

## Communication on engagement

**Period covered by this Communication on Engagement:** October 2016- October 2018

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

To our stakeholders:

October 30<sup>th</sup>, 2018

We are pleased to confirm that Ethical Trading Initiative Norway (IEH) 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,



Ellen Behrens

Chair of the Board



Heidi Furustøl

Executive 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 172 members, of which 117 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 (UNGP). 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 beneficial for both workers and the environment.

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 independently and 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 guiding – and nudging – 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, as 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. IEH has for many years advocated human rights in public procurement and finally it was included in the Norwegian legislation in 2017 (An EU Directive). Thus, there has been an increase of members doing business with the public sector and as a whole public entities are now more aware of ethical procurement, but there is still a lot of work to be done.

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 KPI's used in the tool gives IEH and members a benchmark against IEH's expectations and with other members. For IEH this means a closer follow- up with our member companies. For companies it has meant a clearer concept of what is expected of them, and the dialog and support from IEH is strengthened. For IEH's many SME-members this is a valuable tool. In 2018 we have started a process to revise our tools in order to improve our members reporting and performance.

iii. Strengthening worker – management dialogue

Over the last 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, focusing 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.

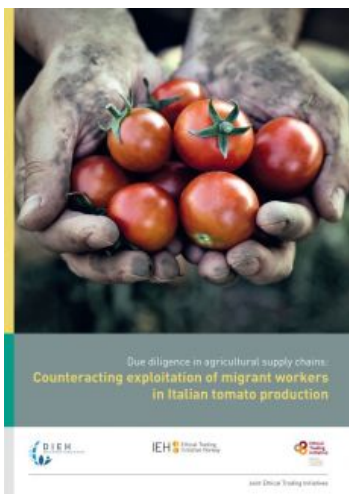
iv. **Training in rights and responsibilities**



**IEH is collaborating with QuizRR** on a digital training and educational tool aimed at increasing awareness and knowledge of worker's rights and obligations. **QuizRR** stands for Quiz Rights & Responsibilities and is developed for workers and managers at all levels in a processing factories.

So far the tool has led to training in in China, Bangladesh and Mauritius, training nearly 80.000 workers, in 261.636. training sessions in 241 factories. IEH has just started a pilot project combining face to face training with QuizRR\s e-learning solutions. Blended Learning is a very promising tool in order to improve workplace dialogue and worker representation in businesses supply chains.

v. **Counteracting exploitation of migrant workers**



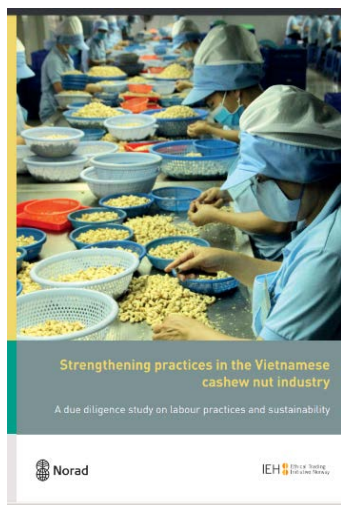
The project on counteracting **exploitation of migrant workers** in tomato production in Italy through a collaborative multi stakeholder project involves major retailers, unions and NGOs in Norway, UK, Denmark and Italy. After convening the participants, the project carried out a human rights due diligence<sup>1</sup> 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.

An important result in counteracting exploitation of migrant workers in Italy is the 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.

The project is still running as a company/IEH-member driven working group.

vi. **Strengthening practices in the Vietnamese cashew nut industry**

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



The project “A due diligence study on labour practices and sustainability” is investigating the sustainability of the cashew supply chain in Vietnam. The study used a combination of research methods including a comprehensive literature review, in-depth interviews with stakeholders from European retailers, national agencies, provincial and sectoral authorities and organisations as well as empirical research participants and Vietnamese producer unions and trade unions.

vii. Country briefings - human rights due diligence process



IEH compiles country intelligence reports, called country briefings, on country-based risk to support members in their human rights due diligence process. Reports is a synthesis of publicly available data, and provide concise information and pragmatic steps that members can take to manage the risk of adverse impacts on human rights in their value chains.

IEH is continuously updating existing reports and developing new. In October 2018 reports for the following countries are available: India, Bangladesh, Brazil, Cambodia, China, Costa Rica, Egypt, Ethiopia, Kenya, Myanmar, Pakistan, Turkey, Uganda and Vietnam.

The UN Guiding Principles on Business and Human Rights (UNGPs) provides a compelling framework for human rights due diligence based on a risk-based approach. This due diligence approach provides the conceptual framework for country briefings. The twelve clauses of IEH’s Base Code providing the scope for country briefings, focusing especially on to Global Compact’s principle no. 3 on core labour rights.

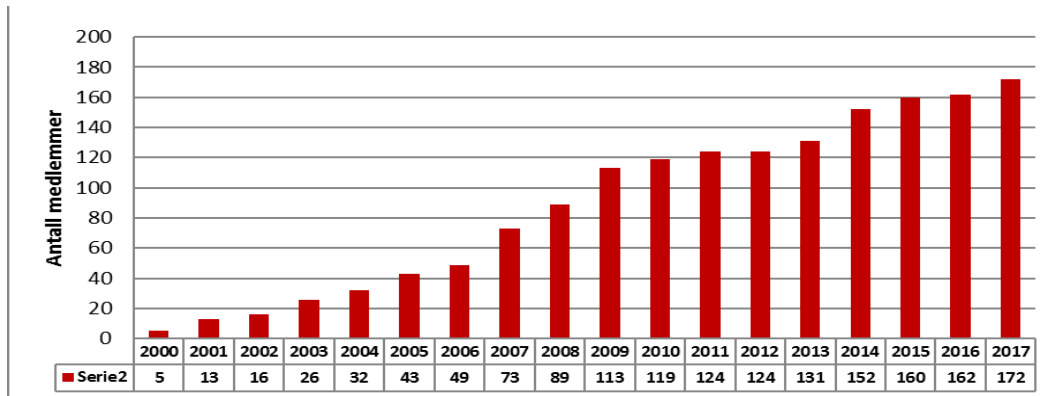
### III Measurement of outcomes

i. Increasing support for ethical trade

IEHs member base has been continuously growing since the foundation in 2000, 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 2017 an important milestone was reached when the **Norwegian law** on public procurement was implemented demanding public procurement taking “..appropriate measures on ethical and environmental conditions in the supply chain shall be applied in high risk procurements...”. IEH has since the law was passed been training public entities

in public procurement according to the new law<sup>2</sup>. Through 2017 and in 2018 we experience an increased 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 2000-2017*



By October 2018 the member base accounts for 172 members.

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 have created a demand from more factories and buyers in particular in Bangladesh,

<sup>2</sup> <http://etiskhandel.no/Artikler/14240.html>

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.