

INNOVATION NORWAY

# Good business practice

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Innovation Norway's expectations  
for customers and partners

**Div Sustainability**

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Innovation Norway expects that customers receiving services  
maintain the principles of good business practice  
in line with internationally recognized standards.

## 1 Background

Innovation Norway expects that customers maintain good business practice in line with internationally recognized standards. This has been adopted in the Code of Ethics, and Innovation Norway's strategy of sustainability states that Innovation Norway shall promote new sustainable solutions for business and industry, and expect customers to maintain good business practice. In a total assessment of sustainability in companies, finance, environment and social impact will be evaluated in addition to setting requirements that the companies satisfy a minimum requirement of good business practice.

This note describes what Innovation Norway means by the term good business practice and requirements in this area for customers who are to receive services from Innovation Norway. It also stipulates the basic principles of how an evaluation of good business practice is to be carried out.

Good business practice is a collective term for business ethics, corporate social responsibility (CSR) and responsible business conduct (RBC).

### Agreement conditions

Ethics and corporate social responsibility is a condition in agreements Innovation Norway enters into with customers:

Ethics and corporate social responsibility

Innovation Norway shall contribute to sustainable development, including greater corporate social responsibility on the part of Norwegian business and industry. It is a condition for both parties that the business shall be based on stringent ethical requirements, and that it does not contribute to corruption, the violation of human rights or poor working conditions, or have a harmful impact on local communities and the environment. Innovation Norway expects its customers and partners to have a code of ethics and guidelines for corporate social responsibility.

If serious matters are uncovered that are in breach of the above-mentioned principles, this may constitute grounds for Innovation Norway terminating the agreement.

## 2 Good business practice

The starting point for the definition of principles of good business practice at Innovation Norway are the internationally recognized standards defined by UN in its UN Global Compact and UN Guiding Principles and by the OECD Guidelines. These frameworks are available on the internet, where you can also find relevant guidelines at sector level. Innovation Norway uses the OECD as the guiding framework. The OECD guidelines are aligned with the other frameworks mentioned above. The Guidelines are recommendations from the OECD countries to business in all sectors.

These frameworks govern Innovation Norway's principles of good business practice and have been adapted to Innovation Norway's mandate and target groups.

## Principles of good business practice

1st principle: Avoid harm/damage: Businesses must avoid contributing to corruption, violation of human rights, poor working conditions or making harmful impact on consumers, local communities and the environment, both within their own operations and through business relationships.	
Corruption	<p>Avoid violating corruption legislation, even in countries with weak enforcement of relevant legislation.</p> <p>Reduce the risk of corruption and other financial crimes by using anti-corruption programmes adapted to the size, business type and risk.</p>
Human rights	<p>Avoid violating human rights and labour rights legislation, especially in countries with weak enforcement of relevant legislation.</p> <p>Prevent violations of human rights in own operations and in the value chain, for instance by conducting due diligence.</p> <p>Address violations of human rights in own operations</p>
Working conditions	<p>Respect workers' rights</p> <p>Cooperate with the representatives of the workers</p> <p>Oppose discrimination</p> <p>Contribute to the elimination of child labour and forced labour</p>
The environment	<p>Prevent, address and mitigate adverse impacts on the environment from own operations</p> <p>Innovate and implement new environmental technologies</p>
Consumer interests	<p>Exercise good marketing and advertising practices</p> <p>Ensure that goods and services offered are safe and of a high quality</p>
2nd principle: Responsible approach: Businesses shall have a responsible approach to the principles of good business practice through conducting due diligence and through stakeholder engagement. Businesses shall use relevant global standards and best practice as a basis, as well as implementing measures for continuous improvement.	
Due diligence	Conduct tailored due diligence reviews to identify, prevent, account for and mitigate adverse impacts.
Stakeholder engagement	Give stakeholders, especially those directly affected, the opportunity to have their views heard and be taken into account as early as possible in the planning and decision processes.
Continuous improvement	Based on the current situation of the business, perform measures that continually put the business into a position of complete compliance with all the principles above.
Global principles and best practice	Be aware of relevant frameworks and best practice in own sector and value chain.

### 3 Basic guidelines for evaluation of businesses

Innovation Norway shall follow some common guidelines for evaluation of businesses in the operationalisation of this policy. Detailed guidelines may be developed when needed. This is for example included in the Finance Manual for financing services.

To be eligible for services from Innovation Norway, it is expected that companies satisfy a minimum requirement for good business practice. This does not mean that everything has to be perfect, but that the customer demonstrates the will and ability to make improvements in line with relevant principles and guidelines and best practice in its sector.

Customers must keep within the provisions of the Penal Code with regard to corruption and other financial crimes. In addition, Innovation Norway expects customers to have and use ethical guidelines and anti-corruption programmes adapted to size, business type and risk.

The case officer is responsible for carrying out the evaluation, to ensure that the customer meets Innovation Norway's requirements for good business practice before the service is delivered. The extent of the evaluation must be adapted to the customer's business and the service to be delivered. The evaluation must always be documented in writing.

Special attention must be paid to these red flags:

- Great environmental impact
- Risk of corruption
- Activities in low-cost countries
- Ethical dilemmas

In cases where the service is open to all, it is not necessary to evaluate every single participant.

When reviewing business practice, the points given below must be emphasised:

- International standards, general and for the relevant sector: starting point is the first principle above.
- The company's approach and attitude: starting point is the second principle above.
- Best practice among companies in the same sector or the value chain, for example practice/expectations of important customers.
- Innovation Norway's reputation
- Consequences for the company of being rejected by Innovation Norway

### 4 Conclusion

To qualify for receiving services, companies must meet the requirements for good business practice. Normally this also applies where the company has some issues, but can show a good understanding and a will to continuously improve by implementing measures that Innovation Norway consider to be sufficient.

Innovation Norway will normally not deliver services if there are well-founded grounds for suspecting that the customer or central persons within the company are involved in corruption or other financial crimes.

The case officer must discuss matters with his or her manager or with Finance and Restructuring or Legal and Compliance in cases where the evaluation presents issues or questions. Cases that involve major issues linked with business practice at the customer are unacceptable. To be acceptable, the service delivery in such cases must be approved by a divisional director. The credit director can approve financing. In special cases, the divisional director or credit director can bring the matter to the CEO or the board.