



**PERMANENT MISSION OF FINLAND**  
Geneva

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### **VERBAL NOTE**

The Permanent Mission of Finland to the United Nations and Other International Organisations in Geneva presents its compliments to the Office of the High Commissioner for Human Rights and has the honour to communicate the latter the reply of the Government of Finland to the Joint Communication from Special Procedures, Reference AL FIN 1/2020.

The Permanent Mission of Finland to the United Nations and Other International Organisations avails itself of this opportunity to renew to the Office of the High Commissioner for Human Rights the assurance of its highest consideration.

Geneva, 10 May 2021



Special Procedures  
The Office of the High Commissioner for Human Rights  
Geneva

**Joint communication by the Special Procedures' mandate holders concerning the alleged forced labour, arbitrary detention, and trafficking in persons of Uyghur and other minority workers within and outside the Xinjiang Uyghur Autonomous Region**

**Response by the Government of Finland**

**10 May 2021**

With reference to the joint communication of 12 March 2021 by the Special Procedures' mandate holders concerning the alleged forced labour, arbitrary detention, and trafficking in persons of Uyghur and other minority workers within and outside the Xinjiang Uyghur Autonomous Region, the Government of Finland submits the following response.

The Government of Finland adheres to a human rights based foreign policy. The Government takes the reports of human rights violations of Uyghur and other minority workers within and outside the Xinjiang Uyghur Autonomous Region seriously. The issue has been on the agenda regularly bilaterally with China, including at high level political meetings.

Additionally, Finland has addressed the situation in Xinjiang within the framework of the United Nations as well as part of the common EU approach. A further step towards more concrete measures was taken in March 2021, when under the auspices of the new EU Global Human Rights Sanctions Regime four individuals and one entity from China, which have had an active role in the design and implementation of Chinese policies in Xinjiang, were sanctioned.

The Government has established an open dialogue with the company referred to in the joint communication, Nokia, concerning the allegations. The Government of Finland remains open to further dialogue and exchange of information on the issue with Nokia, as well as other Finnish companies concerning business and human rights.

Finland is committed to promoting business and human rights as laid out in the UN Guiding Principles on Business and Human Rights (UNGPs). Finland also adheres to the OECD Guidelines for Multinational Enterprises. Complaints under the OECD Guidelines are processed by the Ministry of Economic Affairs and Employment together with the [Committee on Corporate Social Responsibility](#) as the Finnish National Contact Point. In 2014, Finland was the 4<sup>th</sup> country in the world to publish a [National Action Plan](#) on the UN Guiding Principles. For the past decade, Finland has actively promoted business and human rights through a close co-operation by the Ministry of Economic Affairs and Employment and the Ministry for Foreign Affairs. This includes actions such as research, capacity building to both companies and public servants, and a close stakeholder engagement. Furthermore, business and human rights are taken into account in public procurement, public financing instruments, and State-ownership steering. The Government of Finland owns 5.3% of Nokia's shares.

In addition, legislative efforts on mandatory due diligence are considered both at national and at European Union level.

## **Mandatory human rights due diligence at national level**

Prime Minister Sanna Marin's [Government Programme](#) states that a study on mandatory due diligence will be conducted, with the aim of enacting a corporate social responsibility act based on a duty of care. Furthermore, the Government Programme states that the possibility to legislate at European level on due diligence, which takes into account companies of different sizes and international value chains, will be investigated.

Based on the Government Programme, the Ministry of Economic Affairs and Employment published a judicial analysis on the Corporate Social Responsibility (CSR) Act written by Ernst & Young (available also in [English](#)) in June 2020. The analysis outlines the nature of the due diligence obligations that could be imposed on companies within a legislative framework in Finland. An analysis of corporate social responsibility regulation in the European Union and some other countries provides a backdrop for the report. The report explores possible regulatory options, their scope of application, supervision and sanctions under corporate social responsibility legislation. Access to remedy will be one of the central issues to be discussed both at national and at EU level.

In February 2021, the Ministry of Economic Affairs and Employment appointed a working group to support legislative efforts related to the EU and national regulation on mandatory due diligence. The group represents stakeholders such as trade unions, NGOs, academia, business organisations and relevant Ministries (Ministry for Foreign Affairs, Ministry of Justice and Ministry of the Environment). The group's term is for one year. For more information, please see: <https://tem.fi/en/blog/-/blogs/business-expected-to-respect-human-rights>.

In 2019, the Ministry of Economic Affairs and Employment commissioned a study on the [Status of Human Rights Performance of Finnish Companies \(SIHTI\)](#). The main objective of this project was to obtain a comprehensive and in-depth overview of how Finnish companies are fulfilling their human rights responsibility, *i.e.*, how they have met the expectations set in the UNGPs. The methodology developed by Corporate Human Rights Benchmark (CHRB) was used to assess the companies' human rights performance. The study will support the implementation of the Government policy on responsible business conduct, including possible formulation of new legislative measures. This type of information on Finnish companies' human rights performance had not been available previously. The analysis of companies' performance included themes such as governance and policy commitments, embedding respect and human rights due diligence, remedies and grievance mechanisms, company human rights practices, response to serious allegations and transparency.

## **State-ownership steering**

The Government's State-ownership strategy states that State-owned companies are expected to follow the UNGPs. The [Finnish Government Resolution on the State Ownership Policy](#) (8 April 2020) states that, among other things,

- State-owned companies are required to integrate corporate social responsibility (CSR) into their business operations and pursue a goal-oriented CSR policy;
- Companies need to recognise the impacts of their own operations on the climate, environment and biodiversity as well as establish ambitious goals in this respect compared with their peer companies; and

- Human rights issues need to be considered transparently in both in-house activities and across supplier chains with due regard to the requirements imposed by the UN Guiding Principles.

The Ownership Steering Department in the Prime Minister's Office monitors companies' CSR performance and, if necessary, carries out analyses and studies in this field.

### **Development cooperation and capacity building on business and human rights**

Finland applies a human rights based approach to its development cooperation activities with the private sector. As noted in [Human Rights Based Approach in Finland's Development Cooperation \(Guidance Note, 2015\)](#), all Finnish development interventions are required to be at a minimum human rights sensitive. This includes activities financed through the Ministry for Foreign Affairs' private sector instruments. In line with the UNGPs, this entails that partners receiving funding from the Ministry's private sector instruments have conducted a basic assessment of the impact on human rights of their business operations funded by the Ministry and they are taking the findings into account to avoid or mitigate negative effects on human rights. Finland also provides financial support to national and international non-governmental organizations in their efforts to promote business and human rights standards pursuant to the UNGPs.

Since April 2018, the Government of Finland has provided capacity building support to its private sector financial instruments (defined below), in order to strengthen the alignment of their policies, procedures and practices with the UNGPs.

The following instruments have participated in the capacity building:

- Finnfund, Finland's national development finance institution;
- Finnvera, Finland's export credit agency;
- Business Finland's BEAM program (Business with Impact) that is partly funded by the Finnish Ministry of Foreign Affairs (MFA);
- The Public Sector Investment Facility (PIF), administered by the MFA; and
- Finnpartnership, which provides both a grant facility for Finnish companies and a 'matchmaking' service that helps connecting Finnish businesses with potential private sector partners in developing countries.

In addition, Finland has supported various capacity building and awareness raising initiatives on business and human rights to Finnish companies, funded by the Ministry for Foreign Affairs and the Ministry of Economic Affairs and Employment.

For more information, see "[Aligning Finland's State Financing for Private Sector Activity Abroad with the UN Guiding Principles on Business and Human Rights - A Program Report](#)" (October 2019).

Finnfund, Finland's national development finance institution, has adopted a [human rights statement](#) to strengthen and further develop its approach to human rights management. The implementation of the statement will be reviewed in 2021. Finnfund uses the UNGPs as the framework for the management of human rights impacts and has embedded a human rights perspective into its management and investment process. The policy commitment and screening tool represent a comprehensive approach to screening for and prioritizing the most severe risks to people.

Finnvera - the Finnish Export Credit Agency's, policy on the environmental and social risk management of the financing operations was revised in late 2019. Issues related to the new policy will be reflected in new export credit guarantee applications. According to Finnvera's environmental and social risk management policy, the assessment of transactions to be financed is guided by a risk-based approach, not only by the size or the repayment period of the transaction. The evaluation of human rights risks also plays a more prominent role. In line with the policy, potential risks will be analysed in all export credit guarantee applications.

More information on [Finnvera's Environmental and Social Risk Management policy](#).

### **Public procurement**

The first ever national [public procurement strategy](#) was published on 9 September 2020 by the Ministry of Finance. The strategy consists of eight development themes, one of which is social sustainability. Under social sustainability, there are two concrete goals: 1) to promote the employment of those in weaker labour market situation and 2) to promote human and labour rights in public procurement. The Ministry of Finance has set up a working group to plan and execute actions that help to reach the goals set out in the strategy. The aim of the working group is to provide further tools to execute social aspects for those carrying out public procurement in State Government, municipalities and congregations.

Under Finland's [public procurement legislation](#), social considerations, including human rights can be included in all stages of the procurement process. At the same time, the purpose of the legislation is to ensure that public procurement procedures are transparent, non-discriminatory, and in observance of European Union legal standards.

Previously, the Ministry of Economic Affairs and Employment has published a [guide on socially responsible public procurement](#). The guide, updated in 2017, gives practical advice on how to include social aspects, including human rights, into public procurement.

### **Relevant EU legislation**

In addition to the aforementioned national legislative process, there is also relevant due diligence legislation implemented or planned at the EU level. The EU [disclosures relating to sustainable investments and sustainability risks regulation](#) was adopted in spring 2019 and published on 9 December 2019 in the Official Journal. It has applied from 10 March 2021. The regulation obliges financial market participants to integrate in their processes, including in their due diligence processes, the procedures for considering the principal adverse impacts alongside the relevant financial risks and relevant sustainability risks. In this, they should consider the due diligence guidance for responsible business conduct developed by the OECD and the United Nations-supported Principles for Responsible Investment. Furthermore, financial market participants should disclose how such impacts are considered.

The EU [Taxonomy Regulation](#) was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It establishes the framework for the EU taxonomy by setting out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable. The taxonomy requires compliance with minimum safeguards, i.e. economic activities should only qualify as environmentally sustainable where they are carried out in alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), the eight fundamental conventions of the ILO and the International Bill of Human Rights.

The non-financial reporting [Directive 2014/95/EU](#) lays down the rules on disclosure of non-financial and diversity information by large companies. Human rights are included in the required disclosed topics. The amendment to [Accounting Act](#) was approved on 29 December 2016. The European Commission has announced it will review the regulation related to non-financial reporting. The Commission will publish the results of the review in spring 2021.

In addition to the previous, the European Commission has announced it will publish a legal initiative on [sustainable corporate governance](#) in the second quarter of 2021. The initiative will include legislation on human rights and environmental due diligence and on director's duties. As stated in its programme, the Government welcomes EU-wide due diligence regulation in which due consideration is given to company size and international value chains.

### **EU action on business and human rights**

Finland has been a vocal promoter of the EU action on business and human rights. As part of the Finnish Presidency of the Council of the EU, the Ministry of Economic Affairs and Employment and the Ministry for Foreign Affairs hosted a conference on human rights due diligence in Brussels on 2 December 2019.

The conference's outcome paper [Agenda for Action on Business and Human Rights](#) and [Perspectives Paper](#) on stakeholder views build on due diligence and map how due diligence could be promoted further in the EU.

Finland's call for a more coherent and comprehensive EU strategy on business and human rights was noted in the conclusions of the Council of the EU in December 2020. The [Conclusions](#) ask the Commission to launch an EU Action Plan by 2021 on global sustainable supply chains, promoting human rights, social and environmental due diligence standards and transparency.

The Agenda for Action on Business and Human Rights includes a specific section on judicial and non-judicial remedy highlighting among others that the EU Commission should identify proposals for addressing possible gaps in the EU legal framework. This should include identifying how access to remedy may be enhanced through broader regulation on human rights due diligence.

### **Developments at international fora**

Currently, there are several due diligence regulatory initiatives ongoing also at the global level.

Finland has participated in the Open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights as a member of the European Union. As stated in the Council Conclusions on the EU's Priorities in UN Human Rights Fora in 2021, adopted on 22 February 2021, the EU will participate actively in the UN discussions on a legally binding instrument on business and human rights with the aim to promote an instrument that can effectively enhance the protection of victims of business related human rights violations and abuses and create a more global level playing field.

The ILO International Labour Conference stated in 2016 (paragraph 25 of the 2016 of the ILC conclusions) that: "There is concern that current ILO standards may not be fit for purpose to achieve decent work in global supply chains. Therefore, the ILO should review this issue and convene, as soon as appropriate, by decision of the Governing Body, a technical tripartite meeting or a meeting of experts to: (a) Assess the failures which lead to decent work deficits in global supply chains. (b) Identify the salient challenges of governance to achieving decent work in global supply chains. (c) Consider what guidance, programmes, measures, initiatives or standards are needed to promote decent work and/or facilitate reducing decent work deficits in global supply chains.

The Government of Finland has supported the endeavours of the ILO to address the issues in the above mentioned ILC conclusion and notes with satisfaction that the 341st session of the ILO Governing Body has found a compromise in order to continue the ILO work concerning decent work in global supply chains.

The Government also notes that its seventh periodic report on the implementation of the International Covenant on Economic, Social and Cultural Rights was recently reviewed by the Committee on Economic, Social and Cultural Rights. The Government had a constructive dialogue with the Committee and received a recommendation to adopt a regulatory framework on human rights due diligence making it compulsory for companies domiciled in the State party or under its jurisdiction to identify, prevent and address human rights violations in their operations, including abroad. According to the Committee, such companies should be liable for violations and victims, including non-nationals, should be able to access effective remedies in the State party. Moreover, the Committee urged the Government to conduct investigations when reports of human rights violations by Finnish companies are brought to its knowledge. The Government will, as requested by the Committee, provide, within 24 months of the adoption of the concluding observations, information on the implementation of this recommendation and will, thus, continue its constructive dialogue with the Committee.

Finally, the Government of Finland notes that it considers it important that continued attention is paid to the situation of Uyghur and other minority workers within and outside the Xinjiang Uyghur Autonomous Region. We are open to continued dialogue and cooperation to ensure that human rights are realised.