



Annual
report

2018



OECD **GUIDELINES**
FOR MULTINATIONAL ENTERPRISES

NATIONAL CONTACT POINT
FOR RESPONSIBLE BUSINESS
NORWAY

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Contact us at:
oecdncp@mfa.no
Norwegian National Contact Point
P.O. Box 8114 Dep
NO-0032 Oslo, Norway
www.responsiblebusiness.no

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Preface

Much of the work on promoting responsible business conduct takes place through the voluntary adaptation and organisation of individual enterprises. The OECD Guidelines for Multinational Enterprises contain requirements for business and industry that governments in the OECD area expect multinational enterprises to follow up. This was recently expressed by the Norwegian Minister of Trade and Industry and the Minister of Foreign Affairs in the preface to the NCP's introduction to the due diligence guidance for responsible business conduct. Due diligence is the best tool we have to identify and address adverse impact, such as forced labour and human rights violations within the company itself, throughout the supply chain and in business relationships. Some enterprises are good at following this up, others less so. Many are becoming impatient. The UK implemented an important law in 2015 known as the Modern Slavery Act. In France, the *Devoir de vigilance* ('duty of care') law was adopted, which to a great degree builds on the OECD Guidelines, but which makes due diligence mandatory for large enterprises. In the field of conflict minerals, the EU has adopted a regulation that makes reporting on supply chains mandatory from 2021. The British law has both predecessors and successors in other countries, and the UK is campaigning to get more countries to follow up.

Norway has some binding regulations on responsible business conduct. Large enterprises are obliged to report on their work on corporate social responsibility in their annual report. The Public Procurement Act, which builds on an EU/EEA directive, obliges the parties involved in public procurement processes to take account of human rights. The Environmental Information Act of 2003 is an example of a successful and unique Norwegian law that requires private enterprises to provide environmental information about products and production. The act formed the basis for the successful campaign against the use of non-sustainable palm oil.

Norway is currently an arena for several such waves of thought. There are at least three different, but overlapping initiatives. Firstly, under the encouragement of civil society and the Norwegian parliament, the Government has appointed the Ethics Information Committee, tasked with looking into a potential law setting out requirements for reporting on working conditions and other issues related to responsible business conduct in enterprises and their supply chains. It is intended, in part, to be a parallel to the Environmental Information Act. Secondly, in the Granavolden Declaration from January 2019, the Government has also stated that it will discuss the question of a Norwegian modern slavery act inspired by the UK law. This is in response to initiatives from other civil society groups and to a bill proposed to the Norwegian Parliament by the Norwegian Labour Party. Thirdly, a number of civil society organisations are considering submitting a proposal making it mandatory for enterprises to conduct due diligence in line with the French "*devoir de vigilance*" law.

That being said, the combined effect of implementing these good proposals can lead to a messy situation for business and industry, and not least for those the various initiatives are meant to help: the people being exploited, who work under degrading conditions, in dangerous jobs, in forced situations, who are not allowed to join a trade union or who are basically just underpaid.

All the initiatives are positive and important, but the business sector, trade unions and civil society should discuss and conclude on what kind of legislation is needed. This is not impossible to achieve. In the UK, the initiatives of a number of trade unions and progressive enterprises led to the inclusion of reporting requirements on working conditions in the Modern Slavery Act. The conservative Cameron government with Theresa May as Home Secretary had assumed that enterprises did not want further reporting obligations. However, the enterprises themselves thought otherwise. Groups of enterprises that had voluntarily implemented such measures would find it an advantage that others were subject to the same requirements. The competitive terms would be more similar and thereby more fair.

In Norway, the Government must lead the process to achieve cohesion between the different measures. A number of overarching points will be important going forward: The purpose of new Norwegian legislation must be that it is actually useful for those it is intended to help. Many proposals for laws and standards look better on paper than they do in practice. Legislation should be adapted to Norwegian legislative traditions and not constitute an implant that is rejected. The Government should avoid implementing several laws alongside one another that generally aim to achieve the same objectives, and that partly overlap. The requirements made of Norwegian enterprises should be in line with the requirements set out in other Western countries, reflecting the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises with pertaining guidance documents.

In this annual report, we present our work throughout the past year and the most important instruments that the OECD is continuously working to develop. We have also invited external views from Statkraft, IndustriALL and OECD Watch, who all raise important questions that Norway's NCP and the OECD cannot always provide an answer to, but that we are more than happy to make collaborative efforts to resolve.

I hope you enjoy the report!



Ola Mestad

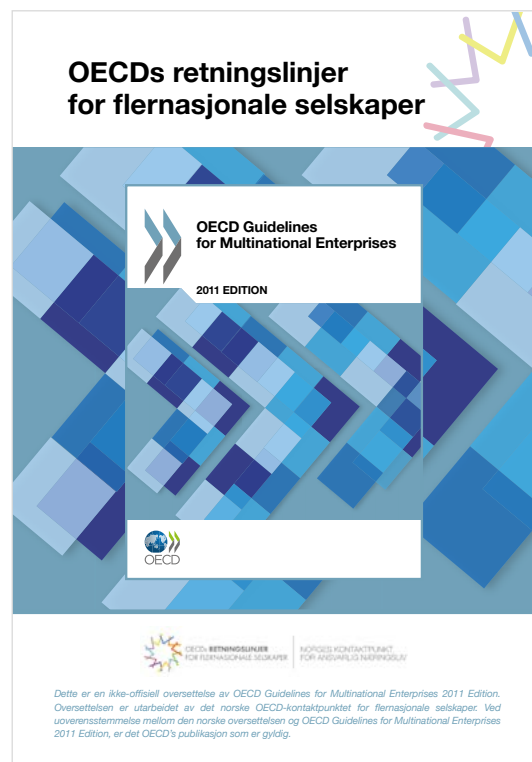
OLA MESTAD
Chair of Norway's NCP

What are the OECD Guidelines for Multinational Enterprises?

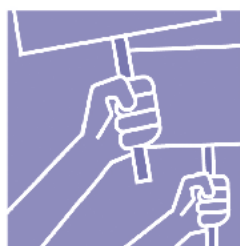
The OECD Guidelines for Multinational Enterprises are recommendations from the OECD countries to promote responsible business conduct in all sectors. The Guidelines are the only multilaterally adopted, comprehensive guidelines for responsible business conduct backed by 48 governments.

A main goal of the OECD Guidelines is that the business sector should contribute to sustainable development. The Guidelines clearly express expectations in areas such as human rights, including labour rights, the environment, anti-corruption and transparency. Together, the Guidelines cover all key aspects of responsible business conduct.

The Guidelines are supported by a unique implementation mechanism of national contact points (NCPs). The NCPs were established by the adhering governments to raise awareness about the Guidelines and to establish a grievance mechanism ensuring that concerned stakeholders have a place to turn to. The NCPs facilitate dialogue and mediation in order to resolve specific instances.



According to the OECD Guidelines, enterprises shall contribute to the following:



Respecting human rights



Protecting the environment



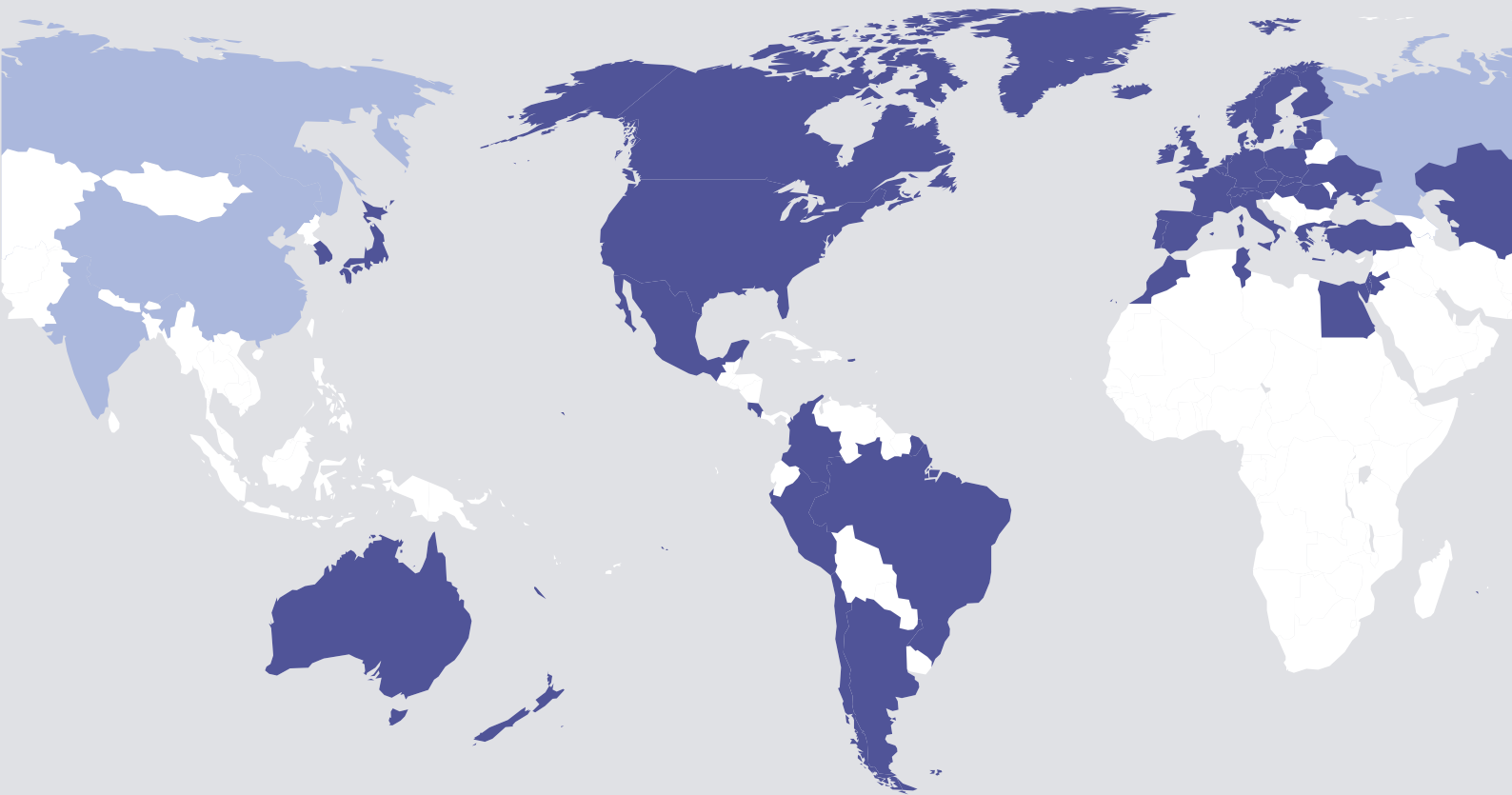
Protecting labour rights



Preventing corruption and bribery

The Guidelines also contain chapters on transparency, reporting, consumer interests, science and technology, competition and taxation.

48 National Contact Points



The map is for guidance only and does not express any position on territorial status or sovereignty. A total of 48 countries have adopted the OECD Guidelines and are thereby obliged to establish a national contact point.



The NCPs meet regularly at the OECD in Paris

- **Countries with national contact points:**

Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Latvia, Lithuania, Luxembourg, Mexico, Morocco, the Netherlands, New Zealand, Norway, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Tunisia, Turkey, UK, Ukraine and USA.

- **Observer countries:**

India, China and Russia

The National Contact Point Norway – who we are and what we do

The National Contact Point for Responsible Business Norway (NCP) is an independent, public expert body. The members are appointed by the Ministry of Foreign Affairs and the Ministry of Industry and Fisheries on the basis of their professional expertise, and based on proposals from the social partners and civil society, represented by the Confederation of Norwegian Enterprise (NHO), the Confederation of Norwegian Trade Unions (LO) and the Forum for Development and Environment (ForUM). All OECD countries are obliged to establish a national contact point, but how they are organised varies from country to country. Norway's NCP assists the Norwegian Government in promoting the Guidelines and contributes to the resolution of issues related to the implementation of the Guidelines in specific instances.

New tasks for the NCP in 2018

The Ministry of Foreign Affairs and the Ministry of Industry and Fisheries have adopted a new mandate for Norway's NCP and its work on promoting responsible business conduct. Under the new mandate, the NCP will also handle complaints related to the International Labour Organisation's (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Members:



Ola Mestad

Professor dr. juris
University of Oslo, Chair



Frode Elgesem

Judge at Borgarting
Court of Appeal



Cathrine Dehli

Partner at Footstep



Gro Granden

Special adviser, LO

The secretariat



Cathrine Halsaa

Head of secretariat



Bente F. Bakken

Senior Adviser



Åse Sand

Senior Adviser

The Norwegian NCP has three main tasks:



1

Promoting the
OECD Guidelines



2

Handling specific
instances



3

International cooperation
with the OECD's central
organisation and other NCPs

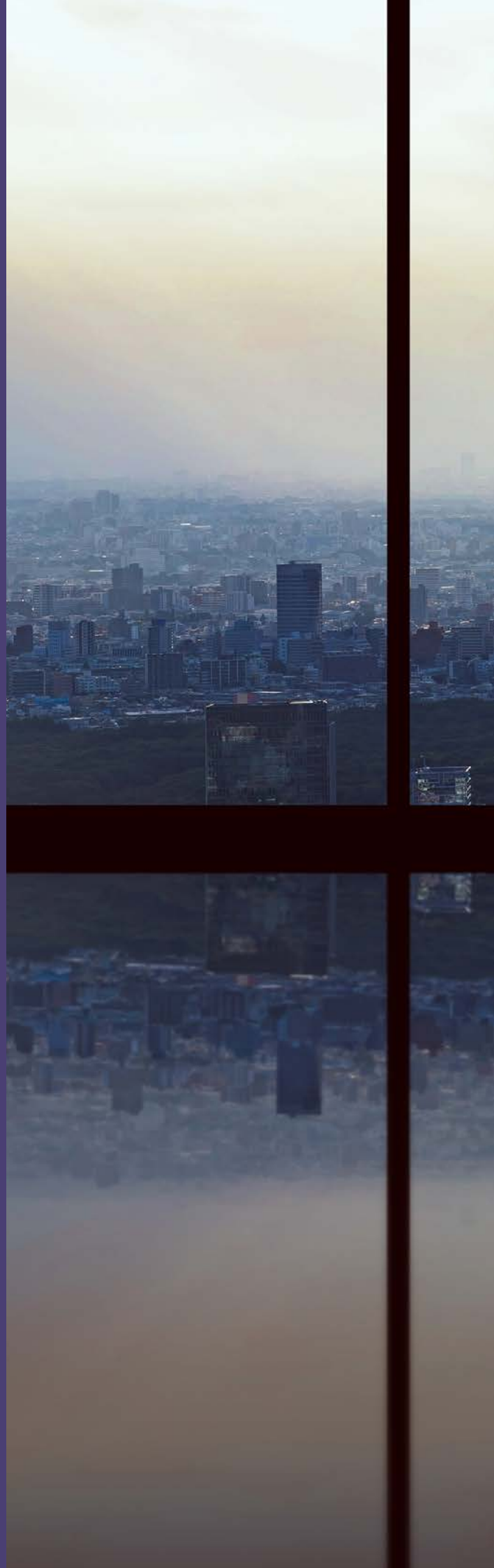


Promoting and providing guidance about the OECD Guidelines

One of the NCP's most important tasks is to promote the OECD Guidelines for Multi-national Enterprises as an effective tool for preventing violations.

The Guidelines are more than just words. They are a practical tool that can prevent Norwegian enterprises from making the wrong decisions in meetings with people, society and the environment in other countries.

Norway's NCP carries out extensive information work and provides guidance to Norwegian enterprises and other stakeholders on how they can meet the requirements of the OECD Guidelines, including through due diligence courses and promoting the sector-specific guidance documents.





Everyone affected should be heard

Buying sheep and goats for families affected by hydropower development is one way of safeguarding corporate social responsibility.

Text: Silje Berggrav

“Responsible business conduct involves being crystal clear on what principles we wish to operate by in areas of the environment, human rights and anti-corruption. Everyone in the company should know these principles”, says Maja de Vibe, Chief Compliance Officer in Statkraft.

The state-owned company is Europe’s largest renewable energy provider, producing hydropower, wind power, gas power, solar power and district heating, with increasing activity in countries outside Europe. Among the tools used by the company to ensure responsible business conduct, both in its own operations and the supply chain, is the OECD Due Diligence Guidance for responsible business conduct.

“The NCP plays a valuable role as an outside partner who can help us in assessing specific situations and decisions”, says Maja de Vibe.

Community consultation

The sheep and goats that were compensated is an example from Albania, where 332 households would lose land as a result of a hydropower project.

“We spend a lot of time conducting stakeholder dialogue with individual families and communities

impacted by our operations. It is a comprehensive process to ensure that there is good understanding of what we are going to do and what opportunities are available to remediate the impact of our operations”, says de Vibe.

Maja de Vibe refers to the OECD guidance on due diligence and requirements to mitigate and address companies’ negative impact. She explains that Statkraft on several occasions has withdrawn from operations after conducting risk assessment. This has been the case when Statkraft has invested in projects and it is revealed that they do not comply with Statkraft’s policy on human rights and anti-corruption.

She points out that multinational enterprises should be aware of their potential to positively impact on a supply chain.

“For example, in collaboration with the Norwegian embassy in Albania we have conducted seminars on business ethics for local suppliers. As the largest developer in Albania we have both a responsibility and an opportunity to make a positive impact”, says de Vibe.



Maja de Vibe stresses that there is a big difference between the efforts most progressive enterprises put into responsible business conduct, and the slightly dated practice of superficial CSR measures that primarily serve a PR function.

Maja de Vibe, Statkraft

Could have been clearer

Although Statkraft goes a long way in complying with its own and international standards of responsible business conduct, Maja de Vibe points out that it can be difficult for enterprises to know whether their measures are sufficient to comply with the various guidelines.

“One of the most challenging aspects is deciding how much effort to put in. How many employees should be involved in compliance and responsible business conduct at different levels in the company? How many suppliers should be visited? There is no template”, she points out.

One strategy is looking at how other responsible enterprises operate.

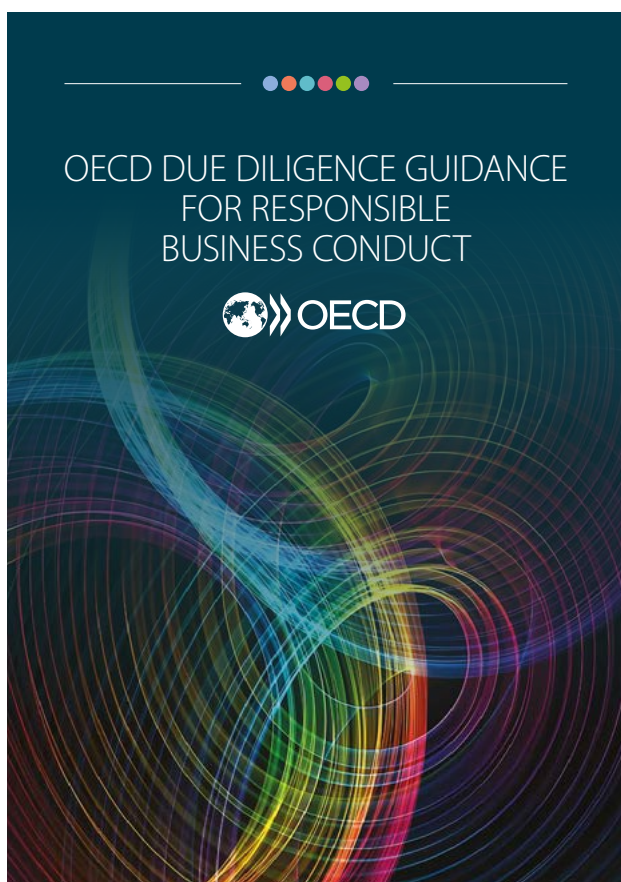
“We benefit greatly from exchanging experiences with other responsible enterprises that operate in the same context. A greater degree of transparency on how enterprises operate could help drive positive change”, she believes.

More than limiting damage

Maja de Vibe stresses that there is a big difference between the efforts most progressive enterprises put into responsible business conduct, and the slightly dated practice of superficial CSR measures that primarily serve a PR function.

“Writing a check for a social purpose requires zero effort. It has no connection to the work that is needed to prevent and mitigate adverse impact from one’s own operations. Responsible business conduct involves more than limiting damage. Multinational enterprises have a unique opportunity to contribute to positive development if they are conscious of their role”, she says.

Groundbreaking agreement on due diligence guidance for responsible business conduct



Front page of the Due Diligence Guidance for Responsible Business Conduct

The OECD launched the Due Diligence Guidance for Responsible Business Conduct in June 2018. The guidance document is an important step in the efforts to harmonise international standards for responsible business conduct.

Multinational enterprises are expected to conduct due diligence to identify the risk of an activity contributing to or causing adverse impacts to people, society or the environment, in terms of their own operations, the supply chain or among business relationships. The main focus is on preventing adverse impacts/harm, but access to a grievance mechanism and the possibility of remediation and/or compensation following adverse impacts is also an indisputable part of due diligence.

The OECD Due Diligence Guidance for Responsible Business Conduct is in line with the UN Guiding Principles on Business and Human Rights, but also covers areas of the OECD Guidelines such as employment and industrial relations, the environment, bribery and corruption, transparency and consumer interests. The guidance document is intended to contribute to a common understanding of what is expected of enterprises in terms of responsible business conduct and how they can identify and address their potential negative impact.

The guidance document has been developed through a multi-stakeholder process involving governments, and business, trade unions and civil society. Key Norwegian stakeholders have provided input.

Useful Norwegian introduction to the OECD Due Diligence Guidance for Responsible Business Conduct



Norwegian introduction to the OECD Due Diligence Guidance for Responsible Business Conduct

The Norwegian NCP has developed a brief, practical introduction to the OECD Due Diligence Guidance for Responsible Business Conduct in cooperation with key Norwegian stakeholders in order to increase its relevance to all types of enterprises

Due diligence is an internationally recognised method helping enterprises to ensure responsible business conduct by assessing the risk of adverse impacts and harm caused by their own activities, in the supply chain or in business relationships. This may be challenging in practice. The purpose of the document is to provide practical guidance to enterprises with relevant examples and measures.

Minister of Foreign Affairs Ine Eriksen Søreide and Minister of Trade and Industry Torbjørn Røe Isaksen have written the preface to the document, where they emphasise that: 'The Norwegian authorities expect Norwegian enterprises with international activities to familiarise themselves and comply with the OECD Guidelines for Multinational Enterprises.' They encourage all industry stakeholders and affected parties to actively use the guidance and to continue their efforts to achieve responsible business conduct.

Important course on responsible business conduct and due diligence for Norwegian enterprises

How do you work on stakeholder engagement and human rights in the supply chain?
When have you done enough preparatory work to enter into an agreement?
What are the Government's expectations for responsible business conduct?



These questions are relevant to companies participating in the NCP's course on responsible business conduct and due diligence, which has received excellent feedback from the participants since its start-up in 2015. The course was organised for the fourth time in autumn 2018, with 15 new participants from ten companies.

Business and industry are subject to increasing requirements and expectations in terms of responsible business conduct and achieving the UN Sustainable Development Goals. The NCP's course provides Norwegian enterprises with theoretical and practical knowledge that makes them better equipped to meet these requirements and expectations.

The course comprises three full-day seminars over the course of five months. The participants gain an overview of international standards for responsible business conduct, including the OECD Guidelines and the UN Guiding Principles, as well as the Government's expectations of Norwegian enterprises relating to responsible business conduct. Other topics include labour rights, the work of civil society and reporting tools. An essential part of the course is group work on the NCP's RBC Compass. The participants find it particularly helpful to have an opportunity to exchange experience and build networks with other companies.



Workshop on risk assessment in the supply chain at the Norwegian Fashion Hub

Norway's NCP is pleased to have entered into an exciting long-term partnership with the Norwegian Fashion Hub cluster, focusing on responsible supply chains in the Norwegian fashion industry. The objective of the partnership on the part of the Norwegian Fashion Hub (NFH) is to strengthen work on sustainability and to help enterprises to conduct their activities in accordance with the principles for responsible

business conduct. The Norwegian Fashion Hub has established a series of workshops this year that enable the cluster companies to conduct due diligence in relation to human and labour rights, the environment and corruption. The NCP is an important partner in this work and is collaborating closely with the NFH on several initiatives intended to improve responsible business conduct in the Norwegian fashion industry.

The NCP has entered into a strategic partnership with the Norwegian Fashion Hub

Norway's NCP is pleased to have entered into an exciting long-term partnership with the Norwegian Fashion Hub cluster, focusing on responsible supply chains in the Norwegian fashion industry. The objective of the partnership on the part of the Norwegian Fashion Hub (NFH) is to strengthen work on sustainability and to help enterprises to conduct their activities in accordance with the principles for responsible business conduct. The Norwegian Fashion Hub has established a series of workshops this year that enable the cluster companies to conduct due diligence in relation to human and labour rights, the environment and corruption. The NCP is an important partner in this work and is collaborating closely with the NFH on several initiatives intended to improve responsible business conduct in the Norwegian fashion industry.





Enthusiastic participants, in picture Kiran Aziz

NCP's annual dialogue meeting

For the second year running, Norway's NCP organised a dialogue meeting with stakeholders in connection with the launch of the 2017 annual report on 9 April. A common view that arose from the meeting was that the NCP provides good and relevant advice, but that it should be used even more.

The NCP is useful to the industry

The NCP provides useful advice to business and industry on responsible business conduct, but is an underused resource.

Jon Vea of the Confederation of Norwegian Enterprise (NHO) confirms that the NCP is relevant to enterprises, but felt there lacked a stronger connection to the Sustainable Development Goals.

Luisa Books, representing the clothing chain H&M, said that the fashion industry has a complex supply chain. She praised the NCP's workshop for the textile sector and the OECD sectoral guidance.

Use the NCP more, civil society urges

The NCP's grievance mechanism is an important deterrent, according to Andrew Preston from the Norwegian People's Aid. However, the complaints

process is demanding and there is a need for training in how the grievance mechanism works. In 2018, Norway's NCP responded to this feedback in the form of a workshop in Utrecht.

The finance industry following up signals from international regulations

Responsible business conduct requirements are becoming more stringent in the finance industry both nationally and internationally, according to Monica Mee from Nordea, who gave the opening address on behalf of Norsif – the Norwegian Forum for Responsible and Sustainable Investments.

Mee underlined the importance of the public sector paving the way, referring to national legislation in the UK and France. She believes this to be merely the beginning of a development entailing stricter requirements and regulations.



Jon Veia | NHO

We must work together to follow up challenges relating to labour rights throughout the business supply chains,' says Jon Veia.



Andrew Preston | the Norwegian People's Aid

We are all responsible for ensuring that the NCP is functional and that it continues to be a role model for the NCP's of other countries. Use the NCP more,' says Andrew Preston from the Norwegian People's Aid.



Monica Mee | Nordea and Norsif

The NCP's work on responsible business conduct is key,' says Monica Mee from Nordea and Norsif



Luisa Books | HM

The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector is a useful tool in the industry,' says Luisa Books of H&M.



Ola Mestad | Chair of Norway's NCP

Invite the NCP to take part in processes where companies make the decisions,' says Chair of Norway's NCP Ola Mestad.



Course for shipyards and shipping companies in Ålesund

In cooperation with the financial institution GIEK, Norway's NCP organised an inspiring seminar for shipyards, shipping companies and design companies that place orders or collaborate with shipyards abroad. The seminar concentrated on due diligence relating to, among other things, labour rights and human rights at shipyards abroad. The purpose was to raise awareness of international standards and due diligence relating to human rights and working conditions. Chair of Norway's NCP Ola Mestad talked about the OECD Guidelines for Multinational Enterprises and the NCP's work.

The financial industry and responsible business conduct – OECD presents new work on responsible business conduct in corporate lending

The financial sector has a strong influence on society through its control of money supplies. Norway's NCP is actively engaged in the OECD's work on providing guidance to the financial sector on how to contribute to responsible business conduct. Together with representatives of the Norwegian financial sector, Ola Mestad attended a seminar organised by UK Finance in London in September. Leading international financial players came together to develop best practice for the new guidance document from OECD on Responsible Business Conduct for General Corporate Lending and Underwriting Securities, which will be launched in 2019.



Minister of development Nikolai Astrup at the Norwegian Bar Association's human rights seminar

Astrup clearly expressed that the Government expects Norwegian enterprises to comply with laws and regulations in the countries where they do business, and to be familiar with and use the UN Guiding Principles and the OECD Guidelines. Astrup highlighted the fact that Norway has earned a good reputation in the OECD, with a respected national contact point. He also emphasised the NCP's online portal for responsible business conduct, which provides useful information and advice to companies applying for public funding.

The NCP lectures on master's degree course in business and human rights in Bergen

Frode Elgesem has been one of the lecturers on an inspiring master's degree course in business and human rights under the auspices of the Rafto Foundation and the Institute for Human Rights and Business (IHRB) in Bergen. Ethical and legal standards and guidelines, responsible business conduct and expectations of enterprises were addressed, and important topics such as human rights violations and the impact of enterprises were among the topics on the agenda. The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights were examined, and a number of representatives from the industry attended.



OECD forum in Paris on how to contribute to a more responsible garment and footwear industry

Norway's NCP attended the OECD Global Forum in Paris on 30–31 January. Here, representatives from business, trade unions and leading industry initiatives from across the world came together with a common goal: how to contribute to a more responsible garment and footwear industry. The topics of the forum were major challenges in the industry, such as forced overtime, night shifts, child labour, unreasonable deadlines, complex supply chain agreements and poor health and safety conditions. Hilde Jervan of the Government Pension Fund's Council of Ethics gave an opening talk on the role of investors and the council's work on mapping labour rights in the garment industry where the fund invests.



Addressing human rights in the supply chain

On the occasion of the UN Human Rights Day on 10 December and to mark the 70th anniversary of the Universal Declaration of Human Rights in 1948, Yara invited participants to a panel debate on human rights in the supply chain.

Chair of Norway's NCP Ola Mestad sat on the panel alongside representatives of the Ministry of Foreign Affairs, the Ministry of Industry and Fisheries, Statkraft and Yara. The discussion concerned challenges, follow-up, success factors and cooperation in relation to assessing and combating human rights violations in the supply chain.

Mestad talked specifically about the main trends and challenges relating to human rights in the supply chain and about general risk areas that are common to all industries. He also addressed how enterprises can conduct due diligence in accordance with the OECD Guidelines for Multinational Enterprises.





The Sustainable Development Goals

The 17 Sustainable Development Goals are ambitious, aiming, among other things, to eradicate all forms of poverty and combating climate change. The goals cannot be achieved without contributions from the business sector and the infusion of private capital. Responsible business conduct is both an important step towards achieving individual goals and fundamental to the goals as a whole. The OECD Guidelines express basic requirements of responsible business conduct that are a precondition for achieving the Sustainable Development Goals.

2

Handling specific instances

The OECD national contact point system provides individuals, local communities and organisations with a mechanism for complaints when they believe that multinational enterprises have had a negative impact on people, society or the environment. This makes the OECD Guidelines for Multinational Enterprises unique. No other international instruments have a corresponding grievance mechanism.

Norway's NCP handles complaints against Norwegian multinational enterprises concerning allegations of non-compliance with the OECD Guidelines. The complaints mechanism is non-judicial. The NCP offers guidance, dialogue and mediation between the parties, and the goal of the process is to reach a joint solution. The handling of specific instances shall be impartial, predictable, fair and in line with the Guidelines





Challenging to find good solutions

What does it take to compensate victims of corporate misconduct?

A range of positive factors needs to be aligned for an NCP complaint to be successful, according to OECD Watch.

Text: Silje Berggrav

– The OECD guidelines and grievance mechanism are unique in that they recognise corporate responsibilities across supply and value chains, providing a space to address human rights violations and environmental impacts across borders”, says Joseph Wilde-Ramsing, Coordinator of the OECD Watch Network, a global network of civil society organisations with more than 100 members in 55 countries. The key aim of the network is to hold corporations accountable and provide for remedy for victims of corporate abuse using the OECD grievance mechanism.

NCPs should be more accessible

Wilde-Ramsing is critical to what he claims are numerous obstacles to effectively accessing remedy through the NCP.

“For a case to be successful, a lot of factors need to be aligned. You almost need a ‘perfect storm’ of positive factors,” he says.

Importantly, Wilde-Ramsing believes enterprises must be persuaded to engage constructively in the complaint process, and that there should be consequences for enterprises that refuse to do so. Another important factor is for the complainants

to be able to participate physically or virtually in the process, including negotiation meetings.

“Many NCPs insist that complainants travel to the country in which the NCP is located, which is impossible for most actors without financial assistance. NCPs must make the dispute resolution process more accessible. NCPs can cover travel expenses of complainants, or the NCP itself can travel to complainants and hold mediation locally, or make use of embassies,” Wilde-Ramsing suggests.

Imbalance of power

He mentions a case from 2015 that involved violations of labour rights against factory workers previously employed by Heineken’s Congolese subsidiary, Bralima. The Dutch NCP paid for the travel of the Congolese complainants to the mediation meeting.

“The complainants would never have been able to pay for these costs on their own,” he points out. This particular complaint process led to an agreement that involved Heineken paying approximately US\$2 million in compensation to former factory workers.



– NCPs must make the dispute resolution process more accessible

Joseph Wilde-Ramsing, OECD Watch Network

Wilde-Ramsing believes levelling the imbalance of power is another crucial factor.

“Often there will be a very significant imbalance of power. Companies will show up with an army of lawyers and PR people facing a small organisation with limited resources. The Norwegian NCP has been a good example by assisting complainants in preparing their argument. We also believe there should be a higher acceptance for allowing complainants to speak publicly to raise awareness about a case”, says Wilde-Ramsing.

Safety is a real concern

Over the last years, OECD Watch has grown increasingly concerned over the safety of complainants. It has received reports from local partners in countries like Russia, India, Liberia, Colombia and Cambodia of verbal threats, threats of violence and

abduction, and even murder of individuals who have submitted complaints through the NCP system.

“This is part of a wider crackdown on human rights activists around the world. NCPs should take more proactive steps to protect the safety of complainants, for example, by allowing for cases to be submitted anonymously”, suggests the senior researcher.

He points out that facilitating mediation is not the only tool NCPs have at their disposal.

“They can engage in dialogue with companies and other stakeholders, conduct fact-finding, and provide the company with recommendations on how to act in accordance with the Guidelines. These measures can help resolve a problematic situation without putting human rights defenders at risk”, says Wilde-Ramsing.

Inspiring workshop organised by OECD Watch in Utrecht

Last year, representatives from the Norwegian NGO “ForUM” raised a question in the dialogue meeting with Norway’s NCP of whether it was too difficult to file complaints and called for more civil society courses on the OECD’s grievance mechanism. In response, Norway’s NCP initiated a collaboration with OECD Watch and organised a seminar with a focus on the grievance mechanism of the OECD guidelines. How complex is a complaints process? What documentation is required to file a complaint? Which NCP will handle a complaint that involves multinational enterprises and supply chains? These were just some of the questions that were discussed when Norway’s NCP represented by member Frode Elgesem and Bente Follestad Bakken of the secretariat attended an inspiring workshop,

together with representatives of ForUM, Fokus, Industri Energi, the Association for International Water Studies (FIVAS) and the Norwegian Council for Africa, organised by OECD Watch at the end of May. The goal was to raise civil society’s awareness of the OECD Guidelines and the NCP’s grievance mechanism. Civil society, trade unions and seven national contact points took part alongside the OECD Secretariat.

The workshop provided a unique opportunity to give civil society and trade unions a better overview of the procedures. The national contact point participants also learnt more about the challenges civil society and trade unions face when they come into contact with the NCP system.



Ingrid Rostad
ForUM

Civil society sees the NCP system as an important resource, and the grievance mechanism is currently the best system we have for addressing the business sector’s violations. Unfortunately, we have felt that it can be demanding in terms of resources to submit and follow up complaints, which in turn raises the threshold for filing a complaint. OECD Watch also points out key weaknesses in the system. We appreciate our cooperation with the NCP, and the courses with OECD Watch play an important role in helping civil society to become familiar with and able to use the grievance mechanism

Specific instance concluded between Industri Energi and DNO ASA

In 2016, the Norwegian trade union Industri Energi filed a complaint against the Norwegian company DNO ASA on behalf of the Yemeni trade union DNO Yemen Union. The key issue in the complaint concerned lack of notification and consultation between DNO and the employee representatives in Yemen in connection with collective dismissals and suspension of production in the war-like situation that prevailed in 2015. In the complaint, it was claimed that the Yemeni trade union wanted to engage in dialogue with DNO's representatives in Yemen on the dismissals and suspension of production, without this request being granted. DNO was of the view that the state of emergency and war-like situation in Yemen meant that the company could refrain from notifying and consulting the employee representatives in connection with the dismissals.

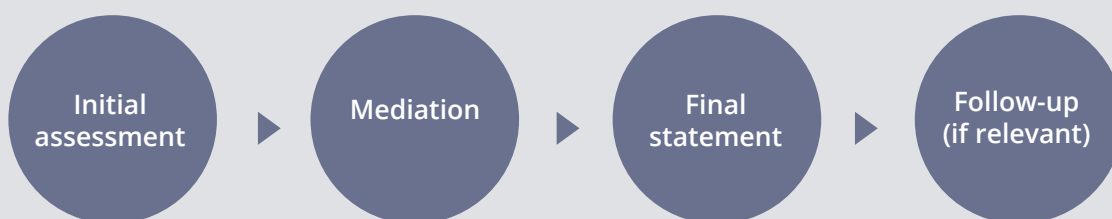
Norway's NCP accepted the specific instance, and the parties accepted the offer of mediation and dialogue, which was unsuccessful. The mediation was concluded in 2017 and the NCP then conducted an independent assessment of the issues of the complaint in accordance with its procedures, and completed its final statement in 2018. The NCP concluded that DNO has not complied with the OECD Guidelines on notification and consultation with the employees of DNO Yemen in connection with suspension of the company's Yemeni operations in 2015. The NCP recommended that DNO in future should carry out risk-based due diligence and enhance the transparency of its guidelines and procedures for responsible business conduct.

The NCP has accepted a new specific instance

The NCP has received a new complaint from Industri Energi on behalf of DNO Yemen Labor Union, concerning DNO ASA in Jemen. The NCP has accepted the specific instance. The fact that the NCP decides to handle a specific instance does not mean that the company concerned has failed to comply with the OECD Guidelines.



The four stages of the NCP's handling of a specific instance





International cooperation with the OECD's central organisation and other NCPs

The third main task of the NCP's work is to cooperate and share best practice with the OECD and the 48 other national contact points. For the contact point system to gain trust, it is essential that multinational enterprises are subject to the same requirements and expectations regardless of which OECD country they are based in. The NCPs are organised differently, however, and their resources and status also vary, which challenges this principle.





Global labour agreements are win-win

Safer working conditions and higher wages for textile workers in Bangladeshi factories are a result of global labour agreements.

Text: Silje Berggrav

“Improving the rights of workers in the supply chain is at the top of our agenda”, says Atle Høie. The Norwegian is Assistant General Secretary of IndustriAll Global Union, an umbrella organisation of trade unions representing 50 million workers in sectors like mechanical engineering, mining, energy and textile services. They represent more than 600 unions in 140 countries.

Høie points out that 94 percent of value creation in the world’s largest enterprises lies in the supply chain, while only six per cent of their workers are directly employed in it.

“When multinationals outsource their activities to suppliers, they also evade responsibility for the working conditions. This is a conscious strategy and business model, arguing that they don’t own the factory, so they can’t do anything about it.”

‘The supply chain is often owned by interests that are less respectful of labour rights,’ Høie points out.

Progress in the textile industry

One of the sectors where IndustriAll has been strongly involved, and seen a positive development,

is the textile industry in South and Southeast Asia. The tragic collapse of the textile factory Rana Plaza in Bangladesh in 2013 became a turning point. A total of 1138 people died and several thousand were injured.

“This horrific incident forced the textile industry to take responsibility”, says Høie.

IndustriALL put forward a legally binding agreement committing more than 200 multinational clothing enterprises to improve wages and safety standards. Under the agreement, around 1,600 factories in Bangladesh are monitored on compliance. More than 100,000 fire, building and electrical hazards have so far been detected and rectified.

Limited resources

However, similar progress has not happened in other industries, such as the automotive, aircraft and technology industries.

“We can only negotiate binding agreements with enterprises that wish to operate more responsibly. Unfortunately, multinationals use a lot of power and resources to keep trade unions away. We have



– Improving working conditions for employees in the supply chain is at the top of our agenda

Atle Høie, IndustriALL Global Union

limited resources for large-scale campaigns, and we can only put pressure on a few enterprises at a time”, says Høie.

He believes global collaboration on labour rights are essential to bring about change, and hopes that the UN will succeed in developing binding treaties for responsible business conduct in the supply chain.

“We also see that NCPs work reasonably well in some countries, while in other countries they’re not so effective. Good recommendations from NCPs are important. But if enterprises don’t suffer the consequences of their violations, such recommendations have less value. NCPs should have authority to make stronger statements, demanding compensation when enterprises breach international guidelines”, Høie believes.

Global Framework Agreements

He stresses that Norwegian enterprises with international operations cannot evade responsibility by claiming they can’t control practices in the supply chain.

“Our strong advice is that enterprises should welcome social dialogue and trade unions in the supply chain”, Høie emphasises.

IndustriALL has negotiated Global Framework Agreements with a number of Norwegian multinational enterprises including Equinor, Aker, Norsk Hydro and Norske Skog. The agreements serve to protect the interests of workers across the companies’ global operations.

“Through these agreements, enterprises have access to information about their own sub-contractors before cases of abuse become difficult to manage from a PR perspective. Furthermore, workers’ right to freedom of association is linked to increased productivity, which is important for any company. It’s a win-win for both parties”, says Høie.

Joint efforts in the Nordics and the Baltics

There are currently hundreds of Norwegian enterprises established in the Baltics, and Norway is among the five biggest investors in Estonia, Latvia and Lithuania.

Building on a long-standing tradition of Nordic-Baltic cooperation, Norway's NCP has taken a special initiative to contribute to ensuring that the NCPs in the Nordic and Baltic countries are coordinated and provide the same functions. The goal is to ensure that companies are subject to the same requirements and standards in the complaints process.

In cooperation with the NCPs of Denmark and Lithuania, Norway's NCP organised a seminar in Vilnius in September. The contact points of Sweden, Finland, Iceland and Latvia also took part in the seminar.

The initiative is part of the third main task of the NCP's work, namely to contribute to the improvement of the OECD NCP system, cooperate and share best practice, including by working closely with the national contact points of other countries and the OECD at central level.

At the seminar, the participants shared their experiences through peer learning and exchanged best practice to promote the OECD Guidelines. The NCPs of Norway and Denmark described their work on organising courses and seminars, and on developing their websites and information material. The seminar also included a mediation course with Tina Monberg, an expert in the field representing the Danish mediation center. The participants gained useful knowledge about the mediation process through role play, taking turns playing the different parties in a mediation process.

A seminar on responsible business conduct was also held for local industry players in Vilnius, attracting a large turnout from the business sector. The seminar focused on due diligence in the garment industry and the financial industry. The Norwegian-Lithuanian Chamber of Commerce and the Nordic Council of Ministers' office in Lithuania assisted in organising the event.



Frode Elgesem – Norway NCP, Linda Nielsen – Denmark NCP, Kathryn Dovey – OECD secretariat, Andrius Bambalas – Lithuania NCP

The OECD Due Diligence Guidance highlighted at the UN Forum in Geneva

The UN Global Forum on Business and Human Rights in November 2018 represented a breakthrough for the OECD Guidelines

The importance of the OECD's new Guidance on Due Diligence for responsible business conduct, and the fact that it is in line with the UN Guiding Principles, was a recurring topic at the forum. Numerous and competing standards have been an obstacle for enterprises and the subject of frustration. Coherence between international standards represents a significant step forwards, according to chair of the UN Working Group on Business and Human Rights, Dante Pesce.

Human rights due diligence was a main focus of the forum, but also how the authorities can lead by example by requiring responsible business conduct when they provide incentives such as financial support for private sector development. Examples of best practice came from both the companies and

government representatives, but the message was clear: governments are lagging behind and need to intensify their work on responsible business conduct.

Several Norwegian representatives took part in the panel discussions at the forum: Camilla Røssaak of the Ministry of Foreign Affairs, Malin Helgesen from Equinor, Stine Foss representing the Ethical Trading Initiative Norway, and Sylvi Bratten from Fokus.

The UN Global Forum is the world's leading arena for stakeholders to discuss responsible business conduct. In 2018, more than 2,500 participants from the authorities, civil society, trade unions, business and industry, and affected individuals and groups attended. Lack of interest from business and industry has been a weakness in previous years, but in 2018, 30 per cent of the participants represented this target group.



Camilla Røssaak,
Ministry of Foreign
Affairs, Norway



The OECD Global Forum on Responsible Business Conduct

Every year, several hundred leading representatives of business and industry, academia, trade unions, civil society and governments come together to share best practice and new development in the area. This year's forum was dominated by the launch of the OECD Due Diligence Guidance for Responsible Business Conduct. Several of the panel debates emphasised the need for this guidance document, which creates a common platform and method that enterprises can use to assess and manage risk. The forum also highlights how the NCP system and the handling of complaints in particular can set important standards for what is expected of enterprises in terms of responsible business conduct.

The forum brings together a wide range of engaged voices, this year among others Sharon Burrow of the International Trade Union Conference (ITUC), who was a vibrant voice in the debate, referring to how a majority of workers in the supply chain do not have collective agreements and work under unregulated conditions with unstable pay. Other participants on the panel were more optimistic, emphasising the positive elements, for example that voluntary and legally binding regulations are increasingly contributing to responsible business conduct. Many enterprises shared their best practice in responsible business conduct. Gunhild Ørstavik from Fokus was on the panel. She encouraged enterprises to include women in the dialogue to gain a better overview of risk factors. The forum focused on measures to combat modern slavery. The UK's Anti-Slavery Commissioner explained how these efforts can yield good results if the authorities allow more transparency and set greater requirements of enterprises.



Business promotion in Kenya – what are the benefits of the OECD Guidelines?

At a seminar in East Africa organised by the embassy in Nairobi and Innovation Norway's East African office, the secretariat gave introductions on the OECD Guidelines and why they are an important part of business promotion.

There was great interest in the complaints mechanism, the relationship between the Sustainable Development Goals and responsible business conduct, and statements and comments relating to Norway's NCP due diligence courses. The embassies in Kampala, Dar-es-Salaam and Nairobi discussed synergies across countries and how they can contribute to promoting Norwegian business interests and economic growth.

CSR in Latvia

Responsible business conduct and ethical standards throughout the supply chain were the focus of the secretariat's speech at the business seminar in Riga, alongside the Norwegian Chamber of Commerce in Latvia, CSR Latvia and the Baltic Institute of Corporate Governance. The target group was the 300 or so Norwegian enterprises established in Latvia and members of the Chamber of Commerce. Ambassador Kristian Ødegaard opened the seminar. The discussion raised important dilemmas encountered by enterprises in the Baltics relating to due diligence and demonstrating responsible business conduct over and above one's own operations.



The OECD Guidelines – is the glass half-full or half-empty?

At the OECD Global Forum in Paris in June, Roel Nieuwenkamp stepped down after five years as an inspiring leader who has succeeded in putting responsible business conduct on the international agenda. Nieuwenkamp was paid homage to with a commemorative volume looking at the importance of the OECD Guidelines, taking into account both their strengths and weaknesses. The Guidelines may have weaknesses

Pictures above: Christine Kaufmann, Chair of the WPRBC and outgoing Chair of the WPRBC Roel Nieuwenkamp.

with respect to implementation, but are one of a kind and have great potential to contribute to responsible business conduct and sustainable development. Chair of Norway's NCP Ola Mestad contributed with the article 'The voice of affected persons in the OECD Guidelines and guidance documents', focusing in particular on the importance of stakeholder engagement in due diligence processes.



An enjoyable event to thank Roel Nieuwenkamp for his five years as Chair of the OECD Working Party on Responsible Business Conduct (WPRBC). Christine Kaufmann, a well-deserved and highly qualified candidate, will replace Roel Nieuwenkamp and has also contributed to the book. Norway's NCP looks forward to working with the new Chair.

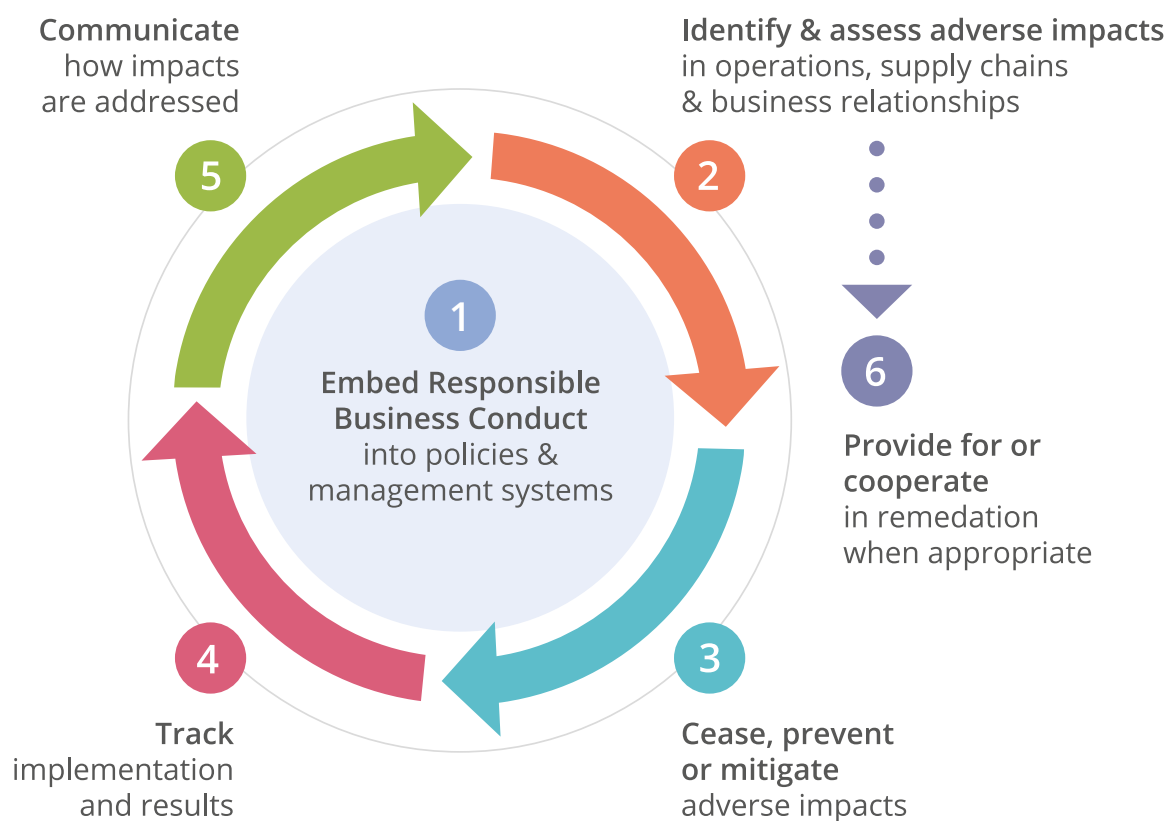
Financial accounts for Norway's NCP 2018

The NCP's budget mainly goes to fees for NCP members and salaries for the secretariat employees (two permanent employees and one temporary). Other funds are spent on the handling of specific instances, preparing information and course material, and hiring expert assistance.

All figures are in NOK

	2018 EXPENDITURE
Fees for NCP members	345 000
Salary, secretariat	2 330 000
Travel expenses	245 000
External consultancy	436 000
IT, misc. office equipment and printed matter	52 500
Information activities, courses and meetings	347 000
Translations	166 500
Total	3 922 000

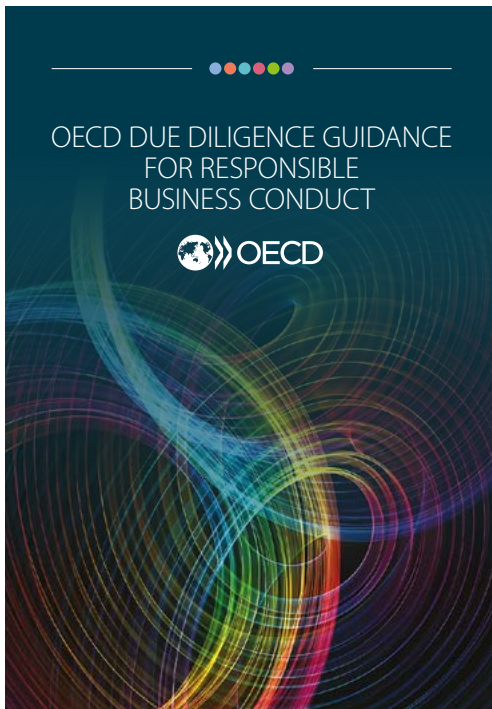
The due diligence model



The model illustrates how due diligence is a continuous process that must continue throughout the lifecycle of a company.

The OECD Guidelines expect enterprises to carry out risk-based due diligence. The objective is to identify and assess whether a business contributes to risk to people, society or the environment, and how harm and adverse impacts are handled, followed up and communicated to external parties. The company must look at risks arising both from its own operations, through business relationships or in the supply chain.

The OECD's sectoral guidance is a useful tool for enterprises



The OECD has developed sectoral guidance documents that provide concrete and practical advice adapted to different industries. The guidance documents are unique in that they set out recommendations from governments prepared in cooperation with key business representatives from each industry. They focus on stakeholder engagement and also include a unique gender perspective. It is demanding for enterprises to familiarise themselves with what is expected of them under the OECD Guidelines, and the sectoral guidance provides useful examples and advice. Norway's NCP promotes the guidance documents at seminars and courses. It has translated the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear sector into Norwegian and compiled a summarised Norwegian introduction to this as well as the new OECD Due Diligence Guidance for responsible business conduct.

OECD Due Diligence Guidance for Responsible Business Conduct.

The OECD has developed sectoral guidance that provides concrete and practical advice adapted to different industries. The guidance documents elucidate specific issues relating to responsible business conduct in the various sectors.



Responsible Business Conduct for Institutional Investors.



OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

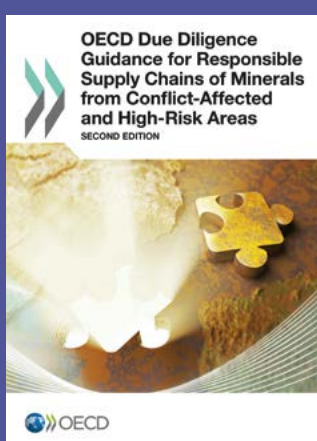
RBC Compass: A tool for businesses



In 2018, the NCP launched a unique self-assessment tool for enterprises. The compass gives a snapshot of the extent to which a company complies with the OECD Guidelines for Multinational Enterprises. The expectations listed in the Guidelines are presented as statements in an Excel spreadsheet for the company to consider, and the results are then presented as an easy-to-read star chart.

This gives the company's management and board a quick overview of where compliance is lacking.

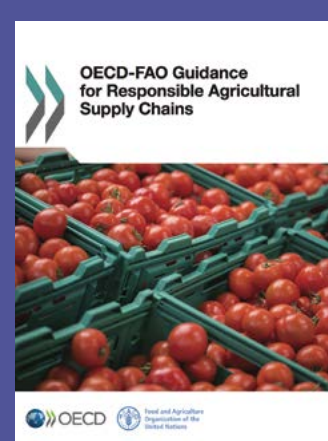
The tool is based on the OECD Guidelines and the Due Diligence Guidance for Responsible business conduct, and is actively used in seminars on responsible business conduct and due diligence organised by the NCP.



OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.



OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector.



OECD Guidance for Responsible Agricultural Supply Chains.

“Through my four years as Chair of the Norwegian NCP, I have met a large number of enterprises committed to promote and improve responsible business conduct in their operations and supply chains. The Norwegian NCP has developed several guidance documents in Norwegian on due diligence for responsible business conduct, courses for business on due diligence as well as developed a unique self-assessment tool for enterprises, the RBC Compass. It is important that all enterprises put their ears on the ground and also listen to the Governments expectations to comply with the OECD guidelines and promote responsible business conduct. The tools, training and guidance are available”

– Ola Mestad, Chair of Norway's NCP



CONTACT US

The National Contact Point
for Responsible Business
Conduct Norway
P.O. Box 8114 Dep
NO-0032 Oslo, Norway
www.responsiblebusiness.no
Email: OECDncp@mfa.no



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