

Policy on Good Business Conduct

1. FRAMEWORK ON GOOD BUSINESS CONDUCT

Innovation Norway is to promote profitable and sustainable business development and work actively to strengthen the safeguarding of corporate social responsibility. Good business conduct is a unifying concept for corporate social responsibility (CSR), business ethics, and responsible business.

Innovation Norway expects its customers, partners and suppliers to maintain good business conduct in line with the international frameworks [OECD Guidelines for Responsible Business Conduct](#) and the [UN Guiding Principles on Business and Human Rights](#) and the principles of the [UN Global Compact](#).

As reflected in the Sustainability Strategy of Innovation Norway, a comprehensive assessment of finances and environmental and social impact – as well as good business conduct – must be carried out both for companies and for projects. This is to ensure that those receiving services from Innovation Norway exercise good business conduct in line with globally recognised frameworks.

This policy describes:

- a) Innovation Norway's expectations of customers and partners, and
- b) requirements to ensure compliance with good business conduct.

2. INNOVATION NORWAY'S TERMS OF AGREEMENT FOR ETHICS AND CSR

Ethics and CSR are conditions in agreements entered into by Innovation Norway. Our standard terms include the following paragraph:

Ethics and CSR

Innovation Norway will contribute to sustainable development, including increased corporate social responsibility in Norwegian business and industry. The parties agree in common that business operations must be based on high standards of ethical attitudes, avoid contributing to corruption, human rights abuses, poor working conditions or adverse effects on local communities and the environment. Innovation Norway expects clients and business partners to have in place guidelines for ethics and corporate social responsibility in their businesses. If serious breaches of the conditions above are uncovered, Innovation Norway may terminate the agreement with immediate effect.

3. PRINCIPLES OF GOOD BUSINESS CONDUCT

1st principle: Avoid injury : Companies should avoid contributing to corruption, human rights abuses, poor working conditions or adverse effects on consumers, local communities and the environment, both in their own business and through business relations.

Corruption	Avoid violations of corruption regulations, even in countries with weak enforcement of relevant legislation. Reduce the risk of corruption and other financial crime through anti-corruption programmes adapted to size, the nature of the business and
Human rights	Avoid contributing to human rights violations. Prevent breaches of human rights in own business operations and in the value chain, including through due diligence assessments. Monitor and manage potential violations of human rights in one's own business.
Labour conditions	Respect employee rights and avoid breaches of labour law legislation. Collaborate with employee representatives. Address discriminatory practices. Contribute to the abolition of child labour and forced labour.
Environment	Prevent, manage, and reduce negative environmental impacts of one's business. Innovate and implement new environmental technology.
Consumer interests	Demonstrate good marketing practices that do not violate general ethical and moral perceptions or use offensive measures. Ensure that goods and services offered are safe and of good quality
2nd principle: Responsible approach : Companies should take a responsible approach to principles of good business conduct by conducting due diligence assessments. Companies must base their work on relevant international guidelines and best practice for their sector and implement measures for continuous improvement.	
Due diligence	A "due diligence assessment" is a process in which one identifies and addresses the risk of negative impact from one's own business, product, supply chain and business partners. The process will map and assess internal procedures and systems, and include external stakeholders affected by the company's activities.
Stakeholder dialogue	Provide stakeholders, especially those directly affected, with the opportunity to promote their views and provide input and include these in assessments in planning and decision making.
Continuous improvement	Plan and implement improvement measures in keeping with the principles of good business conduct based on the company's current situation.
International principles and best practice	Be cognizant of relevant frameworks and best practice in one's own sector and value chain.

4. ASSESSMENTS AND REQUIREMENTS

When implementing principles for good business conduct, Innovation Norway adheres to common guidelines for the assessment of companies and projects.

In order to qualify to receive services from Innovation Norway, companies must recognise and fulfil Innovation Norway's expectations of good business conduct.

Good business conduct shall be a condition of agreements entered into with clients and partners by Innovation Norway. If serious conditions are discovered in violation of the Code of Conduct for good business practice, Innovation Norway may terminate the agreement with immediate effect and withdraw the offer of financing or demand repayment of grants and/or loans.

Innovation Norway requires that clients establish or follow ethical guidelines and anti-corruption programmes adapted to the size, nature of business and risks involved. Clients must abide by the provisions of the Criminal Code against corruption and other financial crime. If there is reason to suspect that the client or key persons in the business are involved in corruption or other financial crime, Innovation Norway will as a rule not offer its services.

If the company does not meet the principles, but shows good understanding and willingness to improve continuously and implements measures in line with the principles of good business conduct, the company may still receive services from Innovation Norway. The assessment must always be documented in writing.

Should Innovation Norway suspect that the project / business activity may be linked to a particular risk of breach of the principles of good business practice, Innovation Norway may require documentation of the due diligence assessment and stakeholder dialogue.

Increased risk of violating the principles of good business practice includes the following red flags:

- Severe negative environmental impact
- Corruption risk
- Activities in low-cost countries
- Ethical dilemma / business ethical risk.