 strategy is developed to assist our members to remain ethical leaders, confront exploitation at its source, influence policy and practice where it counts most, and encourage the voices of workers worldwide. UNs guiding principles on business and human rights and the Sustainable development goals provide the overarching frame for our strategy. Key measures of success is that workers can negotiate effectively for a better working life where their rights are respected, that public entities are a driver for ethical procurement and that environmental care have improved in our members supply chains.

II Description of actions

IEH's purpose and all our work are encompassed within the Global Compact's ten principles. Thus, all our actions are aimed at helping – and pushing – businesses and other members, to internalise these principles into their everyday operations.

Some key actions over the last two years are:

i. Increasing support for ethical trade

One of our key objectives is to increase the support for ethical trade, and thus the implementation of Global Compact's ten principles. This means **increasing the number of companies** that, through joining the IEH as members, have committed to work systematically and continuously to improve working conditions, environmental care and to fight corruption in their international supply chains. It also means **advocating for appropriate legislative measures** as well as engaging in the public debate.

Accumulated, **public bodies** is the single largest buyer in many countries, so also in Norway. Since 2008, IEH has been working proactively, together with a few and committed public entities, to integrate respect for labour rights in public procurement. More public entities are now starting to look into ethical procurement. IEH has mobilized members and politicians to include the respect for human rights and environmental care in the legislation on public procurement.

ii. Performance and Benchmarking tool

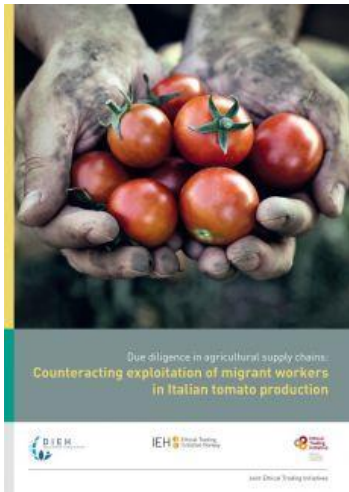
Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Working with companies value systems, culture and policy can be hard and time-consuming. This is however key to success. In 2014, IEH launched a **Performance and Benchmarking tool**.

The tool gives IEH and members a benchmark against IEH's expectations and a benchmark with other members. For IEH this means more meetings and a closer follow-up with our member companies. For companies it has meant a clearer concept of what is expected of them. Most of IEH's members are SMEs

iii. Strengthening worker – management dialogue

Over the last two years, we have made new and pioneering efforts related to Global Compact's principle no. 3 on core labour rights. The lack of worker representation is one of the root causes behind poor labour conditions. We initiated a pilot program on **strengthening worker – management dialogue**, part of it jointly with our sister organisations Ethical Trading Initiative (UK) and the Danish Ethical Trading Initiative, focussing on Bangladesh and Vietnam. Through our members supply chains, and in close coordination and collaboration with local unions, businesses and relevant authorities, the project carried out trainings on workers' rights, facilitation of workers' elections as well as on how to engage in a constructive worker- management dialogue.

iv. Counteracting exploitation of migrant workers

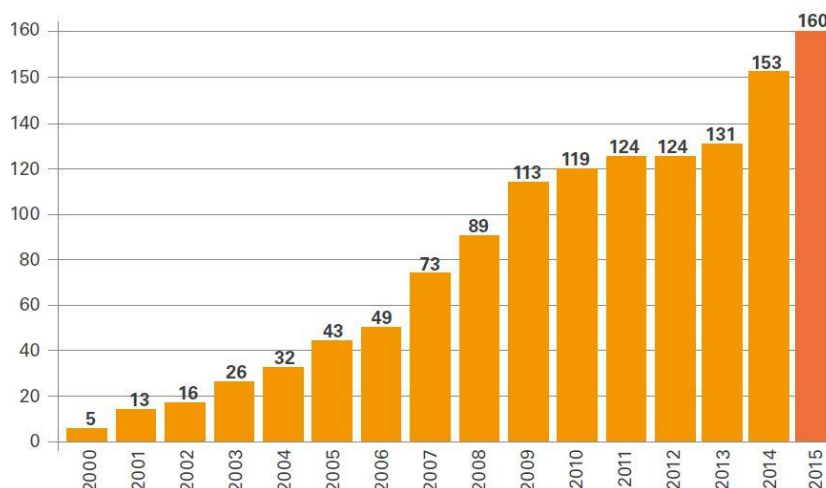


The project on counteracting **exploitation of migrant workers** in tomato production in Italy through a collaborative multi stakeholder project involves major retailers, unions and NGOs in Norway, UK, Denmark and Italy. After convening the participants, the project carried out a human rights due diligence¹ in close collaboration with key local stakeholders, focussing on identifying challenges as well as feasible solutions. Part of this work included advocacy towards the Italian government to implement regulation protecting vulnerable workers as well as meetings and seminars with project participants and Italian producer unions and trade unions.

III Measurement of outcomes

i. Increasing support for ethical trade

During the last two years, 48 **new members** has joined IEH, committing to the principles and our member program. A large part of IEH's new members are either public sector entities or suppliers to public sector. In 2016 an important milestone was reached when the **Norwegian parliament passed a law** stating that *"..appropriate measures on ethical and environmental conditions in the supply chain shall be applied in high risk procurements..."*². We do already experience the start of a much stronger focus on sustainable and responsible sourcing, from public procurers as well as from the numerous private companies supplying, or aiming at supply to, public bodies.



Progress in our total membership base

¹ <http://etiskhandel.no/Artikler/12464.html>

² Unofficial own translation

ii. Performance and Benchmarking tool

By incorporating IEH base code and hence the Global Compact principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success. The visibility of poor (or poorer compared to others) performance is often a main driver for company leaders to change. As a result, companies are more aware of IEH's, and hence Global Compacts, expectations, and we see positive changes in their actions to comply, and become leaders in their business segment.



IEH's model for ethical trade gives businesses a good overview of which activities are appropriate at which stage of the process.

iii. Strengthening worker – management dialogue

The pilot on **worker- management dialogue** have reached more than 30 000 workers and management on 16 factories in Vietnam and Bangladesh. The results has created a demand from ore factories and buyers in particular in Bangladesh, and has also spurred the interest not from the ILO Better Work programme and the Accord for building and fire safety in Bangladesh for future coordination, mutual learning and complementary actions.

iv. Counteracting **exploitation of migrant workers**

An important result in counteracting exploitation of migrant workers in Italy is the October 2016 changes in Italian legislation, placing a clear responsibility for working conditions on the contracting farmer as well as paving the way for a more transparent mechanism for recruitment of workers.

IEH members (as of 22.06.2016)

Companies

NGOs

Trade Unions

Employers' organisations

Other organisations

Public sector