

31.5.2024

COMMUNICATION ON ENGAGEMENT

I am delighted to confirm that Business Finland continues to support the United Nations Global Compact and its Ten Principles covering Human Rights, Labour, Environment, and Anti-Corruption. This document serves as our Communication on Engagement with the UN Global Compact.

In this Communication on Engagement, we outline the actions that have been implemented to uphold the UN Global Compact and its Principles during 2023.

Sincerely,

Nina Kopola

Director General

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Part II. Description of Actions

Business Finland is a public-sector organization offering innovation funding and internationalization services as well as promoting tourism, investments and work to Finland.

Sustainability is one of three cornerstones of Business Finland's strategy, alongside economic growth and competitiveness. Sustainability is understood to refer to all three aspects of sustainability; ecological, economic, and social, and Business Finland's mission is twofold: to promote sustainability both in its own and in its customers' operations.

Business Finland committed to UN Global Compact Finland as of June 14th, 2022. As accounted for in the below description of actions, Business Finland is committed to the core values of the UN Global Compact and has internalized them in its strategies and operations.

Human Rights

Business Finland complies with applicable national and international laws, regulations and agreements related to human and labor rights, as well as promotes human and labor rights, equality and personal wellbeing in all operations. International social safeguards that Business Finland follows the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, and Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

In 2023, Business Finland's employees were offered basic training on sustainability and human rights, an online course on human rights in business, human rights discussion and training events for middle management, and quarterly interactive knowledge and information sharing events, including sessions on diversity, equality and inclusion.

Human rights, in addition to other sustainability elements, were integrated during 2022-2023 into several internal processes, such as procurement, Know Your Customer, and background checks for funding. Business Finland also launched a specific Talent funding service to support companies in recruiting and retaining international talent in Finland.

Labor Standards

Business Finland's policies state that no discrimination, inappropriate treatment, or harassment of any kind will be tolerated. The internal equality and non-discrimination plan lays the foundation for preventing discrimination and promoting equality in Business Finland's operations both in Finland and abroad. In 2023, particularly equality of pay was promoted. Expertise in taking diversity, equity, and inclusion into account in internal and external communications was developed through a communication training available to the staff in both Finnish and English.

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Other guidelines and policies that promote labor standards include the equal opportunity plan, the early support model, as well as guidelines for dealing with inappropriate behavior at work, training policy, instructions for threatening customer situations, and the occupational health and safety program.

In addition to internal policies, Business Finland also considers the objectives of the Government's Action Plan for Gender Equality and the Ministry of Economic Affairs and Employment's Working life diversity program.

Environment

At Business Finland, environmental sustainability is promoted in internal activities and customer-facing activities, for instance, through the funding process, programs and increasing awareness in Finnish companies.

Business Finland launched three new missions for sustainable future in May 2023: Circular Transition for Zero Waste, Immersive Digital Life and Healthcare Reimagined 2035. In all missions, Business Finland focuses on finding sustainable solutions to global challenges and finding new opportunities for Finnish companies. Business Finland also launched several programs and campaigns to renew Finnish industries, e.g. Decarbonized Maritime and Ports campaign, Decarbonized Cities and Hydrogen and Batteries programs, and Waste into Wealth: Circularizing industrial material flows program.

Business Finland supported sustainable development by funding recycling, circular economy, and renewal of bioeconomy in various ways. Of this, RRF funding under Finland's sustainable growth programme totalled €46.7 million and circular economy investment grants totalled €81 million. In addition, several leading company (veturi) projects focus on the renewal of the bioeconomy sector.

In 2022, Business Finland calculated its carbon footprint for the first time to understand the baseline of the emissions and identify possible emission reductions option. In 2023, special attention was paid to environmental sustainability, for example, by reducing office space to minimize emissions, considering lighting and water consumption when upgrading sanitary facilities, and utilizing existing furniture and equipment where possible. Environmental sustainability is also emphasized by favoring environmentally friendly alternatives in procurement, and updated Travel Policy encouraging public transportation when choosing a mode of travel. Also a Sustainable Events guide was created in order to facilitate the organization of more sustainable events.

Anti-corruption, and responsible business processes

Business Finland's Code of Conduct, updated in 2022, clearly states that bribery or corruption are not acceptable in any form and are to be opposed in all of Business Finland's operations and duties. Business Finland requires all its employees to adhere to the Code of Conduct and expects its contractual partners to comply with these principles as they relate to the contractual relationship as well.

As a significant user of public funding, Business Finland has a strong supervisory responsibility for the proper use of the funding it grants and remits. Business Finland monitors its state aid operations through quality audits and audits concerning the supervision of funded customers. Quality audits assess the quality of the preparatory work for funding decisions and the monitoring performed during the project. The purpose of the audits

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conducted by Business Finland is to ensure that the projects it funds comply with the funding decision and its terms and conditions, and that the implementation of the project corresponds to the information provided to Business Finland. To maintain openness and transparency, public funding information is published on the website. The funding information is reported to the European Commission by aid scheme and by project in accordance with the EU's transparency obligation.

Business Finland has a whistleblower feedback channel through which Business Finland's customers, employees and the representatives of other stakeholders may report any unethical or non-compliant actions they observe. All suspicions about non-compliant actions are processed.

Business Finland implemented a Know Your Customer (KYC) process for all its customers in 2022. Business Finland does not tolerate money laundering or other illegal activities or unethical activities in its operations and conducts background checks on its customers to prevent such activities. Among the customers applying for funding, Business Finland establishes the owners of all the funded customers, their financial situation, and all their existing business activities. If the customer company is also funded by other funders, they must always inform Business Finland of the names of the other funders and the amount of funding. Each customer's business activities are investigated when evaluating a project for which funding has been applied for. It is also verified that neither the funded customers nor their beneficiaries are on a sanctions lists.

In addition, Business Finland established the use of responsibility reports produced by Suomen Asiakastieto in the preparation of funding in 2023. The reports specify responsibility-related information about Business Finland's customers and provide an opportunity to influence Business Finland's funding decisions from the perspective of responsibility. Since the beginning of 2023, customers have also been asked about the impacts of funded projects on sustainable development already when submitting their funding application.

Part III. Measurement of Outcomes

Business Finland's goal is that our customers are developers of sustainable development solutions and that Finland as a society is seen globally as a forerunner in sustainable development. The key performance indicator targets that are found in the performance agreement between Business Finland and the Ministry for Economic Affairs and Employment are set for the customer-level goals. In 2023, the goal for the share of service transactions relating to advancing sustainable development goals was set at 50%. In practice it means in how many cases have Business Finland advisors discussed sustainability with their customer. That goal was exceeded, and the realization percentage landed at 59%. According to the second goal, out of all funded projects, the share that met the ESG-criteria was 59%, and the share of climate and low-carbon projects was 46%.

As for the goals regarding internal operations, Business Finland's leadership team approved a Sustainability Policy in February 2023 which applies to all operations thereafter. Business Finland's employees are encouraged to take four Learning Days (days for self-development and continuous learning) per year, and in 2023, the goal was that one of the Learning Days would be focused on studying sustainable development themes. A

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Sustainability Handbook was also published in 2023, with the goal of clarifying and creating a unified understanding of sustainability among Business Finland's employees. Content adoption was promoted with an online course with a 73% completion rate.

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UNGC COE 2023-2024
30079485

ALLEKIRJOITUKSET / UNDERSKRIFTER / SIGNATURES

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11.06.2024 09:34 UTC

Sähköisesti allekirjoitettu / Elektroniskt signerats / Electronically signed