



TOWARDS RESPONSIBLE VALUE CHAINS

- Trade with respect for people and planet



To our stakeholders:

I am pleased to confirm that the Danish Ethical Trading Initiative reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

It is more clear than ever that dialogue, collaboration and partnerships are the means by which we can live up to the principles of the UN Global Compact and act to fulfil the Sustainable Development Goals. Ethical trade is an undeniable lever for practical implementation of the 17 Goals at large. In particular, ethical trade is a prerequisite for achieving responsible consumption and production as well as creating decent jobs and prosperity at a global level. In other words: there can be no fulfilment of the Sustainable Development Goals without ethical trade.

In this Communication of Engagement, we describe the actions that our organisation has taken to support the UN Global Compact and its Principles within the context of ethical trading and responsibility in global value chains. We welcome feedback on its contents. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

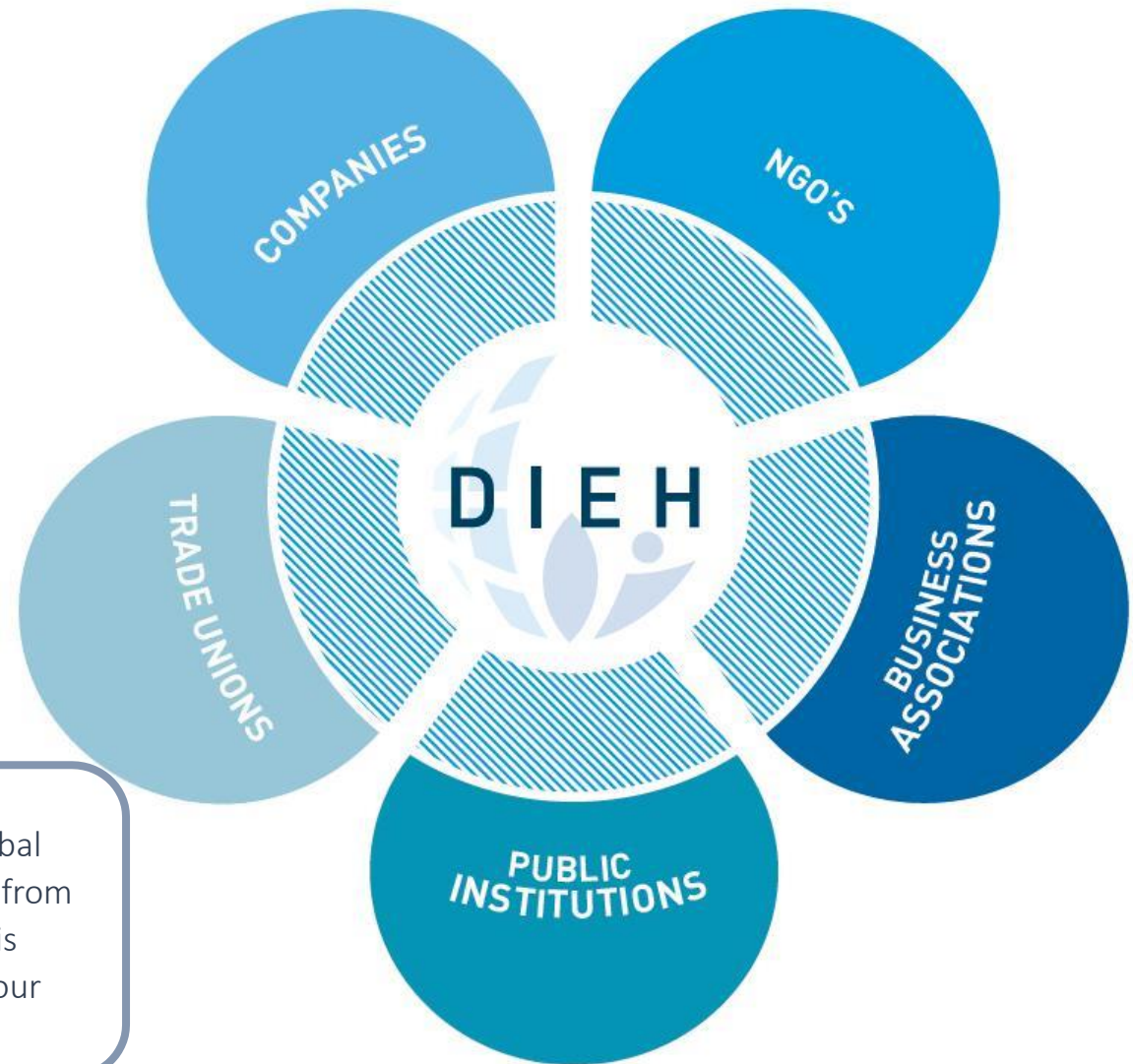


Mikkel Stenbæk Hansen
Director, Danish Ethical Trading Initiative

Communication on Engagement To our Stakeholders

The Danish Ethical Trading Initiative is a member-based non-profit organisation that facilitates cooperation between different stakeholders to enhance responsible trade.

In this Communication of Engagement, we highlight our key actions to support the UN Global Compact and its principles over the last two years, from **January 2018 to December 2019**. DIEH will make this information available to our stakeholders through our primary channels of communication.



Trade with respect for people and planet

Our aim is to contribute to global sustainable development by strengthening our members' efforts on ethical trade, which respects human and workers' rights and considers the environment and climate.

Vision

“The vision of DIEH is to create more responsible global value chains and thereby contribute to the fulfilment of the UN Sustainable Development Goals.”

Mission

“The mission of DIEH is to bring partners together in a trusting dialogue and cooperation - and to create positive change through knowledge sharing, insight, and collaborative solutions”

About DIEH
Our Engagement



Dialogue meetings, seminars and conferences

Working and network groups

Guidance, tools and publications

Training and workshops

Projects, partnerships and sector initiatives

DIEH facilitates **mutual dialogue, collaboration and partnerships** between its members to work towards more responsible **global value chains**

Dialogue meetings, seminars and conferences



Throughout 2018-2019 DIEH organised a total of 90+ meetings, including both public meetings as well as dialogue meetings for DIEH members only. Through conferences, seminars, speed-dating, working groups and morning briefings we discussed a wide range of topics related to human rights, workers rights, climate and environment in global supply chains.

A selection of meeting topics:

- The use of **Blockchain** in responsible supply chains
- **Consumer campaigns** on sustainability in global supply chains
- **Vulnerable Workers** in global supply chains
- How can Municipalities contribute to the **SDGs**
- **Human Rights Defenders** under pressure – what is the role of companies?
- EU Regulation and **due diligence** on Minerals and Mining
- Matchmaking **Partnership** Workshop on the SDGs
- **Migrant workers** in the supply chain
- Challenges and opportunities in the **Vanilla** sector
- **Digital Solutions** to sustainable food production in the Global South
- **Procurement** and the SDGs
- Sustainability in the **Danish Fishery** sector
- Sustainable **garment value chains**: Perspectives from India
- **Embedding CSR** in the organization
- Responsible **transport**
- Municipalities and Responsible **Taxation**
- **Responsible Investments** Dialogues
- Avoid hidden **Forced Labour** – guidelines for companies and employers
- **Circular Economy** – an opportunity for business development

Network and working groups



In 2018-2019 DIEH facilitated four working- and network groups, of which one group (on responsible soy) developed into a binding collaboration: **the Danish Alliance for Responsible Soy.**

While DIEHs working groups offer a platform for multi-stakeholder dialogue and sharing of challenges and best practices on a particular topic, the Network groups are centered around a specific sector or type of company.

Working groups:



- Responsible Soy



- Human Rights Impact Assessments

Network groups:



- Pharma-medico group on responsible sourcing



- Retail group

The Danish Alliance for Responsible Soy

In September 2019, after several years of dialogue in DIEHs working group on responsible soy, the Danish Alliance for Responsible Soy was launched. The initiative requires company members to commit themselves to publishing and reporting upon an action plan for the sourcing of responsible and deforestation-free soy. Denmark imports around 1.6 million tonnes of soy annually, primarily used in animal feed. The Alliance consists of retail members, business associations, production companies, public authorities, trade unions and NGOs who all support the transition to deforestation-free and responsibly produced soy.



Dansk Alliance
for Ansvarlig Soja

Guidance, tools and publications

State of Ethical Trading

Based on information provided by DIEHs annual member reporting, DIEH publishes the 'State of Ethical Trading' report providing an evidence-based analysis of why and how Danish businesses, organisations, public institutions and other stakeholders work to promote responsible trade that respects human and labour rights, environmental and climate considerations and contributes to global sustainable development.

State of Ethical Trading reported amongst others how DIEH members view ethical trade and the Sustainable Development Goals and what drives their efforts in this area. In the 2018 edition we also looked into the perspectives of the Danish consumers on ethical trade and sustainability at large. Following this, the reports take a dive into hot topics and trends in ethical trade, including human rights, labour rights and environment and climate. Finally, the reports describe different practical ways of working towards more responsible global value chains, followed by numerous examples of how the Danish Ethical Trading Initiative's members work to strengthen their efforts on ethical trade.



Guidance for procurers and buyers on the Sustainable Development Goals

In partnership with the Forum for Sustainable Procurement, DIEH facilitated a working group throughout 2018-2019 on procurement and the SDGs. This resulted in the publication of a guide for buyers, showing them how they can actively integrate and work strategically and practically with the sustainable development goals in their buying practice.

Trainings and workshops

Each year DIEH offers a number of trainings to build capacity and knowledge amongst our member base and to strengthen their efforts on areas such as supply chain management and responsible buying.



Sector-specific workshops for SMEs on the Sustainable Development Goals

In 2018 and 2019 DIEH organised 4 workshops specifically on small and medium enterprises from the Danish food, textile, export, toy and design-sector, to interact with them and share lessons learned on how SMEs can benefit from making use of the SDGs in developing their business and creating an impact in production countries where they source and/or export their products. The sessions were highly interactive and offered an insight in the ways in which the Global Goals can be applied as a compass and 'shared language' for working with responsibility in global supply chains while reaping the benefits through strengthened market differentiation and B-to-B or consumer communication.



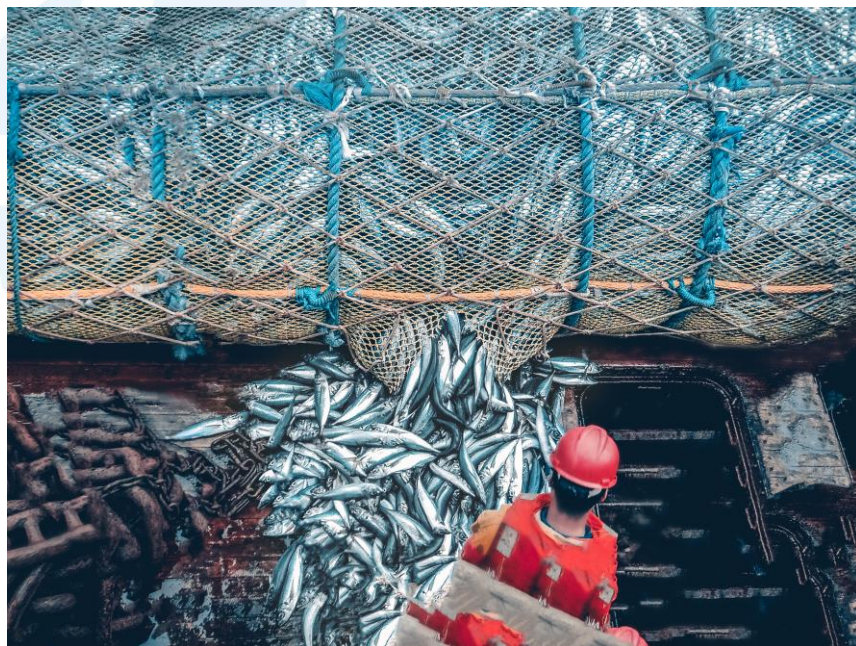
Global Compact
Network Denmark

Introduction for SMEs to Responsible Supply Chain Management

In 2019 DIEH collaborated with the UN Global Compact Denmark by conducting practical oriented training in 'Responsible Supply Chain Management' to Danish SMEs from different sectors. Participants were not only trained on regulations and guidelines, policies and codes of conducts, but also worked through 'dilemma workshops' to discuss implementation, tools and supplier-dialogue as well as documentation, reporting and communication.

Partnership for Sustainable Fisheries

Throughout 2018-2019 DIEH has been project leader on a project to enhance dialogue and understanding amongst all value chain stakeholders in the Danish fishery sector. Through partnership meetings and thematic workshops, the group – consisting of public and private buyers, certification organisations, fisherman, cooks, educators, NGOs and academics- discussed and presented their diverse perspectives and solutions on sustainable fisheries in the Danish context.



Projects, partnerships and sector initiatives

Bottom UP!

Bottom UP! Creating a responsible garment and textile value chain from Ethiopia to Europe

Since April 2019 DIEH participates in the EU-funded Bottom UP project – a project that aims to address and reverse a ‘race to the bottom’ in the Ethiopian garment and textile industry. Bottom UP is a collaborative project for a sustainable, inclusive and transparent garment and textile value chain from the Ethiopian cotton field to the European consumer. The aim is to improve working conditions and promote labour and environmental standards in the Ethiopian cotton and garment industry by 2021.

Bottom UP aims to reach 19,200 workers and 2,000 farmers along the value chain, and promote transparency and responsible purchasing practices among 175 EU businesses. Furthermore, communication and campaigning activities will stimulate more responsible buying behavior for 1.2 million consumers in the Netherlands, Denmark and Germany.

The project will run for three years. Project partners are Solidaridad, CSR Netherlands/MVO Nederland, Cotton made in Africa and DIEH. The project is funded by the European Union. DIEH's role is to reach out to and engage with companies who have an interest in sourcing textiles from Ethiopia as well as to develop a collaborative approach to creating awareness amongst consumers on the need for a more sustainable fashion industry.

Throughout 2019 DIEH worked on preparing the communication and campaigning strategy and on developing and disseminating a report on the challenges and opportunities for sourcing garments and textiles from Ethiopia.



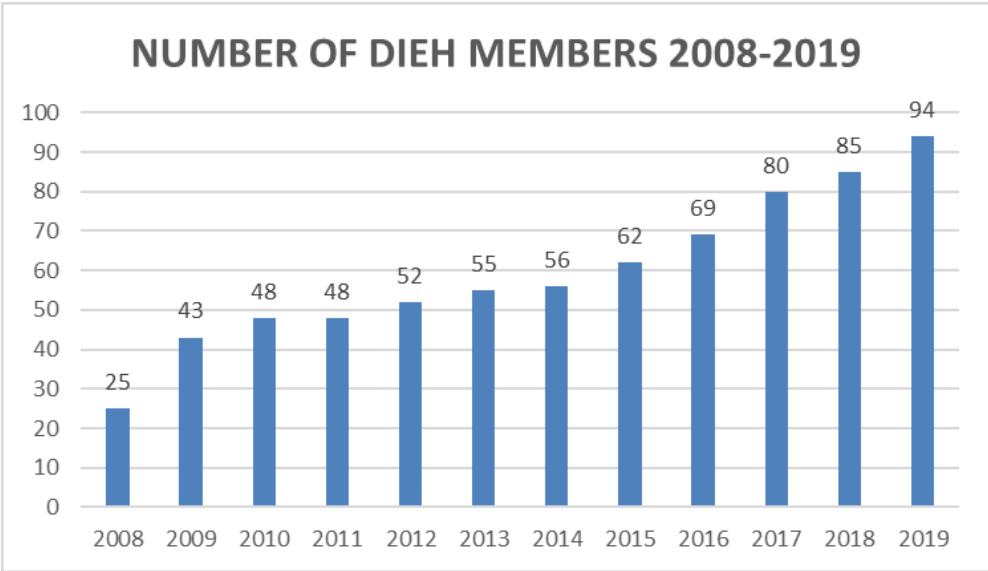
“Some of the biggest names in fashion have started sourcing garments and textiles in Ethiopia. Sourcing managers appreciate the country’s low production costs, tax breaks, brand new garment factories and the relative short distance to Europe. Others worry about Ethiopia’s notoriously low wages. What are the opportunities and risks of sourcing in Ethiopia? And how can you make sure you source in an ethically responsible manner?”

These questions were discussed in a project webinar on December 10th 2019



Strengthening the Support for Ethical Trade

DIEH members as of 23.01.2020



Over the past two years, **25 new** companies and organisations have chosen to join DIEH and support Ethical Trade.

How DIEH members address supply chain issues



65%
Partnerships and collaboration with other stakeholders



33%
Product design and choice of sustainable materials



59%
Looking at own Purchasing Practices



32%
Consumer communication



55%
Making use of certification and labels



29%
Capacity building of suppliers



51%
Concrete projects



28%
Lobbying



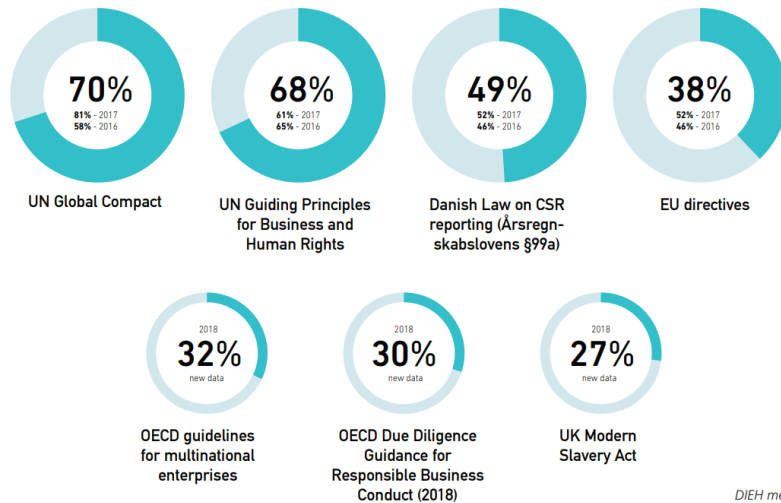
35%
Training and education of staff in Denmark

From DIEHs member survey, nine ways were identified in which DIEH members address ethical trade and challenges in the supply chain. The list is not exhaustive but it indicates some of the most common ways in which DIEH members work with ethical trade. Typically we see that DIEH members combine several approaches.

Measurements of outcomes

DIEH members relate to the following guidelines and regulations on ethical trade:

■ Relates to guideline
■ All members



DIEH member survey, 2018

In 2018 70% of DIEH members reported that they make use of the UN Global Compact as a guideline for their work with ethical trade

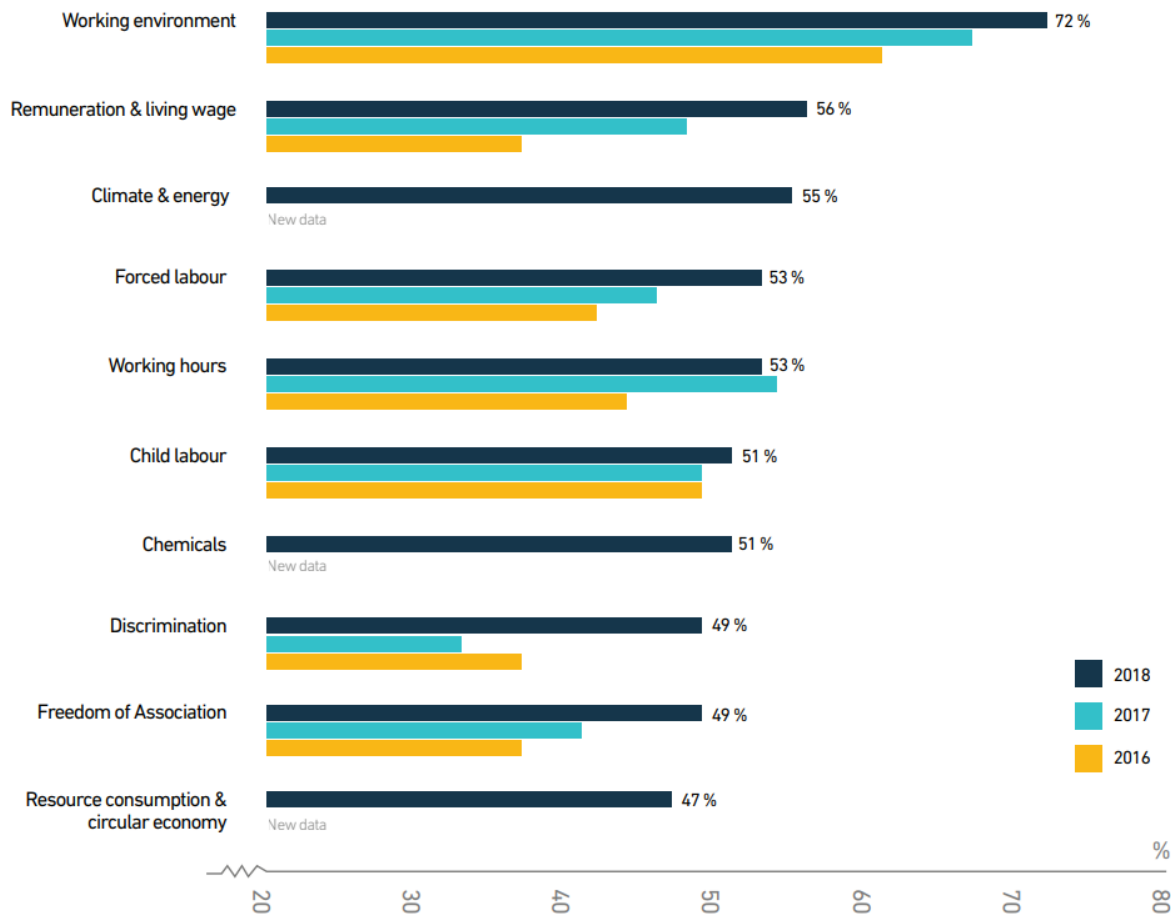
Working with guidelines and legislation

In the past years we have noticed that DIEH members adopt a more systematic approach when it comes to ethical trading activities. One indicator for this is that we see more and more members referring to various guidelines and legislation – as illustrated in the figure. The most common guidelines used by DIEH members are UN Global Compact and the UN Guiding Principles for Business and Human Rights, mentioned by 70% and 68% respectively

Risk mapping

Another indicator of the increasingly systematic approach for working with ethical trade is that 73% of DIEH company members have mapped and identified their core risks related to human and workers' rights as well as environmental challenges. Such risk mapping is typically conducted for their own operations as well as for suppliers and partners. It is important to note that among the remaining 27%, some may have identified core risks related to some but not all parameters.

Top 10 frequently listed ethical-trade issues



Priority topics in ethical trade DIEH members refer to a wide range of issues in relation to their ethical trading efforts. Just like in previous years, work environment is listed as top priority:

In 2018 **72%** of DIEHs members listed this topic, which includes health & safety issues, up from **67%** last year. The environment forms another top priority, consistent with other years.