

Guidelines on cross-cutting issues and good business practice

for projects financed by the EEA and Norway Grants and operated by Innovation Norway

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There are several core principles and values under the EEA and Norwegian Financial Mechanisms 2014-2021, including the principles of good governance, sustainable development, gender equality and non-discrimination, and zero tolerance towards corruption. These cross-cutting issues are integrated into the programme design and are to be followed in projects as relevant.

According to the Regulations for the EEA and Norway Grants¹, all programmes and activities funded by the Financial Mechanisms shall:

- be based on the common values of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities.
- follow the principles of good governance; they shall be participatory and inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero-tolerance towards corruption.
- be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection.

Innovation Norway as Fund Operator for programmes under the EEA and Norway Grants will ensure the implementation of these programmes and the conclusion of project contracts with project promoters.

Innovation Norway shall contribute to sustainable development, including greater corporate social responsibility, and it is a condition that 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. If serious matters are uncovered that are in breach of these principles, this may constitute grounds for Innovation Norway terminating the contract.

¹ Article 1.3 and Article 7.4 of the Regulations: <https://eeagrants.org/Results-data/Documents/Legal-documents/Regulations-with-annexes>

Innovation Norway uses the OECD Guidelines as the guiding framework for **good business practice**², and these guidelines are recommendations to business in all sectors and are aligned with the internationally recognized standards defined by the United Nations in the UN Global Compact and the UN Guiding Principles.

To be eligible for services from Innovation Norway, it is expected that customers and partners satisfy a minimum requirement for good business practice in line with these internationally recognized standards. The customer is also expected to demonstrate 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 relevant national and EU legislation on corruption and other financial crimes. In addition, Innovation Norway expects customers to have and use ethical requirements (policy) for own operations and anti-corruption measures adapted to size, business type and risk.

Principles of good business practice:

1. 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**
 - o Avoid violating corruption legislation, even in countries with weak enforcement of relevant legislation
 - o Reduce the risk of corruption and other financial crimes by using anti-corruption measures adapted to the size, business type and risk

- **Violation of human rights**
 - o Avoid violating human rights and labour rights legislation, especially in countries with weak enforcement of relevant legislation
 - o Prevent violations of human rights in own operations and in the value chain, for instance by conducting due diligence
 - o Address violations of human rights in own operations

- **Poor working conditions**
 - o Respect workers' rights
 - o Cooperate with the representatives of the workers
 - o Oppose discrimination
 - o Contribute to the elimination of child labour and forced labour

² Good business practice is a collective term for business ethics, corporate social responsibility (CSR) and responsible business conduct (RBC).

- **The environment**
 - o Prevent, address and mitigate adverse impacts on the environment from own operations
 - o Innovate and implement new environmental technologies
- **Consumer interests**
 - o Exercise good marketing and advertising practices
 - o Ensure that goods and services offered are safe and of a high quality

2. 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:

- **Conducting due diligence**
 - o Conduct a risk analysis (tailored due diligence) to identify and mitigate negative impacts to human rights, labour rights, local communities and the environment.
- **Stakeholder engagement**
 - o 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**
 - o 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**
 - o Be aware of relevant frameworks and best practice in own sector and value chain
