

NOVEMBER 2019

Words to Deeds

Study on Operationalization of UN Guiding Principles on
Business and Human Rights among Listed Companies in Finland

3BILITY
CONSULTING.

FIANT

List of acronyms

BSCI	Business Social Compliance Initiative
CHRB	Corporate Human Rights Benchmark
CoC	Code of Conduct
ESIA	Environmental and Social Impact Assessment
HRDD	Human Rights Due Diligence
HRIA	Human Rights Impact Assessment
ILO	International Labour Organization
OECD	Organisation for Economic Co-operation and Development
SCoC	Supplier Code of Conduct
UDHR	Universal Declaration on Human Rights
UNGPs	United Nations Guiding Principles on Business and Human Rights

Contents

1. INTRODUCTION 3

2. ASSESSMENT RESULTS 7

2.1 Governance and Policy Commitments 7

2.2 Embedding Respect and Human Rights Due Diligence 10

2.3 Remedies and Grievance Mechanisms 16

3. CONCLUSIONS 20

Key messages 22

1. INTRODUCTION

The United Nations Guiding Principles on Business and Human Rights (UNGPs)* was endorsed by the UN Human Rights Council in June 2011 as the first global standard on business and human rights. This framework which applies to **all States** and **all business enterprises** defines 31 principles for preventing and addressing negative impacts on human rights caused by business activities. While States have the primary responsibility to protect human rights, private sector actors are expected to take adequate measures for preventing, mitigating and, where appropriate, remedying their adverse human rights impacts. For this a sufficient **human rights due diligence** process must be developed.

The aim of this study conducted by Ms. Suvi Halttula (3bility Consulting), Ms. Elina Tran-Nguyen (FIANT Consulting Oy) and Ms. Jaana Vormisto (FIANT Consulting Oy), and supported by the Human Rights Centre of Finland, has been to **gain an overall understanding on the level of operationalization of the UNGPs among Finnish companies**. This type of information has been currently missing.

In response to an increasing need to **understand and measure** corporate human rights performance, several independent global benchmarks or crediting systems have been developed in the past years. This study has utilized the methodology of one of these benchmarks, the Corporate Human Rights Benchmark for analysing the human rights performance of the **50 largest listed companies in Finland** (excluding finance and insurance sector actors). By using this tool, the study aims also to stimulate discussion on the potential role and added value of these types of methodologies and benchmarks in promoting transparency regarding corporate human rights performance in Finland.

The results of the study were originally presented in May 2019 at the “*Human Rights - Why should investors care?*” -seminar organised by Hanken School of Economics, 3bility Consulting and FIANT Consulting Oy.

We wish to thank the **Human Rights Centre** (www.humanrightscentre.fi) for their support for publishing the report to highlight the importance of corporate human rights performance. Our sincere gratitude goes also to the **Corporate Human Rights Benchmark** for allowing us to utilise the CHRB UNGP Core Indicator Assessment -methodology even before it was made public.

* Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework (2011): https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf.

Background on the Corporate Human Rights Benchmark

The Corporate Human Rights Benchmark (CHRB)* was launched in 2013 as a multi-stakeholder initiative dedicated to creating the first open and public benchmark of corporate human rights performance. It draws on investor, business and human rights, and benchmarking expertise from 6 organisations: APG Asset Management, Aviva Investors, Business & Human Rights Resource Centre, EIRIS Foundation, Institute for Human Rights and Business and Nordea Wealth Management.

Grounded in international and industry-specific standards on human rights and responsible business conduct, the CHRB Methodology focuses on companies' **policies, processes, practices**, as well as how they respond to serious allegations. This is done through the application of over 80 specific indicators across six themes:

- Governance and Policies
- Embedding Respect and Human Rights Due Diligence
- Remedies and Grievance Mechanisms
- Performance: Company Human Rights Practices
- Performance: Responses to Serious Allegations
- Transparency

* Source: www.corporatebenchmark.org.

** The TE500 list is annually published by the Finnish business magazine *Talouselämä*. It lists the 500 largest companies in Finland based on their annual revenue.

The full methodology has to date been used for the Agricultural Products, Apparel and Extractive industries as well as the Information and Communications Technology Manufacturing industry.

To widen the applicability of the CHRB methodology, a set of core and non-industry specific indicators targeting three key areas of the UNGPs; **high level commitments, human rights due diligence and access to remedy** was released in April 2019. These core indicators, used also in this study, are meant for **all industry sectors** and focus on the implementation of the UNGPs

Methodology

The study was conducted by using the above listed core UNGP indicators. The sample included the **50 largest listed companies in Finland** based on the TE500-list** published in June 2018. The sample companies vary significantly in size (annual revenue between 23147 MEUR to 426MEUR) and sector (21 different sectors represented). However, the finance and insurance sector actors were excluded from the assessment, since more in-depth analysis would have been required on how the used tool would capture the specificities of the HRDD process in these sectors e.g. related to the complexity of value chains.

The core UNGP indicators provide a tool for assessing companies' approaches to human rights management and whether they are implementing the relevant requirements of the UN Guiding Principles, regardless of their size and industry sector. This wide applicability of the tool was one of the main reasons for selecting it as the framework for this study, since, as reflected above, even among the 50 largest listed companies in Finland there are significant differences in terms of the company size and sectors covered. In this way, the CHRB core

-  Fully compliant with CHRB Core UNGP Indicator requirements
-  Most elements of CHRB Core UNGP Indicator requirements fulfilled
-  Some elements of CHRB Core UNGP Indicator requirements fulfilled
-  Non-compliant with CHRB Core UNGP Indicator requirements

Criteria for classifying the performance of the assessed companies against the indicator specific scoring requirements.

indicators offer a viable tool to generate globally comparable information of Finnish companies' human rights performance with a process focus.

The assessment was carried out during January-May 2019 based on publicly available data. The UNGP core indicators measure the very basics of how companies should implement the UNGPs in their business operations, and therefore it is expected that related information is available in public materials, such as policy statements, annual reports or company websites. Additional information was not requested from the companies.

During the assessment process, three of the core indicators (Theme A: *“Commitment to engage with stakeholders”*, Theme B: *“HRDD – Reporting: Accounting for how human rights impacts are addressed”* and *“Embedding-Responsibility and resources for day-to-day human rights functions”*) were left out from the analysis, due to challenges in finding comparable information on company websites and other public sources.

The main difference in this study compared to the methodology used by CHRB was related to scoring. CHRB gives to the assessed companies points (0-2) per each indicator, whereas in this study a “traffic light” system was used (see figure 1). This approach was considered useful in illustrating the overall situation among the large companies in Finland, including their very initial steps in the operationalization of the UNGPs.

How to read an indicator?

To assist the readers of this report, we have included the **title**, **overall description** and **scoring requirements** of each indicator in the beginning of the indicator specific assessment results.

A CHRB indicator consists of Score 1 and Score 2 for which specific scoring requirements have been defined. In order to meet the requirements of Score 2, the requirements of Score 1 must also be met. In our study, this means that only the companies getting "green" from Score 1 are included in the analysis for Score 2.

FOR MORE INFORMATION

on the Corporate Human Rights Benchmark methodology and indicators, please refer to their website: www.corporatebenchmark.org.

The CHRB UNGP Core Indicator Assessment document can be accessed through: <https://www.corporatebenchmark.org/sites/default/files/CHRB%20Core%20UNGP%20Indicators%20-%202025Apr2019.pdf>.

Core UNGP Indicator List

THEME A Governance and Policy Commitments



- Commitment to respect human rights
- Commitment to respect the human rights of workers
- Commitment to engage with stakeholders (not included)
- Commitment to remedy

THEME B Embedding respect and human rights due diligence



- HRDD-IDENTIFYING: Processes and triggers for identifying human rights risks and impacts
- HRDD-ASSESSING: Assessment of risks and impacts identified (salient risks and key industry risks)
- HRDD-INTEGRATING AND ACTING: Integrating assessment findings internally and taking appropriate action
- HRDD-TRACKING: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
- HRDD-REPORTING: Accounting for how human rights impacts are addressed (not included)
- EMBEDDING -Responsibility and resources for day-to-day human rights functions (not included)

THEME C Remedies and Grievance mechanisms



- Grievance channels/mechanisms to receive complaints or concerns from workers
- Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
- Remedying adverse impacts and incorporating lessons learned

Modified from The CHRB UNGP Core Indicator Assessment document (April 2019)

2. ASSESSMENT RESULTS

2.1 Governance and Policy Commitments

The UNGPs expect companies to make a publicly available policy commitment to meet their responsibility to respect human rights. This is considered as a basis for embedding their responsibility to respect human rights.

INDICATOR: *Commitment to respect human rights*

DESCRIPTION: The Company publicly commits to respecting human rights across its activities. It must be clear the commitment relates to all internationally recognised human rights, rather than to only one or more selected human rights. This only considers commitments to avoid adverse human rights impacts and does not include philanthropic commitments.

SCORE 1: The Company has a publicly available statement of policy committing it to respect human rights **OR** the ten principles of the UN Global Compact (as principles 1 and 2 include a commitment to respect human rights) **OR** the rights under the Universal Declaration of Human Rights (UDHR) **OR** the International Bill of Human Rights.

SCORE 2: The Company's publicly available statement of policy commits it to: the UN Guiding Principles on Business and Human Rights **OR** the OECD Guidelines for Multi-national Enterprises.

SCORE 2 RESULTS: green 23 | yellow 0 | orange 2 | red 22



SCORE 1 RESULTS: green 47 | yellow 0 | orange 2 | red 1

The study results show a general level commitment to respect human rights among the fifty assessed companies, since 94 % of them had either a publicly available policy statement committing to respect human rights, or they stated their commitment to the UN Global Compact, to the Universal Declaration of Human Rights (UDHR), or to the International Bill of Human Rights. Additionally, 46% of the companies (altogether 23) expressed also their commitment to the UNGPs or the OECD Guidelines for Multinational Enterprises.

INDICATOR: *Commitment to respect the human rights of workers*

DESCRIPTION: The Company publicly commits to respecting the principles concerning fundamental rights at work in the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work, together with those human rights of workers that are particularly relevant to the industry. It also has a publicly available statement of policy committing it to respect the human rights of workers in its business relationships, and in particular respecting the rights of workers in its supply chain.

SCORE 1: The Company has a publicly available statement of policy committing it to respecting the human rights that the ILO has declared to be fundamental rights at work (ILO Core Labour Standards) **OR** the Company has a publicly available statement of policy committing it to respecting the ten principles of the UN Global Compact (principles 3 to 6 are based on the ILO Declaration on Fundamental Principles and Rights at Work). **AND**, in addition to one of the above, the Company's policy commitment(s) also states that it expects its suppliers to commit to respecting **each** of the ILO core labour standards and explicitly lists them in that commitment.

SCORE 2: The Company's policy statement on the ILO Core Labour Standards includes **explicit** commitments to respect: freedom of association and the right to collective bargaining and the rights not to be subject to forced labour, child labour or discrimination in respect of employment and occupation. **AND** the Company's publicly available statement of policy also commits it to respecting the ILO conventions on labour standards on working hours and the health and safety of its workers **AND** the Company's policy commitment(s) also states that it expects its suppliers to commit to respecting the ILO conventions on labour standards on working hours and the health and safety of their workers.

SCORE 2 RESULTS: green 3 | yellow 6 | orange 13 | red 3



SCORE 1 RESULTS: green 25 | yellow 10 | orange 9 | red 6



Although a large majority of the assessed companies are committed to respect human rights, only 50% of them stated explicitly their commitment also to the Fundamental Principles and Rights at Work (ILO Core Labour Standards) as a requirement of Score 1. This lower level compared to the commitment to human rights is due to several reasons: 32% (16) of the companies did not clearly state that they expect their suppliers to commit to respect each of the ILO Core Labour Standards and/or they did not explicitly list all of the Standards in the commitment; 12% (6) of the companies did not mention the human rights of workers at all, and 6% (3) did not publicly share their Supplier Code of Conduct or otherwise indicate what is expected from their suppliers. Furthermore, only three companies fulfilled all the requirements of score 2. In addition, it was noted that 16% (8) companies had included all of the Core Labour Standards in their Supplier Code of Conducts (SCoC), but not necessarily in their own Code of Conduct (CoC), and one company had its SCoC publicly available, but not its own CoC. This reflects that the human rights of workers are seen relevant primarily in global supply chains, but not in operations in Finland and in many other European country contexts.

INDICATOR: *Commitment to remedy*

DESCRIPTION: The Company publicly commits to providing for or cooperating in remediation for affected individuals, workers and communities through legitimate processes (including judicial and non-judicial mechanisms, as appropriate), where it identifies that it has caused or contributed to adverse impacts.

SCORE 1: The Company has a publicly available statement of policy committing it to remedy the adverse impacts on individuals, workers and communities that it has caused or contributed to.

SCORE 2: The policy commitment also includes a commitment to the following:

SCORE 2 RESULTS: green 0 | yellow 2 | orange 1 | red 0



SCORE 1 RESULTS: green 3 | yellow 2 | orange 1 | red 44



Working with its suppliers to remedy adverse impacts which are directly linked to its operations, products or services through the suppliers' own mechanisms or through collaborating with its suppliers on the development of third party non-judicial remedies **AND** the Company's policy commitment recognises its approach to remedy should not obstruct access to other remedies, or it includes commitments to collaborating in initiatives that provide access to remedy.

The final indicator measuring policy commitments considered companies' commitment to remedy. The results show clearly that there is significantly weaker commitment to remedy compared to human rights and the human rights of workers. Only 6% (3) of the assessed companies expressed their commitment to remedy the adverse impacts on individuals, workers and communities they have caused or contributed to. None of the companies fulfilled the requirements of Score 2. Interestingly, there were two cases where a company expected its suppliers to commit to the remedy, but the company itself did not clearly state this commitment. The weak commitment to remedy could reflect the fact that if a company has not systematically operationalized human rights due diligence (to identify, to assess and to take action on salient human rights issues), the potential implications of this commitment and thereby the importance of remedy might not be fully understood.

OVERVIEW ON THE RESULTS OF EMBEDDING RESPECT AND HUMAN RIGHTS DUE DILIGENCE

HUMAN RIGHTS DUE DILIGENCE

5 COMMUNICATING

Accounting for how human rights impacts are addressed



4 TRACKING

Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts



3 INTEGRATING AND ACTING

Integrating assessment findings internally and taking appropriate action



1 IDENTIFYING

Processes and triggers for identifying human rights risks and impacts



2 ASSESSING

Assessment of risks and impacts identified (salient risks and key industry risks)



2.2 Embedding Respect and Human Rights Due Diligence

Human rights due diligence is a process for operationalizing the corporate commitment to human rights in practice. It is an ongoing risk management process, the steps of which are defined in the UNGPs. These steps include identifying and assessing potential and actual human rights impacts of business activities; integrating and acting on assessment findings; tracking the effectiveness of the actions taken, as well as communicating in a transparent manner about how impacts are addressed.

INDICATOR: Identifying – *Processes and triggers for identifying human rights risks and impacts*

DESCRIPTION: The Company proactively identifies its human rights risks and impacts on an ongoing basis, including when these are triggered by key moments of the Company's activities (e.g. policy change, market entry, new projects, amongst others).

SCORE 1: The Company describes the process(es) to identify its human rights risks and impacts: in specific locations or activities, covering its own operations (i.e. impacts that it may cause or contribute to) **AND** Through relevant business relationships, including its supply chain.

SCORE 2: The Company describes the global systems it has in place to identify its human rights risks and impacts on a regular basis across its activities, in consultation with affected or potentially affected stakeholders and internal or independent external human rights experts. This includes how the systems are triggered by new country operations, new business relationships or changes in the human rights context in particular locations. **AND** The Company's description includes an explanation of when human rights impact assessments (HRIAs) or environmental and social impact assessments (ESIAs) covering human rights are/will be carried out.

SCORE 2 RESULTS: green 1 | yellow 5 | orange 4 | red 2



SCORE 1 RESULTS: green 12 | yellow 8 | orange 12 | red 18



Almost two thirds (64 %) of the assessed companies have provided at least some indication that human rights are taken into consideration in their **risk identification processes**, and almost one fourth (24%) of them have described the processes they apply for identifying their human rights risks and impacts in specific locations or activities, covering their own operations and through relevant business relationships, including their supply chains. At the same time, still over one third of the companies (36%) provided no information on how human rights risks are taken into consideration in their business operations.

While the above results can be seen as a positive sign indicating increased attention paid to human rights risks in business operations, only one company has provided a description of a comprehensive **global system** for identifying its human rights risks and impacts on a regular basis across its activities. In most cases the identification of human rights risks focuses largely either on company's own operations or its supply chains. Furthermore, emphasis is given on human rights of workers, and only very few (three) of the assessed companies provide any indication about consultations with affected or potentially affected external stakeholders including communities when identifying human rights risks. With regard to use of internal or external human rights expertise, 14 % (7) of the companies refer to consultations with such experts.

Out of the 12 companies meeting all the criteria of Score 1, only four provide a description of how the human rights risks are identified and assessed when starting new country operations or business relationships (criteria for Score 2). Also, how changes in the human rights context in particular locations are reacted to is weakly reflected in the process and system descriptions, and many of the companies use primarily external risk country ratings (e.g. amfori BSCI risk countries) as a basis of their geographical risk prioritization. Four of the assessed companies provide an explanation of when human rights impact assessments (HRIAs) or environmental and social impact assessments (ESIAs) covering human rights are carried out.

The assessment results indicate that larger companies are ahead in the development of processes and systems for human rights risk identification. Ten out of the 12 companies that were given green under score 1 were among the 20 largest companies. While among the **20 largest** assessed companies only four were given orange and three were given red, the situation among the **20 smallest** companies was quite the opposite (7 were given orange and 10 were given red).

INDICATOR: Assessing – Assessment of risks and impacts identified (salient risks and key industry risks)

DESCRIPTION: Having identified its human rights risks and impacts, the Company assesses them and then prioritises its salient human rights risks and impacts.

SCORE 1: The Company describes its process(es) for assessing its human rights risks and impacts and what it considers to be its salient human rights issues including how relevant factors are taken into account, such as geographical, economic, social and other factors **OR** The Company publicly discloses the results of the assessments, which may be aggregated across its operations and locations.

SCORE 2: The Company meets both of the requirements under Score 1.

SCORE 2 RESULTS: green 3 | yellow 3 | orange 0 | red 0



SCORE 1 RESULTS: green 6 | yellow 4 | orange 8 | red 32

Almost two thirds of companies provided no information on assessing human rights risks and impacts. This together with the results of the indicator on human rights risk identification (e.g. 36% of companies providing no information on human rights risk identification) shows that majority of the assessed companies have not yet started to establish or are just in an early phase of establishing their human rights due diligence processes.

Among the 50 assessed companies three forerunners (6%) provided clear descriptions of their process(es) for assessing their human rights risks and impacts. These descriptions included information about their salient human rights issues including how geographical, economic, social and other factors are taken into account. In addition, they shared publicly the results of their assessments, which could be aggregated across their operations and locations. Another three companies met the criteria of score 1 by providing either a clear description of their assessment processes and sharing the main results of their assessments on a general level (two companies), or sharing the assessment results while providing a more generic description of the process.

Four companies (8%) shared either a general description of their assessment processes and/or their results. However, the information remained on a more general level without e.g. providing details on how geographical, economic, social and other factors are taken into account in HRIA or ESIA processes or linking identified risks and impacts to specific operations and locations. Another eight companies (16%) provided some very generic information about the assessments they have conducted or their results.

INDICATOR: Integrating and Acting – *Integrating assessment findings internally and taking appropriate action*

DESCRIPTION: The Company integrates the findings of its assessments of human rights risks and impacts into relevant internal functions and processes by taking appropriate actions to prevent, mitigate or remediate its salient human rights issues.

SCORE 1: The Company describes its global system to take action to prevent, mitigate or remediate its salient human rights issues, **AND** this includes a description of how its global system applies to its supply chain. **OR** The Company provides an example of the specific conclusions reached and actions taken or to be taken on at least one of its salient human rights issues as a result of assessment processes in at least one of its activities/operations.

SCORE 2: The Company meets both of the requirements under Score 1.

SCORE 2 RESULTS: green 0 | yellow 2 | orange 0 | red 0



SCORE 1 RESULTS: green 2 | yellow 8 | orange 3 | red 37

A large majority (74%) of the assessed companies provided no information on how human rights impact assessment findings are **integrated** into their business operations and supply chain management practices or on how they are taking related action. This is fully in line with the low share of the companies **assessing** their human rights risks and impacts. Only two companies provided a comprehensive description of their global system to take action for preventing, mitigating or remediating their salient human rights issues, and the description also covered their supply chains. These companies provided also some examples on actions taken to address their salient human rights issues, but these descriptions remained quite generic. In addition, eight companies (16 %) provided some description on how they take action to prevent or remediate their salient human rights issues, and three companies (6 %) indicated that this process is being formulated. However, in line with the results of the human rights risk and impact identification and assessments, in most cases these systems are not global and they focus either only on supply chains, the end of the value chain or certain elements of the business operations.

None of the assessed companies met the requirements of score 2.

INDICATOR: Tracking – Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts

DESCRIPTION: The Company tracks and evaluates the effectiveness of actions taken in response to its human rights risks and impacts and describes how it uses that information to improve processes and systems on an ongoing basis.

SCORE 1: The Company describes the system(s) for tracking the actions taken in response to human rights risks and impacts assessed and for evaluating whether the actions have been effective or have missed key issues or not produced the desired results. **OR** It provides an example of the lessons learned while tracking the effectiveness of its actions on at least one of its salient human rights issues as a result of the due diligence process.

SCORE 2: The Company meets both of the requirements under Score 1.



SCORE 1 RESULTS: green 0 | yellow 2 | orange 6 | red 42

Monitoring the effectiveness of the actions taken in addressing a company's human rights risks and impacts, as well as using the related learning for further **improving the processes and systems**, is an essential element of a functioning human rights due diligence process. However, reflecting the overall early stage in establishing human rights due diligence among the assessed companies, only few companies provided any information on this type of monitoring, and none of them met the requirements of this indicator. None of the companies provided examples of lessons learned from tracking the effectiveness of their actions for addressing their salient human rights issues. While eight companies (16%) provided some information on supplier auditing, self-assessments or external certification systems, the descriptions remained very generic. Almost no information was provided on how the effectiveness of these actions in addressing the salient human rights risks is monitored and evaluated and how further actions are taken or different approaches adopted as required. Furthermore, the described systems were in most cases not holistic, but focused only on suppliers or a selected component of business operations.

2.3 Remedies and Grievance Mechanisms

The UNGPs expect business enterprises to establish or participate in effective operational level grievance mechanisms for individuals and communities who may be adversely impacted. Functioning grievance mechanisms are channels for affected stakeholders to report about their concerns and to claim their rights. In this way, they are an important source of information for companies to get information about and to address their human rights impacts, as well as to use this information for organizational learning.

INDICATOR: *Grievance channels/mechanisms to receive complaints or concerns from workers*

DESCRIPTION: The Company has one or more channel(s)/mechanism(s) its own, third party or shared) through which workers can raise complaints or concerns, including in relation to human rights issues. The channel(s)/mechanism(s) is available to all workers and takes into account accessibility by marginalised groups. The channel(s)/mechanism(s) is not used to undermine the role of legitimate trade unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law) in addressing labour-related disputes, (nor to preclude access to judicial or other non-judicial grievance mechanisms.

SCORE 1: The Company indicates that it has one or more channel(s)/mechanism(s), or participates in a shared mechanism, accessible to all workers to raise complaints or concerns related to the Company.

Note: An explicit reference to human rights is not required, but a channel/mechanism that is specifically designed to cover other topics (e.g. a corruption hotline) will need to make clear to stakeholders that it can be used for human rights concerns as well.

SCORE 2 RESULTS: green 0 | yellow 11 | orange 8 | red 11



SCORE 1 RESULTS: green 30 | yellow 7 | orange 7 | red 6



SCORE 2: The Company also discloses data about the practical operation of the channel(s)/mechanism(s), including the number of grievances about human rights issues filed, addressed or resolved. **AND** The company indicates that the channel(s)/mechanism(s) is available in all appropriate languages. **AND** The workers in its supply chain have access to either: the Company's own channel(s) / mechanism(s) to raise complaints or concerns about human rights issues at the Company's suppliers or the Company expects its suppliers to establish a channel/mechanism for their workers to raise such complaints or concerns and to convey the same expectation on access to grievance channel(s) / mechanism(s) to their own suppliers.

Over half of the companies (60%) indicated that they have at least one channel or mechanism, accessible to all workers, to raise complaints or concerns related to the company. The rest did not mention grievance mechanisms at all, or if they did, it did not fulfil the criterion concerning accessibility. None of the assessed companies fulfilled all the criteria set for score 2. There were some companies which fulfilled partly the requirements, e.g. eight companies provided a grievance channel/mechanism to workers in supply chain or expected their suppliers to establish them. Disclosing data on the number of grievances concerning human rights issues turned out to be a difficult requirement to assess. There were companies which provided some data on grievances (14 companies), but it was not clear if these grievances concerned human rights issues.

INDICATOR: *Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities*

DESCRIPTION: The Company has one or more channel(s)/mechanism(s) (its own, third party or shared) through which individuals and communities of users who may be adversely impacted by the Company can raise complaints or concerns, including in relation to human rights issues.

SCORE 1: The Company indicates that it has one or more channel(s)/mechanism(s), or participates in a shared mechanism, accessible to all external individuals and communities who may be adversely impacted by the Company (or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of adverse impacts) to raise complaints or concerns, including about human rights issues related to the Company, particularly in high risk locations.

SCORE 2: The Company also describes how it ensures the channel(s)/mechanism(s) is accessible to all potentially affected external stakeholders at all its own operations, including in local languages. AND The Company describes how it ensures external individuals and communities have access to the Company's own channel(s)/ mechanism(s) to raise complaints or concerns about human rights issues at the Company's suppliers or the Company expects its suppliers to establish a channel/mechanism for them to raise such complaints or concerns, and to convey the same expectation on access to grievance channel(s) / mechanism(s) to their suppliers.



SCORE 1 RESULTS: green 0 | yellow 11 | orange 11 | red 28

The assessed companies provided clearly less grievance channel(s)/mechanism(s) to external individuals or communities than to workers. Only two (4%) of the companies clearly indicated that they had at least one channel/mechanism to raise complaints or concerns, and that it is accessible to all external individuals and communities who may be adversely impacted by the company. None of the companies described how they ensure that the channel(s)/mechanism(s) is accessible to all potentially affected **external stakeholders** in all its **own operations**, and how accessibility to grievance channel(s)/mechanisms is ensured in the case of suppliers. Additionally, it was noted that the companies had established very few linkages to external grievance mechanisms.

INDICATOR: *Remedying adverse impacts and incorporating lessons learned*

DESCRIPTION: The Company provides for or cooperates in remediation to victims where it has identified that it has caused or contributed to adverse human rights impacts (or others have brought such information to the Company's attention, such as through its grievance channel(s)/mechanism(s)). It also incorporates the lessons learned from remediation approaches into its channel(s)/mechanism(s) and processes to prevent future impacts.

SCORE 1: For adverse human rights impacts which it has caused or to which it has contributed, the Company describes the approach it took to provide or enable a timely remedy for victims, **OR** if no adverse impacts have been identified then the Company describes the approach it would take to provide or enable timely remedy for victims.

SCORE 2: For adverse human rights impacts which it has caused or to which it has contributed, the Company also describes changes to systems and procedures to prevent similar adverse impacts in the future **OR** if no adverse impacts have been identified then the Company describes the approach it would take to review and change systems and procedures to prevent similar adverse impacts in the future. **AND** The Company provides an evaluation of the effectiveness of the grievance channel(s)/mechanism(s).



SCORE 1 RESULTS: green 0 | yellow 0 | orange 0 | red 50

Reflecting the very low level of commitment to remedy adverse human rights impacts (see section 2.1), none of the assessed companies fulfilled the requirements of the indicator concerning remedying adverse impacts and incorporating lessons learnt.

3. CONCLUSIONS

The CHRB methodology is intentionally based on publicly available information in order to highlight the importance of **transparency** in company reporting and other information sharing. The set of core indicators measures the very basics of how companies should implement the UNGPs in their business operations, and therefore the information is expected to be found from public sources. While it is clear that some information on company processes may be missing from the analysis, we are confident that the results of this assessment provide a realistic overall picture of the situation in the largest listed Finnish companies.

A great majority of the assessed companies had made at least a **general level commitment to respect human rights** in their business operations. However, the assessment results indicate that bringing this commitment into practice through systematic human rights due diligence processes is still, overall, at a very early stage. While there were clear forerunners in the implementation of the UNGPs, mostly among the largest companies, still a big part of the assessed companies had not yet taken any steps towards this direction.

Compared to the relatively strong general commitment to human rights, the level of **explicit commitment to the human rights of workers** remained much lower among the assessed companies. This may reflect partly weaker familiarity with the ILO Core Labour Standards and relevant ILO Conventions, as well as lack of understanding on the need to include related details in policy commitment statements. Furthermore, a stronger focus on supply chains compared to a corporation level commitment to the human rights of workers may indicate that the relevance of these rights in the Finnish or European context is considered less important compared e.g. to many newly industrialized countries due to the relatively strong national labour laws, and systems to monitor their implementation.

The lower level of explicit commitment to respect the human rights of workers, and especially the very **low commitment to remedy** may, also, reflect that a large majority of the assessed companies are still at a very early stage, or they have not yet even started identifying and assessing their human rights risks and impacts. For this reason they may be prudent in committing themselves to something the implications of which still remain unknown to them.

The assessment results indicate that the **operationalization of human rights due diligence** in the assessed companies is still largely on the level of **identifying human rights risks**. Most of the companies conducting human rights risk identification focus on certain elements of their business operations (e.g. supply chains, specific business activities or locations), and only some companies show progress in establishing global systems for their human rights risk identification and assessment.

A strong emphasis both in the identification and assessment of human rights risks and impacts is on the **human rights of workers** within the assessed companies and/or in their supply chains. This is reflected in the reported processes, where the focus of many companies was on integrating human rights aspects into supplier audits, or on conducting human rights self-assessments within the company structures and/or in supply chains. Consultations and engagement with **external** potentially or actually affected stakeholders including communities as part of risk identification or impact assessments remained rare. This narrow focus was reflected also in the **grievance channels and mechanisms**, as only very few companies provided information about any channels or mechanisms accessible for external individuals or communities.

The assessment results indicate that still a majority of the assessed companies lack clear processes for **assessing their human rights risks and impacts**. This is directly reflected in the low share of companies reporting on **actions taken to address and integrate human rights impact assessment results** in their organizations' processes and practices and with concerned external stakeholders, as well as the very low share of companies providing any information on **monitoring the effectiveness** of these actions as a core element of the human rights due diligence process. These clear gaps in, and in many cases even lack of human rights due diligence processes are directly reflected in poor grievance channels and mechanisms, as well as lack of information provided on **remediating adverse impacts**.

The assessment results show that human rights due diligence is still quite seldom seen by companies as a continuous process which needs to be systematically integrated into the global policies, systems, mechanisms and practices of the company, and which requires clearly defined roles and responsibilities, action steps, and resources. At the same time, internalizing a human rights perspective and building a human rights due diligence process for often quite complex and even complicated value chains take time. The publicly expressed commitment to human rights by a great majority of the assessed companies forms an important basis for this work, but now all efforts are needed to turn words to deeds.

Key messages

Importance of knowing and showing where we stand

The UNGPs urge business enterprises to be transparent, and report on how they have addressed their human rights impacts. This information expected from companies is essential for government authorities, political decision-makers, and other state actors in carrying out their role to promote and ensure the respect of human rights by companies. At the same time, it supports also other stakeholders, such as investors and civil society actors, in promoting responsible business.

Independent benchmarks do their share in encouraging transparency by publishing assessments on corporate human rights performance based on publicly available information. Their important added value lies on the overall picture they provide, that also allows comparisons between companies. Most of the Finnish companies are rather small by international standards, and thus, are usually not included in these assessments. Therefore, further discussion would be needed on how the use of available assessment tools could be strengthened in Finland in order to get internationally comparable information on human rights performance of Finnish companies.

Having a clearly defined process

Human rights due diligence is an ongoing risk management process. Its key steps have been defined in the UNGPs, and they apply to all companies, regardless of their size, sector, location, ownership and structure. Implementation of these steps in often complex value chains can be challenging, and it is important to take the bull by the horns and get started somewhere. At the same time, the aim of all companies should be to develop, at least gradually, global human rights due diligence systems that would cover all steps of the process, and all elements of their business operations. Development of these systems is a key task for companies in order to turn their human rights commitment into practice.

Having a global perspective

In order to ensure a solid approach to the operationalisation of the UNGPs, it is necessary to have a truly global outlook when identifying and assessing human rights risks. While an emphasis on high-risk countries is necessary, it is important to recognise that low risk countries like Finland do also have human rights risks e.g. related to the rights of easily marginalized groups that should not be ignored. In addition, the risk environments are constantly evolving, and also new risks appear (e.g. related to technology development and climate change). Therefore, ongoing global level monitoring of human rights risks should be an integral element of corporate human rights due diligence.



FIANT Consulting Oy offers high-quality consultant services on human rights and sustainable development.

www.fiantconsulting.com

3BILITY CONSULTING.

3bility Consulting provides expert services in the field of corporate social responsibility, with specific focus on business and human rights.

www.3bility.fi