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Sustainability Unwrapped, a conversational podcast about responsibility, ethics, inequalities, climate change, and other challenges of our times, where science meets practise to think about the world and how to make our society more sustainable one podcast at a time.

So welcome to this episode of Sustainability Unwrapped, a podcast courtesy of Hanken School of Economics in Finland. My name is Nikodemus Solitander, and I'm the Director of Centre of Corporate Responsibility-- CCR. I joined Research Institute between Hanken and University of Helsinki. We are a research institute which focuses on producing and disseminating research on topics in the intersection of corporate social responsibility-- CSR-- and politics. So with that in mind, I'm very excited about what we are going to discuss in this episode, which is human rights responsibility and corporations.

So as a topic, I think this has been around for a really long time. I would almost go as far as saying that perhaps for as long as the modern corporation has existed. So some say that the Dutch East India Company, for example, was the first multinational corporation in a kind of proto-capitalist world. At the same time, it was a corporation that made its profits through war, slave trade, and colonial dispossession at large.

And it's not an exaggeration, perhaps, to say that these kinds of tensions-- some more mundane and, of course, less extreme-- in one form or another, have existed throughout the 19th century, the 20th century, and the 21st century. The modern CSR discourse, I think, also rooted in very tangible questions about human rights and business. So think, here, something like Nike's supply chain issues in the 1990s with child labour or Shell's issues with human rights abuse in Nigeria during the same period, which gave birth to kind of a report-driven CSR discourse. What goes on in the supply chain?

So modern CSR, as we recognise today, has its roots in these kinds of human rights issues. Yet, I would say that human rights issues-- at least in Finland, for a very long time-- has played a kind of second fiddle to environmental issues. Certainly, it is not as well understood as environmental issues. And is that because human rights are not central to Finnish companies, or is that because they are harder to understand, and perhaps also to solve the issues around pollution and other environmental impact, or is it perhaps more about metrics and monitoring, or perhaps it is about politics?

So with that bridge to politics and the political, I am delighted to have with me today two researchers

from Project SIHTI, which stands for Status of Human Rights Performance in Finnish Companies, where CCR partakes us one organisation. And it's a project under the Finnish government's research analysis and assessment activities.

So with those words, I wish to welcome Janna Vormisto and Suvi Haltula, who I have had the absolute delight to work with during this project, which is soon now in December coming to an end. So welcome, Suvi and Janna. It's really fantastic to have both of you here on the call for this episode.

I think everyone who knows me a little bit better, knows that I'm really interested in contextualising issues in history, not only research, but perhaps researchers as well. I think I met Janna, you for the first time in a workshop around perhaps the extractive sector in Finland, and Finnish companies, and Human Rights at a time when these issues were rather peripheral to the Finnish CSR agenda at large.

So my first question, actually, to both of you is, what is your background and how did the two of you end up working with questions in this intersection around business and human rights?

Thank you, Niko. It's a great pleasure indeed besides to be one of the researchers in the SIHTI project, but also be able today to discuss about these issues with you and my colleague Suvi.

Well, about background, I think I'm doing a little bit time travelling here, as well. And that's good for you, Niko, like the history. I think it's almost 30 years ago when I have started my career to work on sustainable development.

And during these years, the human rights and human rights issues have come up. Maybe not in the very beginning, or they were there but not in a very strong way. But I have, how would I say, to put more focus on human rights when I was working in Nepal, in the United Nations development programme in the Nepal country office. And that was 2004, or something like that. Yeah, I started there.

And that was the time when the UN family, the UN organisations had started to integrate the human rights-based approach on the projects and programmes. And that also came to Nepal's country office. So we started to look at what does it mean, the human rights-based approach to development and all of those projects and programmes we were working at?

And of course, we were doing it as a UN organisation together with the national government, with the Nepalese government. But we had also the projects and programmes where the private sector was involved. So actually, we had already at that time, all the actors there. And that was the time when I

also realised that, OK, to be able to truly promote human rights to fulfil the minimum standards, what they are representing, and to proceed with the sustainable development, we need to combine these things. We need to look at the human rights and also the way how we are doing the things.

And of course, that time, it didn't focus that much on what is the business sector doing. That came a little bit later. But I would say that that's the starting point. And also, realising in that context in the global South, where the situation is quite different what we have here, even though the same issues are also important in our context. But there may be a little bit different things there.

So I have been working with the human rights issues on sustainable development since then. I have been there in the global South, but also here in Finland. And working in NGOs, working in the public sector, and now working in my own company. So from different angles.

I think later on, we will talk more about the so-called *Guiding Principles On Business And Human Rights*. But I think when they came up, then the boost for the business and human rights has really, really, really come up. I think I'll end up here and give the words to my colleague Suvi.

Thank you, Niko, thank you, Janna for the introduction, as well. I'm very happy to be here, as well. I think it's great that we can discuss this very important topic in this podcast series.

Well, about my background, I have a similar type of background as Janna. My background is also in international development and human rights-based approaches. Basically, from the point of view of quite large institutionally funded development projects, also in the global South, as Janna mentioned.

But in addition to that, I think, actually quite soon after the *Guiding Principles* were adopted in 2011, it became quite clear that even in the development setting the interest from companies and corporates increased. There was an increased interest towards finding shared value and working together with NGOs.

And I think this was very clearly coming from the point of view that if you start doing human rights due diligence as it is in the *Guiding Principles*, you do need to know what's happening on the grassroots level. And that's where the collaboration with NGOs came in. And I was very fortunate to be able to work in those collaborations with corporations from the NGO side.

Well nevertheless, I did feel that I do want to save the world maybe from a little bit of another perspective. And I decided to go back to [NO AUDIO] and did a master's degree on social responsibility and sustainability in Aston Business School in the UK. And during those studies, of course, my mind completely blew what it means, the respect for human rights for businesses. Now

I'm an independent consultant in my own consultancy, 3bility Consulting. Yeah, I guess that's in short.

Super. Just a brief reflection before we go to the next question. I noticed myself having been involved in these questions from a researcher perspective almost for a decade now or a little bit longer. In Finland at least, it seems that most people either have your background and Janna and Suvi, either in coming in from development sector or then a legal, or a very heavy legal background. That it's only in the last couple of years we see perhaps an even more diverse set of backgrounds of the people who are in a central way interested in these questions in Finland. So that's interesting.

But going back now, not hundreds of years to the Dutch East India Company, but just a decade back now, it's almost a decade now since the UN launched a so-called *Guiding Principles On Business And Human Rights*, which I think many recognised as a very central document that has shaped our understanding of business and human rights. And certainly, I think here in Finland, has been very influential in the way that we think and talk about business and human rights, both if we're talking about researchers but more so perhaps politicians and also business. How to understand that the relation between business and human rights and how to make sense of that, which is not an easy question. I think and everyone who has worked with that knows that it's very complex and can be very, very hard to work with in a practical sense.

So can you talk just a little bit about why these principles, why they are considered so central and important for shaping the discourse and perhaps what its most important legacy has been.

Yes, yes, indeed. The *Guiding Principles On Business And Human Rights*, is quite central when we are talking about this issue. When thinking that the contents of the *Guiding Principles* and what is the idea behind them, they are some kind of global standard for the business and human rights. So they are trying to, besides prevent, also address the risks and the adverse human rights impacts that business might have.

And their content is that they define the role of the state and the business, the companies, when we are talking about the business and human rights. So what is the role of the state there, what they should do, and what is the role of the company? So if we are thinking the role of the companies here is that they have this role to respect human rights. And then the *Guiding Principles*, as it says, gives the guidance how the companies should ensure that they are respecting the human rights and what they should do.

And they go through that the companies should have in place the clear commitment to respect the

human rights. Then that they would have this human rights due diligence process, where they identify, they prevent, they mitigate and account how they address the impacts of human rights. As a very important part also, is the remedy part also that the companies have thought and that they are ready for the remediation of any adverse human rights impacts they have caused or which they have contribute to. So that's it in a nutshell.

The *Guiding Principles* talks about the roles. And then it gives the guidance for the companies that you should do these things. And also, I think I should say that, although if you look at the *Guiding Principles*, it says there that these are voluntary guidelines.

But we should keep in mind that first, they have been endorsed by the Human Rights Council in 2011. So the member states have approved them. So they have been in that sense, a certain legacy.

But then also, the content in the *Guiding Principles*, it's not actually anything new in that they are based on the international and national laws and standards related to human rights. So they make it more, maybe, hopefully, clear what are the roles and what is expected from that from the companies based on those international human rights agreements and conventions, what we already have had around for a while. And maybe also saying still one thing, that the *Guiding Principles* also expect that the companies they will tell about what they have been doing, so that they are transparent and report that how they have addressed these human rights issues.

Yeah. Maybe, Suvi, you have some other points. But I think this is in a nutshell.

Thank you, Janna. I think you summarise it very well. And maybe just to underline furthermore, that I fully agree with what Janna said, that the *Guiding Principles* do make it more concrete what is expected from companies. And also give guidance and quite actually clear steps on how you could start advancing the respect for human rights within the organisation.

Yeah. Like much in the CSR discourse, that the guidelines in a sense sometimes becomes an almost de facto standard. Janna, you yourself used that word in a sense, that it's important to remember that this is not something new in itself but more codified, perhaps. And it really instilled in a very particular form that is somehow easy to diffuse or at least easier to diffuse than some other documents prior to it.

Now going forward a little bit now to today, in a sense. I said in the beginning that SIHTI is a research project under the government of Finland's research analysis and assessment activities, [INAUDIBLE]. Which in a sense, I think is a certain indication of how these issues are now part of a particular

political agenda here in Finland. We also, for those who are non-Finnish listeners around Europe, especially, we see various law initiatives that certainly replicate a lot of this vocabulary that Janna, you were addressing previously. Due diligence and these kinds of issues.

Can you explain a little bit more how you see it from your perspective that why is it that we today in Finland see a rising interest perhaps in the political sphere about business and human rights?

First of all, I think it's important to note that I believe that it's not just in Finland. Somehow I see that it is more, if not global, at least a European-level phenomenon, which is now going on. And it's clearly gaining momentum from several different sectors, where maybe the political side is just one of them.

But of course, I think that one of the reasons is of course the several different national legislation processes which have been ongoing already for several years, starting maybe from the Modern Slavery Act in the UK. And then after that, we have the Due Diligence Law in France and the Child Labour Law in the Netherlands, and so on. And several other processes are ongoing.

And then not to forget, of course, the EU level processes, which are also ongoing. Just yesterday, it caught my eye that earlier this week, I think it was-- was it on Tuesday? There has been this council conclusions on human rights and decent work in the global supply chains, which has been given out. So clearly, there is a lot of-- I don't know, could we say that there is a need to increase regulation? And somehow that's how it then can be seen also in the political side.

But then I think that besides this political sphere, I think it's very important to also take into account the very much rising awareness from the corporate side, and how the "S" in ESG is gaining more and more attention within the corporates and then also from the investor side. And then of course, we know that, for example, in Finland, we have several state owned companies, which if we want to make the political linkage, it's possible from that angle as well, of course.

But clearly, there is a lot of discussion going on that there is a need to criticise and to really measure what is the "S?" What does the "S" stand for in this ESG acronym? And I think that's also one of the reasons why overall, this has gained so much more momentum in the current discourse.

Of course, then not to also can't forget the public awareness. Especially those consumers, or well, maybe not the consumers, but those companies who are in the consumer product or consumer service industry. They are faced with pressure coming from their external stakeholders, the consumers, their customers. And that's also, of course, then adding the pressure to have these issues more in the central. But Janna, please continue.

I think you already painted the scene here. I don't know. Maybe saying that even though we Finnish people are brave in many ways and doing things, but I don't know if we are always in the front line in these type of issues, if I may say so. And I think maybe, as Suvi described, that the attention for this business on human rights has got in Europe and in certain countries. We are here in Finland a little bit looking at what is happening then? And, OK, maybe this is something that we also have to think about. And as Suvi mentioned, the companies, especially I think those ones will have the global supply chains and so on, they have already faced the pressure. And because of all of that, also here in Finland, we have started to think a little bit more of these issues.

Yeah. Going back to what I previously said about my own anecdotal experience of going to various events and workshops, and so forth over a decade or so now, that certainly five years ago or so, you started to notice some new people there who presented themselves to be representing investors, and pension funds, and stuff like that, which I certainly had never seen in those events previously. And now today, they are a mainstay in those of environments. So that's very interesting also to note just the changing nature of these questions. And certainly, testimony, exactly what you were talking about, that it has become part of the "S" in ESG risk assessment, as well, here in Finland and globally of course, as well.

So I think that's a good bridge with ESG, Environmental, Social, and Governance risk to talk a little bit about measurement, which is also what we're trying to look at in this SIHTI project. Evidently, I don't think it's an understatement to say that measurement is a great challenge when it comes to human rights, especially if we are talking to converting human rights and human rights impact into the metrics that seems to make sense for corporations and in business at large. So if we compare, for example, to environmental impact questions about impact and perhaps more so measurement and metrics, it's rather challenging I think for corporations, but also for research, it has to be said. So tell us a little bit about this methodology that you or we are using in the SIHTI project, the CHRB, the Corporate Human Rights Benchmark. What is it and why is there political and business around this particular measurement and methodology?

Yes. As you said, this measurement business is not very easy. And I think the Corporate Human Rights Benchmark has taken a great move when they established the organisation, I think that was 2013, and decided that they will try to develop and create some kind of benchmark that would measure the corporate human rights performance. Well, based on what they have been saying on their website, and we have also heard some of their presentations, the starting point has been, of course, the *UN Guiding Principles*. But also that we clearly have some sectors which have high risks for human rights

adverse impacts.

And there is a need for providing the informants on the corporate performance for different stakeholders, the investors, they will need this type of information if they really want us, as we earlier explained, to look at the social side [NO AUDIO] And then also, Corporate Human Rights Benchmark have been thinking that the benchmarks should be such a system that everyone could see the results. So that they would be publicly available. But also, the civil society actors and the public would know. But also for the companies, that somehow they also would be able to see where we are standing and how we are developing.

And I would say that the methodology that CHRB has developed, they are measuring the companies yearly. And of course, you get the snapshot of the results. OK, there is a scoring system there, and so on.

But what they are themselves emphasising is that they rather would look at the results in a little bit longer term. That the company has been in this status in this year but how it has developed its processes and practises, and so on related to the human rights during the year. I think that has to be very much the focus of the CHRB also.

So what they have created, they have created the methodology for certain high risk sectors, such as [INAUDIBLE], aquaculture products, or extractives, ICT. And they have created their consultative and quite transparent process. And the measurements, the indicators that they have created, they are grounded besides the *Guiding Principles*, there are also other global norms related to these different sectors, and the best practises, and so on.

And they have tried to be I think quite practical. Reflecting in their methodologies those key risk, and the measuring what kind of steps the companies have taken. What is the process? Do they have their systems in place?

Have they started the human rights of due diligence? Have they started to identify their human rights risks? Have they done human rights risks and impact assessments, and so on?

So being quite pragmatic in the measurement. And this way, also encouraging companies to use these results as their own guidance to improve their performance. And at the same time, providing this information for the larger audience. They themselves emphasise that they are focusing on the processes and practises. And that they don't need try to measure every everything. And that they don't measure, for example, the quality of the different steps, but, as I said, rather the process.



The system that they have created, they have developed it several years. They are continuously taking feedback. So it's still not ready. But it has gone through several rounds now.

Actually, there aren't so many, tools available which would provide this similar type of [INAUDIBLE]. So that's was one reason why we also ended up using the CHRB methodology. Plus, since they have published the results, even though there are methodological differences between the countries. But still, you could get some comparison where you can see, for example, what is happening in some other places compared to Finland.

OK. So I also started the podcast by saying that to a certain extent, business has-- or you yourself actually said that perhaps in Finland also, there hasn't been this kind of lead. Finland being a lead country when it comes to making sense of business and human rights, and certainly business at large.

Here I'm not talking about Finland solely. But business has not been hugely proactive when it comes to mainstreaming human rights explicitly in the CSR agenda until now, exactly as we discussed. And at least not in Finland on a historical basis. And there are all kinds of very good explanations for that.

But how do you see it? From the perspective of business, if we're talking Finnish business or European business, what are the perceived challenges for business to report on human rights issues? Because certainly within the SIHTI, without talking about the results, it replicates what we see elsewhere, as well, that there is a challenge. And there is quite a lot of information that is missing in CSR report at large when it comes to the human rights issues. So what are the biggest challenges here?

Well, this is of course something that we should address and ask the companies themselves. And this was actually one of the research questions in the SIHTI project. But of course now as the project is still ongoing, I will not go into those results yet at this point.

But I think that on a general level, I have this feeling that there might still be some doubt on the company side that, are human rights disclosures relevant to start with? Is it something that companies are expected to do? Or are any of their external stakeholders actually interested to know about it.

And this is quite contradictory to what I just said a few minutes ago concerning the increased momentum around these issues and how also the investors are interested. But this is somehow maybe the feeling that you might still get from the company side. The last step maybe is not yet realised that this is actually very essential information to disclose when we talk about reporting.

But then at the same time, it's really important to also take into consideration that it's of course about prioritising also. And it seems also that companies are under quite a lot of pressure to focus their sustainability reporting on issues regarding climate change. And this is something where their internal resources are very much focused at the moment and also a lot of external pressure. Like concretely felt external pressure is coming on those issues as well.

So I think it's only fair to also acknowledge that this is something also that the companies do need to prioritise. But then at the same time, it is of course important also to consider the internal resources and the internal capacity that the companies might have regarding human rights issues. Because that's also then naturally very, very closely linked to how the information is disclosed or what kind of things are reported. I think it's fair to say, that there are still quite a limited amount of companies who have taken the implementation of the *UN Guiding Principles* seriously.

And they might be very advanced in their human rights due diligence. And this of course, automatically shows in their reporting and how they disclose the information. But however, most of the companies, I feel that they are still in quite early stages. And then if you take that into consideration, then again, it's quite natural that the reporting might be quite narrow.

From your perspective, I'm not here just talking about SIHTI, but do you think that there in general is clarity in Finland among business and perhaps also among politicians? What are included in human rights? What are the human rights and what are non-human rights issues? Do you think that we are talking about the same thing here in Finland when different actors are speaking on human rights?

That's also a very good point and question. Of course, for sure, there are people who know very well what we are talking about when we are talking about the human rights. I think during these years, what we have noted is, that there is this tendency that the human rights, of course, if you look closer, there are quite a list of different rights.

And when you talk with the people, you get the impression that people often, when they think about human rights, they think about the freedom of opinion and freedom of expression. Then if you are talking about more serious treaties, something like that human rights prevent the torture or genocide type of issues, these types of civil and political rights in human rights language. But then maybe less understood is that there are many of those economic and political and cultural rights, things I think I already mentioned.

For example that the right to education or that there is this [NO AUDIO] of living that [NO AUDIO] are

presenting us a minimum standard of a dignified human life. And I think that type of maybe understanding is not necessarily there when we talk about the human rights. And also interesting is, that of course, when we are talking about the business and human rights and thinking of, for example, the work conditions and the human rights of workers.

Sometimes also, like the freedom of association or the right to do collective bargaining, or child Labour, and forced Labour issues, mean they are there in the ILO Conventions. And some people know, some people don't. But in general, somehow, these type of human rights of workers, they are not necessarily seen as a human right either, for some reason.

To summarise, I think there is still work to be done in that sense. We have found this common ground that what we are talking about when we are talking about the human rights. And of course, thinking now again about the companies. Although all the rights are equally important. But for sure, when you have your business and you are doing certain things, the risks are maybe focusing on more certain type of rights.

So it's very important also to look at the context where the company is working and what is it doing. And understanding that what are, in that sense, those central human rights risks and impacts. And that type of thinking is also maybe still there under development.

Right. I think one thing, when we were talking about these challenges, and we think about how corporations, in general, how they try to solve these complex problems. That one thing that has emerged again during the last decades is the prevalence of various standards. But also this external multistakeholder initiatives, where even competitors can come together and create different standards for dealing with human rights or other CSR issues.

And certainly, it's not an understatement to say that when it comes to human rights and these of issues there is also the role of these standards and multistakeholder initiatives to which to a certain extent-- and I can say this as a critical CSR researcher-- that to a certain extent, what happens is an outsourcing of certain responsibility to these actors. But from your perspective, when we're talking about standards and MSIs and relying on that kind of external sense-making of business and human rights, what challenges do you, from your perspective, see in that?

Yes. This is, as you said, quite a common, and I would also say, quite a natural phenomenon. Natural in a way that there are so many multistakeholder initiatives, or even industry standard standards, or best practises, or whatever they can be called. For example, concerning how supplier guidelines or supplier codes of conduct, what the content should be.

And adopting those as such is, of course, a relatively easy way to get started. If you look at the way the *Guiding Principles*, or how they talk about having the respect for human rights embedded in all the policies. So it's quite easy to adopt the ready-made standards. But there are I think at least a few aspects which came to my mind that need to be considered.

One is that what we've noticed, for example, during the SIHTI project, is that some of these external standards, they might not be completely in line with what has been the original intention. For example, behind a certain [INAUDIBLE] worker rights. This became quite clear, for example, looking at freedom of association and collective bargaining.

These external standards, they might have worded the respect for this right in a way that it is not actually in line with what has been originally meant in the ILO Convention. And the companies, they might not be even be aware that the wording is not, so to say, correct. And it might be a surprise for them that there's a [NO AUDIO] between these two. That's of course one thing.

But then another thing which I think is equally important or even more important is that, if these external standards are adopted as such, there is a risk that a certain very important thought process inside the organisation is not done. And that for example, could be concerning identifying what the salient risks for that company actually are. If they take a ready-made standard and start using that, some of their most salient risks might be outside of that ready-made standard.

So I think it would be very important that, yes, they are good to use as a starting point. And of course they can be modified. And that's something maybe that I would encourage companies to do. Always take time and see that, is this relevant for us? And then also, is there something relevant missing from the ready-made standard?

So I think with those words, I just want to thank Janna and Suvi immensely for taking time to come here and speak to us. And I hope for all our listeners, that you have enjoyed the podcast and that you will be tuning in also to future episodes of *Sustainability Unwrapped*. My name is Nikodamus Solitander. And I wish you all the best.

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