

Ethical trade

Helse Sør-Øst



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Helse Sør-Øst shall be a driving force for both environmental requirements and ethical trade. This is made evident in the ethical guidelines for purchasing and supplier contact that were adopted by the board on 10.12.09 and implemented in the group in spring 2010. Helse Sør-Øst spends more than 16 billion kroner a year and wishes to use this buying power to press for good requirements for the environment and for ethical supply chains in public procurement.

The supply chain can often be complex, especially when production takes place in poor countries, and it is difficult to remove the risk of breaches of human rights or global environmental considerations. Helse Sør-Øst shall be a driving force for an ethical supply chain. This shall be done with the aid of risk analyses of products and production countries in major procurements and by setting requirements for suppliers where there is a risk of breach. During the contract period, Helse Sør-Øst shall follow up with the supplier to ensure that requirements are being met.

Ethical guidelines for purchase and supplier contact at Helse Sør-Øst

Point 8 – Ethical trade

” Helse Sør-Øst shall be a driving force for ethical trade and undertakes to set requirements for an ethical supply chain wherever this is a relevant issue. As a member of the organisation ETI Norway (ethical trade initiative), Helse Sør-Øst is committed to following the ETI’s Code of Conduct and to work for an improvement of labour and human rights and the environment in the production of goods and services for Helse Sør-Øst. In all regional procurements and other joint procurements, ethical requirements shall be set if a risk assessment of the product and supply chain so indicates. Helse Sør-Øst will establish its own system for following up on suppliers. ”*

*The ETI Code of Conduct may be found at www.etiskhandel.no

What is ethical trade?

Ethical trade is promoting responsible labour and environmental conditions in global supply chains.

Extreme overtime, hazardous surroundings in the workplace and pay that barely covers living expenses and food is the reality of daily life for millions of workers in global trade and production. Serious forms of child labour, forced labour and activities that cause serious environmental damage exist too.

Working together to make improvements

Ethical trade is primarily the voluntary efforts of companies to help ensure that the goods they buy have been made in line with internationally recognised standards for working conditions and the environment. Norwegian companies that import raw materials and goods for operations, processing or sale seldom own any of the production abroad. Neither does change occur overnight. The road to improvement is therefore mainly through long term cooperation with agents, importers and producers.

Both in Norway and internationally, there is now an increasing expectation that public and private organisations display social responsibility in their own supply chains. Norway has formulated these expectations in the 2009 stortingsmelding (white paper) “Trade and industry’s social responsibility in a global economy.” Supply chain responsibility is also on the agendas of international organisations, for example through the UN’s Global Compact.

(Source: www.etiskhandel.no)

Ethical trade at Helse Sør-Øst - organisation

At Helse Sør-Øst, work on ethical trade is led by the purchasing department of the regional health authority. All those in the group who conduct purchasing are obliged to follow the health authority's ethical guidelines. A risk assessment shall therefore be made of all procurements above a certain size. It is only by means of a calculated risk of unethical supply chains that ethical requirements can be set.



Following up on suppliers

Dialogue and cooperation with our suppliers will be a success factor in this work. Helse Sør-Øst RHF has started a programme of supplier seminars about ethical trade and following up on ethical requirements in the supply chains. Every time a procurement will have ethical requirements, this shall clearly appear in the basis for tender. It shall also be on the agenda when the contract is written.

As a member of the organisation ETI (ethical trade initiative), Helse Sør-Øst is committed to make an annual report of which procurements are subject to ethical requirements. All health authorities must themselves report this to the purchasing department of the regional health authority (RHF).

The purchasing and logistics department of Helse Sør-Øst RHF will perform subsequent risk assessments and follow up with the suppliers in the following ways:

1. Issuing and analysing self-declaration forms
2. Detailed follow up on various issues, for example how the ethical requirements are pursued along the supply chain and the suppliers' plans for risk analysis
3. Audit/improvement control at the manufacturer
4. Follow up meetings with suppliers to prepare any necessary action plans for improvements

Ethical requirements – contract conditions

Our suppliers and agreement partners shall respect basic requirements for human rights, workers' rights and the environment. Goods that are supplied to the regional health authority and its subsidiaries shall be produced under conditions that are consistent with the requirements stated below. These requirements are based on key UN conventions, ILO conventions and national legislation at the place of production. The requirements state minimum standards. Where conventions and national legislation and regulations cover the same topic, the highest standard shall always apply. If the supplier uses sub-contractors to perform this contract, the supplier must convey these requirements to its sub-contractors and help to ensure that they are complied with.



1. REQUIREMENTS

Human rights

The supplier shall respect the United Nations Universal Declaration of Human Rights.

National legislation

Labour law and legislation where production takes place shall be complied with. Aspects that are of particular relevance include rules on pay and working hours, health and safety, the environment, statutory insurance and social schemes and regular conditions of employment, including contracts of employment.

Prohibition of child labour (UN Convention on the Rights of the Child article 32, ILO Conventions No. 138 and 182)

Children have the right to protection against economic exploitation at work and against performing work that can limit their opportunities for education and development. The minimum age must not under any circumstances be lower than 15 (14 or 16 in certain countries). Children under 18 shall not perform work that puts their health or safety in danger, including night work. If such child labour exists, work shall be in hand for a rapid phasing out. Facilities should simultaneously be introduced to give children the opportunity of subsistence and education until the child is no longer of school age.

Forced labour/slave labour (ILO Conventions No. 29 and 105)

There shall not be any form of forced labour, slave labour or involuntary labour.

Workers must not give a deposit or identity papers to employers and shall be free to terminate their employment after a reasonable period of notice.

Discrimination (ILO Conventions No. 100 and 111)

There shall be no form of discrimination in the workplace on the basis of ethnic background, religion, age, disability, gender, marital status, sexual orientation, trade union membership or political affiliation.

Freedom of association and the right to collective bargaining (ILO Conventions No. 87 and 98)

The workers without exception shall have the right to join or establish trade unions by their own choice and to bargain collectively. If these rights are limited or under development, the supplier shall assist in enabling employees to meet management in order to discuss pay and working conditions without this having negative consequences for the workers.

2. FOLLOW UP

The supplier is obliged to comply with the above requirements in its own activities, as well as helping to ensure their compliance at the sub-contractor(s) who contribute to the performance of this contract. The client, or whoever the client authorises, reserves the right to perform announced or unannounced checks at the place of production during the contract period. In the event of checks, the supplier is obliged to give the names and contact information of sub-contractors. Contact information is treated as confidential.

3. BREACH

Breach of points 1 or 2 is a breach of contract. In the event of a breach of contract, the supplier is obliged to rectify the defects that have been pointed out within a time limit determined by the regional health authority and subsidiary health authorities, provided that this is not unreasonably short. Rectification of defects shall be documented in writing in the manner determined by the regional health authority and subsidiary health authorities. Failure to make improvements may lead to penalties. The penalties shall be in relation to the type and extent of the breach. The client may also demand compensation or price reduction in proportion to the breach and to the client's financial interests in having the requirements fulfilled. In the event of material breach of points 1 or 2, or failure to make improvements, the client may cancel the contract.

How far back along the supply chain shall the requirements apply?

Essentially, the ethical requirements apply to all stages of production. In procurements for Helse Sør-Øst, the ethical requirements shall, as a minimum, apply to the production stage; that is to say, where the product is assembled into its final form. In some cases, the primary manufacturer will outsource part of the production to other and smaller manufacturers or producers, and in such cases the ethical requirements will also apply to these. Helse Sør-Øst will also assess the risk of a breach earlier in the supply chain and may make spot checks further back in the chain than the manufacturer. Typical examples of this include suppliers of cotton fabric to factories that sew hospital textiles or the part production of surgical instruments.

What do the Norwegian authorities say?

It is a statutory requirement that public procurements must be subject to environmental requirements. The same does not yet apply to ethical requirements. The Government's action plan "The environment and social responsibility in public procurements" (2007-2010) puts the spotlight on the role of the public sector as customer and consumer. In this plan, the Government sets clear goals: Public bodies must set an example and be responsible consumers who demand eco-friendly goods and goods that have been manufactured in accordance with high ethical and social standards.

Particular vigilance in procurements of medical equipment

The specialist health service has an extra responsibility to ensure that equipment that will be used to restore Norwegian patients to health does not destroy the health of people in other parts of the world. Experience in Sweden has shown that risk analyses for typical hospital products, such as operation articles, gloves, bandages and stainless instruments, show a particularly high risk of breach of our ethical requirements.

For these products, ethical requirements shall be set for all procurements. This is also in accordance with the Ministry of Health and Care Services' protocol for 2009, which specifically asked the health authorities to put this on the agenda.

ETI Norway - Etichal trade initiative

The ETI is a resource centre and a driving force for ethical trade whose purpose is to collaborate in ensuring trade that promotes human rights, workers' rights, development and the environment. As members of the organisation, all Helse Sør-Øst's employees have the opportunity to participate in courses organised by the ETI. The initiative has also prepared various types of tools that help buyers and supports Helse Sør-Øst RHF in audits and follow up in producing countries. www.etiskhandel.no

Agency for Public Management and eGovernment (Difi)

Difi is the government agency with professional responsibility for public procurements. This includes the professional development of the field of ethical trade in the public sector. Some useful tools and reports on this topic may be found on their website. www.anskaffelser.no

Helse Sør-Øst RHF, purchasing and logistics department

E-mail innkjop@helse-sorost.no to order this brochure or with any questions concerning Helse Sør-Øst and ethical trade.
www.helse-sorost.no/innkjop

