

# ViewPick

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## Responsible Resources & Roots Engagement

Zurich – Helsinki – Toronto



**Russian economy** is in need of confidence and structural reforms are still on stand by, while Eastern Europe's markets are recovering. Each investor has in mind a setting of values which his assets can benefit from. Choices and the quality and content of every anticipated judgements therefore matter: talking about sustainable investments. After spending research time in Finland, especially in the Barents Region, the competition for new business in the Arctic will be arbitrated by not to be neglected sustainability criteria.

We confront the same question very often. Is **Ethical investment** a new shape of the modern investment world? Engaging sustainable investments to good return work is not recent but has a long history, which began with Charity Funds. John Calvin in Geneva was one of the best experts of his time. It is high time to talk about charity and sustainable investments.

When debris violins pull at heartstrings it must be somewhere in Japan, and by the trees washed away by the tsunami, it is about the forthcoming of a **“cradle to cradle”-principle**.

Enjoy the reading of our latest viewpick.

If you would like to make a suggestion to improve our services please mail: [info@resources-roots.com](mailto:info@resources-roots.com)

Best autumn greetings,

Eleni Regli

Zurich, October 2013

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# Russian Economy at Crossroads



The chart is flat for the Russian economy in the third quarter of 2011, which lets appear the government's forecast of growth of GDP of 1.8 % for 2013 far too optimistic. Andrei Klepach, Deputy Minister of Economic Development, said that the stagnation in the first quarter has continued in the third quarter, with a GDP growth of almost zero. The government seemed to believe in miracles, targeting a drive growth of 3.6 % for 2013 (or even 5% according to President Vladimir Putin). These forecasts have been revised, and now Russia has to deal with the unpleasant question of stagnation.

Earlier in October, the IMF's has revised its growth forecast for 2013 from 3.4% to 1.5%. The initial figures were 3.4% in 2012 and 4.3 % in 2011. In its report on the global economy, the IMF advises Russia to implement reforms in order to increase its growth potential, considering that the economy is already operating at maximum capacity.

Industrial production fell to zero for the last eight months (against 3.2 % in the same period of 2012). Due to a weak competitiveness, Russian products have an uncomfortable stand in front of the competition imposed by Moscow's accession to the World Trade Organisation. The world does not stand still. The global competition becomes fiercer for Russia. The economy is under a real domestic market pressure and real economic geopolitical pressure as well.

Self-reliance would be a false adviser. The Russian market players are struggling with a range of aspects of economic liberalism and control mechanisms, discreetness and transparency at the same time. The advantages over the other countries in terms of low debt indicators and the large capital reserves encouraged the government to design an optimistic frame for a soon to be recovery of economic development and to reach again a leader position in the global economy. Russia is facing severe imbalances in the domestic sectors. With the collapse of planned economy in the 90s, the recovery efforts during the transformation process have focussed a strong priority for a commodity-based economy.

*Moscow is the capital of Russian Federation and the biggest Russian city with 15,000,000 citizens. About 80 per cent of the financial potential of the country are concentrated in Moscow. 75 per cent of the total amount of foreign investments into the Russian economy is done in the capital. Moscow has the largest population of foreign investors and expatriates. There are about 1,200 bank institutes, insurance companies and 450 asset management companies. The Russian capital contributes about one-quarter of all revenues of the state budget. Moscow has 79 billionaires and 300,000 dollar millionaires.*



Slowdown in consumption, stagnation of investment demand and a strong correlated growth to the cyclical component - the high dependence on oil and gas exports – are a heavy burden. Structural challenges to Russian economy's growth need to find a favourite place to the forefront of economic policy strategies.

Weakness in domestic demands is shown in subdued investment and consumption activities. The large projects for the Winter Olympic Games in Sochi and the Northern Stream pipeline were not able to serve towards a substantially increase of investment activities.

The external demand is missing sustainable dynamic. Trade in global market did not provide the expected recovery, while oil prices retreated, stabilising below \$100/bbl in the second quarter of 2013.

### **Acutely Rising Need of Confidence**

Recent consumer and business confidence indices emphasise the lack of confidence and a status quo of uncertainty on the economic future. Investors choose more and more the wait-and-see strategy, consumers prepare for stagnation and the active players of Russian economy are in two mind show to act. Structural challenges to Russian economy are still waiting for sustainable solutions. Non-competitive sectors and markets are waiting for transformation. There is evidence. Wages rise surprisingly faster than productivity. As promised by Putin during his re-election campaign in 2012, civil service salaries were raised significantly, as well as salaries of military personnel, police and security forces. These sectors became the main enthusiastic support of the regime. Further wages increases are planned for September 2014.

Growth in Russia is mainly saved by household consumption (+3.8 % from January to August 2013) and the surging consumer credit (32 % in August 2013 compared to August 2012) but the goods purchased by the Russians consumers are 70% imported. More than ever, investments are struggling with a decline of 3.9 % in August, which is the worst result since February 2010.

Despite the high price of oil, the main export item, the current account surplus decreases. And the capital outflows reached \$38 billion (28 billion euro) in the first half of 2013 (\$ 40 billion for the same period in 2012). At the end of the year, they are expected to peak at \$70 billion.

These outflows are minimised by experts who regard them as investments temporarily abroad. In fact, the systematic recycling of financial surpluses abroad reveals a complete lack of trust of Russian investors in the state and the judicial system. Despite a recent law to limit the assets and bank accounts of Russian officials abroad, the most prominent members of the government and state corporations still have their first save and their companies in offshore accounts.

The **budget remains balanced** thanks to high oil prices, but the government is seriously considering the next cut in social spending. It is about removing the incentives to maternity (nearly 10,000 euro offered to women at the birth of the second child and beyond). The law has been introduced in 2007 as demographic incentive against the declining population. Recently, accumulated cash on pension funds have been requisitioned for the needs of the budget without any reaction of public opinion.

The current stagnation is due to the economic difficulties of the Euro zone, with which Moscow develops 50% of its trade. The aftermath of the global downturn is hard to carry on for Russia, which has had seen its major imbalances slowly exposed: low productivity, loss of competitiveness, obsolete industrial sectors, lack of sustainable investment. Despite the deplorable slowdown this year, the Russian economy is projected to speed the growth by 3.1% in 2014. The recovery may result in an increase in Russian exports, but will essentially depend on the sustainable recovery of its most important economic global players, the EU-Countries.

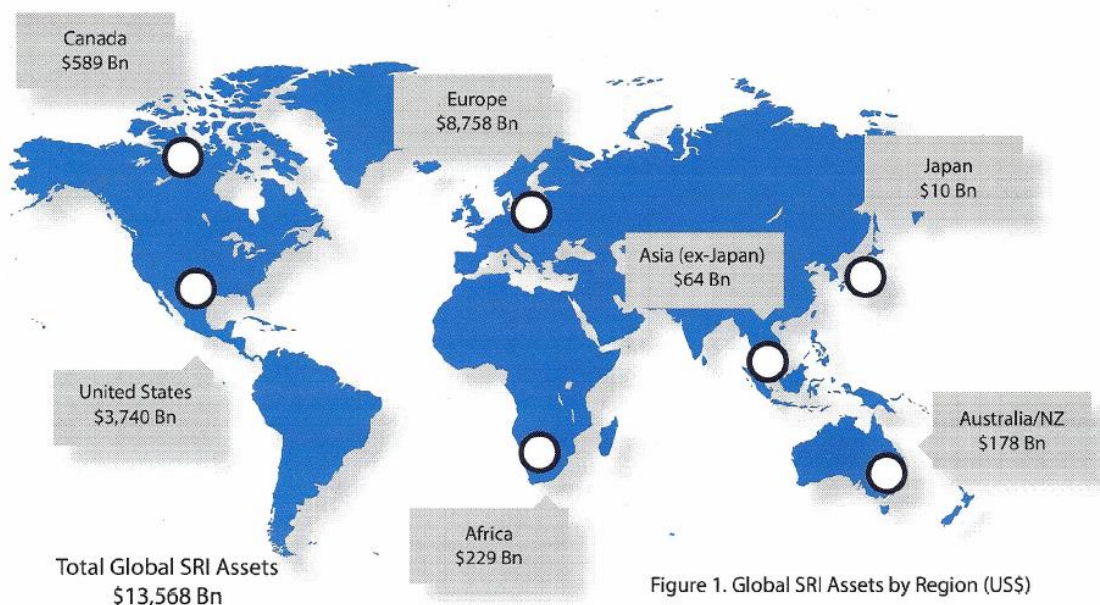
This **moderated optimistic outlook** may contain sustainable development features as well. It offers the stage for structural reforms. How vulnerable the Russian economy still remains will depend on exogenous factors as well: The oil and gas prices, restricted access to international capital markets and higher capital outflows. The unpredictable easing policies, particularly in the United States, create a serious negatively impact for a faster relief. As Prime Minister Dmitry Medvedev said in a Russian article in *Vedomosti Journal* from September 27th, "This time is serious. We are at a crossroads. This situation is risky and dangerous; this is the strait way to the gulf". Russia has to decide.



# Ethical Investing Riding Best

Since the credit crisis and the more universally accepted knowledge of climate change, institutions and private investors are eyeing to ethical investment. Actually, ethical investing became so popular and demonstrated by a series of indices called FTSE4GOOD that investors may use to peruse companies' green credentials. Many investors are interested in the concept of investing ethically. However, the major objectives for most investors are maximising returns and managing risk and both of these are more difficult to achieve when investing ethically.

The dimension of the global sustainable investment market as defined by the Global Sustainable Investment Review 2012 is estimated as at least US\$ 13.6 trillion (December 31, 2011). The major part for sustainable investments is played by Europe, which represents almost two thirds of total assets.



Source: Global Sustainable Investment Review 2012

It is important that investors choose highly rated fund when determining their decisions. In the case of more particularly ecological exposure, it makes sense to join a composite fund or investment trust. How much the concept of ethical investment versus sustainable investment differs will be developed later.

**A sustainable investment is a very sensible approach** from both points of views: the investment for profitable **return** and **ethical principles**. It has a relatively weak stand beside severe ethical investment funds. The transparency surrounding stock selection is often the reason of mistrust for sustainable investments. Sustainable investments as social responsible investments exercise a more positive criteria approach by the stock selection (and less exclusions) with a preference for companies that adopt good environmental and social practices regardless of industry sector. Such investments will usually select renewable energy firms, telecommunication, etc.

According to a study by Triodos Bank, only 17% of investors believe in investment return at all costs and declaring that achieving the highest possible return has more importance than ethically proceeding. Trust will always play a major role. On the stock market companies' site, according to an Accenture report, 44% of senior executives think that sustainability had a sensitive impact to their business. Therefore companies' executives realised that sustainability is a driver of good business performance. Reducing waste, saving energy, respecting

employees' rights to a healthy lifework balance and so on, all of these responsible practices may reduce risks; build brand loyalty and best citizenship reputation.

### **Ethical Investments versus Sustainable Investments**

**Investors with strong beliefs**, which they wish to replicate through their impact investments, may acquire individual company shares. This direct way - buying individual shares rather than collective funds – however will maximise the exposure to greater risks.

On the other hand, by **excluding mining and energy companies by ethical funds' screen** the investment can lead for a certain amount of time to underperformance. And this has to be taken into account. Furthermore, excluding the extractive sector from ethical investment assessment cannot be a purely ethical investment approach either. It is just subjective investment behaviour. Good Corporate Governance and Corporate Social Responsibility already exist in many modern and proactive companies in the extractive sector. Many pro-active companies from other non-extractive industries and services sectors are interacting with companies of such "denied" energy and mining companies. They are strongly depending on the social and environmental quality of their primarily resources and developed products.

In order to protect and sustain a healthy portfolio, the best investment strategy still declares a wisely balanced diversification. A solely ethical investment portfolio will almost entirely consist of equities of small and mid-cap stocks. This may lead to a high exposure to volatility. The result is that investors allocate parts of their portfolio towards cash and bonds.

**Ethical investment research** plays a useful **stewardship role**. By screening the portfolio with a severe exclusion of extractive, companies will increase risk in the investment performance of an ethical investment.

**Socially responsible investment funds** offer an important pool of pro-active investments, as they invest across all sectors, screening those stocks that present and exercise best practice and including companies from IT, renewable energy, bio-pharmaceuticals industries which consider a sustainable return.

**Ethics and maximising return are not mutually exclusive**. Sustainable returns mean more ability to act more sustainably. As consumers, individuals demonstrate their ethical perspectives in myriad ways. They may choose to buy Fair-trade coffee or chocolate in the supermarkets or buy produce from local sources to minimise the carbon footprint. They can also recycle just about every material used in the household thanks to the ranged bins on their doorstep. When it comes to ethical investing, it seems the behaviour lies under doubt and is not quite so proactive.

### **When Investment for Charity matters**

**Charity trustees** must invest their organisation's funds to further its purpose. This means targeting the best return on their investments at an acceptable level of risk. Ethical investment may play a part in it. It is an appropriate avenue for charities looking to invest their money. Trustees can accept the risk of a lower-than-best rate of return on their investments, and thus make ethical investments if a particular investment conflicts with the aims and profile of their charity, risks alienating their beneficiaries or donors or will not result in significant financial detriment.

**Ethical investments can also help charities to avoid embarrassment**, such as suffered by churches when it was revealed that part of their investments was in ethically controversial companies.

A 2011 survey by EIRIS Foundation found that 78% of the general public said that they would think better of a charity that had funds invested in socially and environmentally positive investment projects and services.

Charities are becoming more aware of the sector and starting to look at a variety of options, hence many charities are still very conservative and strongly influenced by advisers who are missing the understanding of ethical or responsible investment strategies.

**Impact investment** is a sub-set of ethical investment where the financial element is of reduced significance and the investor is pursuing another type of benefit; a social or environmental return.

At the same time the ethics of the financial system are under continuing scrutiny with Goldman Sachs having been accused last March by the departing executive of being "morally bankrupt". It bears witness to the increasingly social and ethical dimension to searches for finance. RLU, Helsinki

# FINNWAVES

## Finland Arctic Strategy for New Business Opportunities

**Finland is an Arctic country** The Arctic identity of Finland has been shaped by climate, nature, geography, history and experience. Finland as a whole is a truly Arctic country: after all, one third of all the people living north of the 60th parallel are Finns. The Saami's status as the only indigenous people within the European Union is duly recognised and their participation in issues affecting their status as indigenous people is ensured. The northern parts of Finland must remain a stable and secure operating environment.

**Finland is an Arctic expert** The Arctic region is undergoing a major transition. Finland possesses the top-level expertise and the know-how it takes to understand, adapt to and even make use of this transition. Maintaining and developing a high standard of expertise and research are of primary importance. Finland's ambition is to set an example as an Arctic expert both in research and in the responsible commercial exploitation of such expertise.

**Finland complies with the principles of sustainable development and respects the basic conditions dictated by the Arctic environment** Understanding the global effect of climate change, the sustainable use of natural resources as well as recognising the basic conditions imposed by the Arctic environment lie at the very core of Finland's Arctic policy.

**International cooperation in the Arctic** Reinforcing its Arctic position, promoting international cooperation and maintaining stability in the Arctic region remain Finland's key objectives.



**Finland** as an active and responsible **Arctic stakeholder** has a strong commitment to reconcile the limitations imposed by the sensitive region and the business opportunities provided by the Arctic environment in a sustainable manner while drawing upon international cooperation. It examines the possibilities for bolstering Finland's position regarding the Arctic region; the creation of new business opportunities, the Arctic environment and the region's security and stability, the position of the northern parts of Finland, international cooperation, Arctic expertise in the widest sense of term.

Finland boasts a **long tradition** as a **proactive operator in the Arctic region** and is ready to assume a key role, open up new opportunities and innovate in areas such as **Arctic and cold climate expertise**, construction, technology, product development, business operations, research as well as value-added products drawing up the northern environment. Its Arctic objectives are associated with its general policies regarding the **promotion of stability, cooperation and sustainable development**.

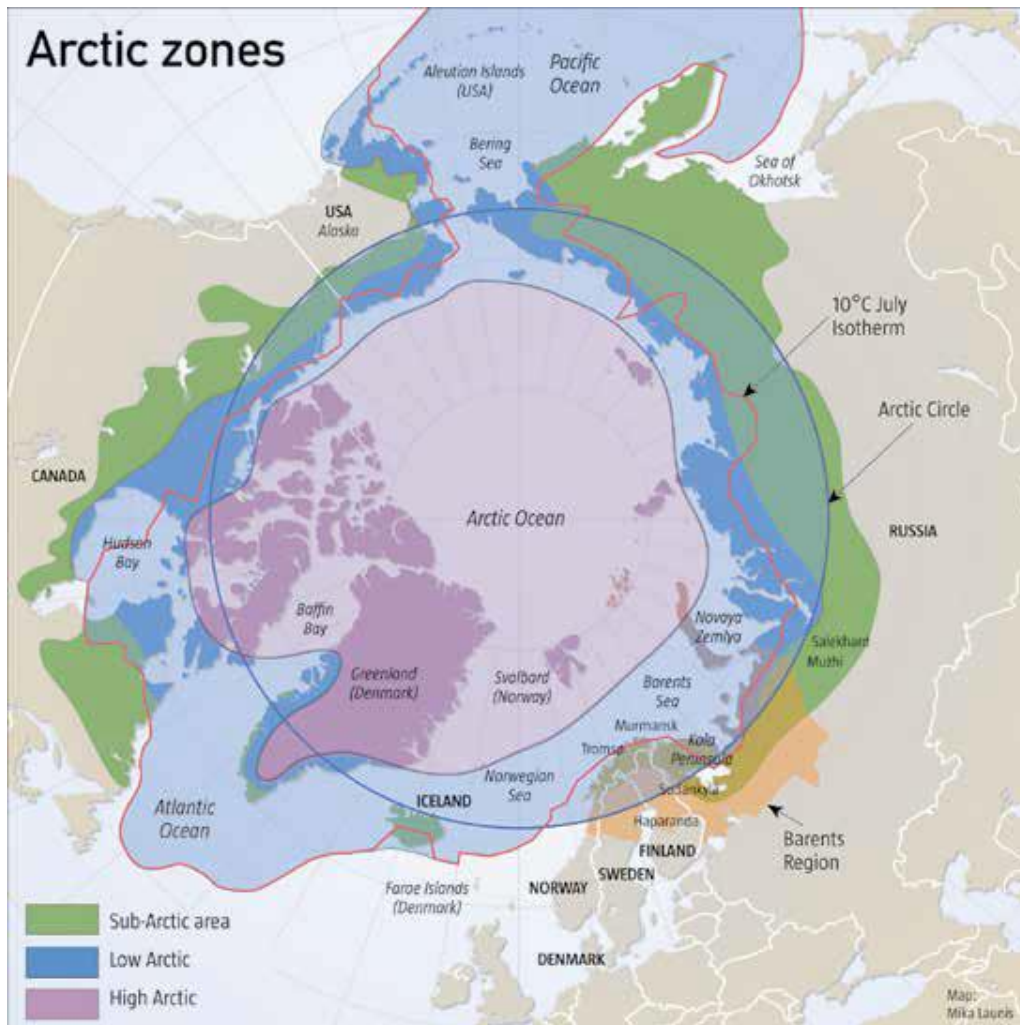
For **the Finnish economy**, the Arctic region represents a growth market where Finland enjoys a natural edge to be active and succeed. For a sustainable development in the Arctic, Finland brings geographical, cultural and competence-based advantages and an intensive cooperation between authorities and private companies both at national and international levels. According to the document, Finnish companies are able to offer new services and solutions for the exploitation of Arctic natural resources with due regard to the principles of sustainable development. The goal is **to attract further foreign investments in its growing mining industry**. There are several mining exploitation operations in the northern Finland with plans to open new ones.

Finland is also a **leading expert in Arctic maritime industry and shipping**. It manufactures advanced, state-of-the-art Arctic ice-breakers. Major export markets for Finnish maritime technology include Canada, Norway, Russia, the United States and China. Often, the best practices developed in the Baltic Sea region offer highly suitable export products for the Arctic market. Moreover, Finland has the competence to offer new types of services to facilitate safe transportation and contribute to the preservation of the marine environment. Finland possesses first-rate expertise in mechanical oil recovery in ice conditions – a technology that is vital for Arctic sea areas.

## Finland is a pioneer in sustainable mining in the Arctic

Mining in the Arctic region is expanding in Finland as well as in other Arctic countries. This development is offering Finnish operators new international business opportunities both in terms of mining technology and the increasing transport volumes in the Arctic region.

Finnish companies are able to offer new services and solutions for the exploitation of Arctic natural resources with due regard to the principles of sustainable development. For Finland, it is vital to maintain a sufficient level of training and research, the availability of labour and the adequacy of the resources and competencies



Sources: AMAP Assessment report Arctic pollution issues, AMAP 1998, Arctic pollution issues: A state of the Arctic environment report, AMAP 1997, Conservation of Arctic flora and fauna, CAFF 2001

The region emerges major growth opportunities in extremely intense international competition. The Arctic projects being planned and implemented in Canada, Norway, Sweden, Denmark, the United States and Russia are attractive to investors, large corporations and networks of companies across the world. The growing presence of China and other Asian countries and companies in the Arctic is a fact of life that needs to be taken into account.

The extensive Arctic expertise possessed by Finland and Finnish companies creates an excellent basis for generating new business, particularly into sound business opportunities. The extreme conditions prevailing in the Arctic region impose a number of additional challenges to operations. Finland promotes proactively the export of environmental expertise to Arctic areas. Joint projects offer the opportunity to increase these kinds of exports in areas such as water and wastewater management, the management of hazardous waste, oil spill prevention, and energy efficiency as well as energy saving.



## *Finnish companies performing well in Nordic Climate Change Index*

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Finnish companies were performing well in the 2013 Nordic climate change index with Nokia and Outokumpu included amongst the top-five companies in the Climate Performance Leadership Index (CPLI). Metso received the highest possible score 100/1000 in the Climate Disclosure Leadership Index (CDLI). Altogether 15 Finnish companies were amongst those 260 companies ranked in the CPD Nordic 260 Climate Change Report 2013.

The Nordic companies are each year ranked based on their climate performance and disclosure. The performance index assesses companies' level of action, climate change mitigation, adaptation and transparency. The disclosure index ranks companies based on how professionally they disclose information about their actions and achievements to help mitigate climate change. They have made such major improvements in the reporting therefore Metso has reached a high score for the second year in a row, and now the company is the number one in its sector. The CDP's recognition of both its disclosure and performance on climate change grants the proactive corporate environmental responsible management of the company. Outokumpu has reduced the carbon footprint of their main products by some 50% since the 1990s.

The Finnish companies ranked in the Climate Disclosure Leadership Index included Alma Media, Nordea, Metso, Kesko, Kone, Finnair, Outotec, Tieto, Nokia, UPM-Kymmene, Kemira, Stora Enso, Outokumpu, Elisa and Fortum.

[www.cdproject.net](http://www.cdproject.net)

[www.metso.com](http://www.metso.com)

[www.outokumpu.com](http://www.outokumpu.com)

## *Asqella spins out new security screening technology*

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Asqella Oy, based in Finland, sells passive sub-millimetre-wave video cameras for loss prevention and physical security applications. The company, spin-off of VTT Technical Research Centre of Finland, plans to commercialise new screening technology capable of remotely detecting items concealed about the body.



The company has received nearly one million euros funding from an angel syndicate, VTT Ventures and Tekes, the Finnish Funding Agency for Technology and Innovation.

**The company sees major market potential in applications such as high-throughput screening in loss prevention, event security, and security in public places.** The technology will become available to customers during 2014.

The Asqella product involves no radiation; health concerns are absent according to Asqella's Managing Director and co-founder Arttu Luukanen. The financing will catalyse the product development and effectively help in building the streams to the global technology market. The product provides the customer with an absolutely safe capability for detecting concealed items on moving subjects at a stand-off range of between five and 15 metres.

The system is passive, neither irradiating the person subject to screening nor revealing anatomical details. Stand-off screening, the capacity to screen at a distance, has been of considerable interest for several years. Until now, technical challenges have limited the effectiveness of existing techniques. Asqella, after years of scientific research, can now provide customers with highly effective yet acceptable screening capability, well beyond any available today.

[www.asqella.com](http://www.asqella.com)

[www.vtt.fi](http://www.vtt.fi)



## Fazer becomes one of the leading catering companies in Nordic Markets

Fazer, established in 1891, produces and sells healthy food and delicious bakery and confectionery products. The company has own operations in eight countries (Finland, Sweden, Russia, Estonia, Norway, Denmark, Latvia and Lithuania, and export to more than 40 countries. Fazer's success has been based on the high product and service quality, traditional brands and innovative employees. The company's work is guided by a set of ethical principles in all business areas and countries of operation. Major ethical principles focus on the company's fundamental values: passion and commitment for customers, quality excellence for products and services, including suppliers' commitment, and on international principles drawn up by the UN Global Compact.



**Fazer Food Services is strengthening its position in Norway by buying 100 percent of the shares in Skandinavisk Mat Invest AS.**

The company also owns **Wilberg, Maestro F&B and Holmedals Kantineservices** which have catering contracts in the main cities of Norway. The acquisition will make Fazer Food Services one of the leading contract caterers in Norway after it has been cleared by the Norwegian Competition Authority. Fazer wants to strengthen its position as the leading contract caterer in the Nordic countries. The company sees a very good strategic fit between Fazer and the group. "The two businesses are complementary to each other, and we share the same dedication to high quality food services", said Pål Asplin, Chairman of Skandinavisk Mat Invest AS with a one on one discussion.

After the acquisition, Fazer Food Services will have 126 catering units in Stavanger, Oslo and Bergen with 630 employees in total. The company has operations in Nordics and Baltic countries, and operates already 1,100 restaurants in Finland, Sweden, Norway and Denmark. Fazer Food Services is part of the Fazer Group.

Fazer once again among Finland's most valued brands in the annual Trust & Reputation research conducted by T-Media. T-Media measures the citizens' image of companies in eight categories: responsibility, employer image, innovativeness, products and services, interaction, administration, management of finances and management.

Fazer has made a strong commitment to the Baltic Sea Action Group. The company has a long tradition in protecting the environment and operating in the Baltic Sea area. The founder of the company, Karl Fazer, took responsibility for quality, nature and the environment. And the commitment continues to act with exemplarity. The Baltic Sea Action Group is an independent foundation established in 2008 bringing together all players involved to protect the Baltic Sea. The foundation works in solution-centred cooperation with countries, different authorities as well as companies and other organisations.

[www.fazer.com](http://www.fazer.com)

## Supercell shares to Japanese company

Finnish video game company Supercell has sold 51 per cent of its shares to the world's third-largest telecommunications corporation – the Japanese company **SoftBank** and its **GungHo** game company.

According to Supercell's CEO, Ilkka Paananen, the business transaction is a EUR 1.1 billion strategic investment designed to reinforce the company's global position.

The objective is for Supercell to have a strong foothold both in the West and the East, including Japan, South Korea and China, he said, suggesting the company could become a new Nintendo. SoftBank can offer Supercell resources that will bring its games to hundreds of millions of new consumers. The company is aiming to bolster its position particularly in Japan, Korea and China.



Supercell's Finnish operations will continue. SoftBank and GungHo will establish an incorporated company in Finland, and the new company will purchase 51 per cent of Supercell's shares. SoftBank will invest 80 per cent and GungHo 20 per cent of the EUR 1.1 billion for the company. Roughly one quarter of Supercell will remain under the ownership of the company's employees.

SoftBank is well-positioned to take over as the owner of Supercell, as the company's management wants to focus on long-term development. According to the newspaper Helsingin Sanomat, Supercell estimates that the investments made in the company in April, which were announced in this October, will bring Finland a tax windfall of EUR 160 million.

The Japanese party is also pleased with the deal: been seeking suitable opportunities around the world. Finland is currently a breeding ground for interesting companies and innovation. Long-term co-operation is the objective. SoftBank and Supercell have the shared goal of shaping the field of entertainment and creating iconic games that will be remembered for decades to come.

[www.supercell.net/blog](http://www.supercell.net/blog)

## *Neste Oil ranked as one of the hottest bio-energy companies*



Neste Oil Corporation is a **refining and marketing** company concentrating on **low-emission, high-quality traffic fuels**. The company produces a comprehensive range of major petroleum products and is the world's leading supplier of **renewable diesel**. Neste Oil had net **sales of EUR 17.9 billion in 2012**, employs around **5,000 employees** and is listed on NASDAQ OMX Helsinki.

Neste Oil is included in the **Dow Jones Sustainability World Index** and the **Ethibel Pioneer Investment Register**, and has featured in **The Global 100 list of the world's most sustainable corporations** for many years. Forest Footprint Disclosure (FFD) has ranked Neste Oil as one of the best performers in the oil & gas sector.

Neste Oil has been ranked as one of the hottest **bio-energy** companies in 2013-2014 by Biofuels Digest. This ranking improved three places from the previous year, and the company was ranked in 18th place. It is the only Finnish company amongst 50 companies ranked by the online news publication.

During 2013, it has focused particular attention on the amount of waste and residues that we use, and these materials now account for half of the inputs Neste Oil uses to produce its renewable fuels. Its higher ranking reflects the company's investments in the field over recent years as well as its long-term development work on renewable diesel. Over the last five years, Neste Oil has built a renewable fuels business that now generates more than two billion Euros a year in revenues, and the business is expected to make 200 million Euros profit this year.

[www.nesteoil.com](http://www.nesteoil.com)

## Chinese LNG carriers choose Wärtsilä

Finnish engineering company Wärtsilä has won the order to supply its 50DF dual-fuel engines and propulsion systems for two liquefied natural gas (LNG) carrier vessels under construction in two Chinese shipyards.

The 50DF engines selected to power these vessels will enable them to operate primarily on LNG while retaining the option to switch to conventional marine fuels if necessary. Deliveries of the Wärtsilä equipment are scheduled to begin in the summer of 2014 and the ships will be launched approximately one year later. They will operate mainly in Chinese waters and will transport LNG between terminals and to other ships. The first order is from the Ningbo Xinle Shipbuilding Group together with its trading partner, Shanghai CSR Hange Shipping Engineering. The other order has been issued by Cosco (Dalian) shipyards.

The ships are being built for two different Chinese owners, the Zhejiang Yuanhe Ocean Shipping Company and Dalian Inteh Group. Chinese owners are beginning to invest significantly in LNG carriers powered by dual-fuel engines, and these latest orders will add impetus to the market, both in China and globally. This latest order further strengthens Wärtsilä's leading position as a supplier of engines for LNG carriers. Since the first Wärtsilä 50DF engines were fitted on-board LNG carriers ten years ago, about 65 per cent of all new LNG carriers have been fitted with Wärtsilä dual-fuel engines.

[www.wartsila.com](http://www.wartsila.com)

## Innovation & Lawyers: Oxymoron?

### Fondia wins FT innovation award

Finnish law firm Fondia has earned a place on the Financial Times's 50 most innovative legal companies in Europe list and won the award for most innovative company strategy. Fondia was nominated for an award in three



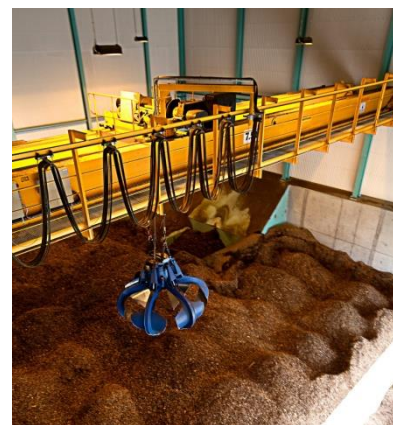
different categories. This year's awards drew on 600 submissions from leading law firms across Europe. The Financial Times listed the top 50 law firm innovators in Europe. Fondia made the list as first Finnish company ever and won the award for most innovative company strategy. On the overall list, Fondia was ranked 18th. — "Being recognized by the Financial Times and awarded amongst the absolute top law firms in Europe is a great achievement and builds our confidence in the strength of our strategy", says Fondia's Managing Director **Jorma Vartia**. Fondia, which has about 100 employees in Finland as well as Tallinn and Stockholm, aims to expand to other European markets and believes the FT ranking and awards will boost the company's international recognition. Now, in its eighth year of publication, the FT Innovative Lawyers Report has become one of the top legal rankings in Europe. Previously, Fondia has been chosen the best legal workplace in Europe by the Great Place to Work Institute.

[www.fondia.fi](http://www.fondia.fi)

## New York installs Konecranes technology to help handling its waste

Konecranes, the global cranes and lifting business, has made a breakthrough deal in New York, USA. The Finnish company will deliver four cranes to the New York Container Terminal (NYCT) by the end of 2014. The cranes are being used to move containers of solid waste from New York City. The two parties haven't disclose value of the order

"This is a very exciting contract for us, a breakthrough in fact, and will open up a new business segment for our container handling cranes", says **Jussi Suhonen**, Konecranes' Sales Director, Port Cranes in the Americas. The ordered cranes have been specially designed for heavy-duty operation and have a lifting capacity of 50 tons. New York City packs its waste from the city into specially designed containers which are transported to NYCT's Staten Island terminal. The new cranes will unload the sealed containers at the terminal, which will be lifted to train for transportation.



[www.konecranes.com](http://www.konecranes.com)



## Outotec's technology for a new plant in China

Outotec will deliver technology to the Chinese Baotou Steel company's new plant.

Outotec, the minerals and metals processing technology company, is delivering technology to a new iron ore pelletizing plant in China. The Chinese Baotou Steel International Economic & Trading Company is behind the order, and the contract's value is estimated to be around EUR 30 million.

Outotec will deliver design for the indurating furnace of an iron ore pelletizing plant based on modern travelling grate technology. The indurating furnace is the core of the pelletizing plant; raw pellets are hardened in the furnace to enable further processing.

Baotou Steel is planning to complete the plant by end of the 2014, and the annual capacity of the plant will be five million tonnes of iron ore pellets. According to Outotec, about two thirds of the global pellet production derives from Outotec's travelling grate pelletizing process. The company's technology enables large capacities with low operational costs.

[www.outotec.com](http://www.outotec.com)



## ABB Finland powers Russian icebreakers

Power and automation technology group ABB has won an order worth about \$25 million to supply its marine propulsion system, Azipod, and complete electric power plants for two new rescue and salvage icebreakers that are under construction at Nordic Yards GmbH in Germany.

The drives, bow thrusters and generators, will be built in Pitäjämäki, Helsinki and the Azipod units in Vuosaari, Helsinki. The new vessels, owned by Russia's State Maritime Rescue Coordination Centre (SMRCC), will be used for patrols and rescue operations in offshore oil-and-gas fields. They will be fitted with equipment for search and rescue tasks and oil-spill response. The vessels are designed for Arctic conditions and will be able to perform rescue operations in waters covered by ice of up to one meter thick. Since ABB's first delivery of Azipod technology for ice breakers in the 1990s, 60 units have been delivered for more than 30 ice-going vessels, said **Veli-Matti Reinikkala**, head of ABB's Process Automation division. On average, two out of three high ice-class vessels built today are fitted with ABB systems.

ABB has made a significant investment in Russia to support the country's fast-growing offshore oil-and-gas activities in the Arctic. The company has 27 offices in Russia and five production sites, overseen by the head office in Moscow. ABB Marine & Cranes unit in Finland is responsible for the global marine industry solutions development at ABB.

[www.abb.com](http://www.abb.com)





## Metso wins order for Mexican copper mine

Finnish engineering and technology company Metso has won an order for 38 feeders for the major Mexican copper mine Buenavista del Cobre, owned by Grupo Mexico. The order will help to double the mine's capacity of copper concentrate by securing prompt copper ore feed flow in the mine extension project. The order is worth more than seven million euros. The belt feeders will be installed at Buenavista del Cobre's Cananea copper mine, located in Sonora, in Mexico. To assist with the installation and future servicing, Metso will open a new, fully equipped service hub at the mine site. "This belt feeder order follows our minerals processing equipment contract with Buenavista", says **Alejandro Castillo**, Capital Project Sales Manager, Metso. The client wanted a reliable, reputable partner to secure the productivity targets of the new mine expansion. Metso's equipment deliveries to the Buenavista del Cobre copper mine will be completed during March 2014 with start-up in August 2014. Buenavista del Cobre belongs to the Grupo Mexico holding company, which is the third largest copper producer worldwide and has a number of mining activities in Mexico, Peru and the USA.

[www.metso.com](http://www.metso.com)



## Denmark's Northcap invests in Analyse<sup>2</sup>

**Analyse<sup>2</sup>** provides custom-made assortment solutions for retailers and suppliers. The company created a unique software tool that combines product attributes and consumer trends to help companies in the Fast Moving Consumer Goods business build the optimal assortment. It has proven that customers can see benefits in months after implementing our solution. Analyse<sup>2</sup>'s software combines product attributes, consumer trends and sales data to analyse shopping trends and help companies determine what products should be stocked. Analyse<sup>2</sup> is based in Finland with offices in Brazil and the United States. The strongly growing private company employs 115 professionals. Analyse<sup>2</sup> is a brand name for **Analyse Solutions Finland Ltd** and **Analyse Systems Finland Ltd**, the two companies it represents.



Denmark-based venture capital fund **Northcap** has made a multimillion-euro investment in Finnish technology company Analyse<sup>2</sup>, which provides custom-made assortment management solutions for food retailers and their suppliers. Northcap invests on accelerating its international growth. International growth is Northcap's target because their business model is to be close to the customer's business.

Analyse<sup>2</sup> counts grocery retailers and retail chains including Finland's Kesko among its more than 100 customers. Most of them are in Finland but the company also has clients in Sweden, Russia and Mexico.

It has been one of Finland's fastest-growing technology companies in Deloitte's Fast 50 Finland list for four years. The company seeks growth in Latin America, the United States, Nordic countries and Russia. Northcap's decision was based on Analyse<sup>2</sup>'s rapid growth, innovative software solution, and expertise in providing consumer-driven assortment solutions to their retail and supplier customers.

The company provides an analytical process called TrendInsite, which takes in SKU level product information, such as nutritional facts, package sizes, and descriptors like "organic" or "fair trade" to identify customer trends. By plugging into and analyzing this information, they can then provide their clients information on changing shopping behavior so they can properly respond to them. To help retailers and suppliers stay on top of these trends, they've produced a software solution called **Analyse<sup>2</sup> Galaxy**, which gives an understanding of shopper groups and what types of needs shoppers have when they enter the store.

Moving forwards it looks like Analyse are eyeing growth in Latin America, The U.S., Nordic Countries, and Russia, and will use the funding for internationalization.

[www.analyse2.com](http://www.analyse2.com)

The climate partnership between **Novo Nordisk** and **DONG Energy** has become so valuable that its results deserve to be shared as inspiration for others. This is the rationale behind a new publication that shows how the six year partnership has led to reductions in carbon emissions and increased renewable energy supply. *A Business Partnership Driving Sustainability* tells how the collaboration has been structured and provides concrete cases that demonstrate how results have been achieved, including a technical portfolio that offers a guide to where the biggest energy savings typically can be found.

The partnership with DONG Energy has helped Novo Nordisk to achieve significant energy savings while also contributing to expanding the renewable energy capacity in Denmark. The partnership is based on a sustainable business model that is commercially viable, takes a long-term perspective and creates value beyond both companies. Novo Nordisk wishes to share these experiences and inspire other companies to take action. **Danish companies can cut up to 20% of their energy use.**

The publication shows that there is considerable savings potential in the Danish private sector. Companies are good at identifying possible energy savings, but find it difficult to carry them out.

”Our experience from more than 4,000 completed projects shows that there is a surprisingly large potential for optimising energy use. However, only limited savings are realised due to a lack of commitment, limited knowledge and an unstructured organisation of the effort among Danish companies,” says Torben Harring, Vice President, DONG Energy. “A great number of companies have potential to save 15-20% on their energy bill through investments with a payback time of less than 4 years, often even shorter, if the effort is orchestrated in the correct way.”

The publication offers several examples to how the work can be orchestrated in the most effective manner. In the partnership between Novo Nordisk and DONG Energy, commitment from top management and a long-term perspective have been some of the key success criteria. In this way, they have enabled support and motivation across the entire organisation.

### **About Novo Nordisk**

Headquartered in Denmark, Novo Nordisk is a global healthcare company with 90 years of innovation and leadership in diabetes care. The company also has leading positions within haemophilia care, growth hormone therapy and hormone replacement therapy. Novo Nordisk strives to conduct its activities in a financially, environmentally and socially responsible way. The strategic commitment to corporate sustainability has brought the company onto centre stage as a leading player in today’s business environment, recognised for its integrated reporting, stakeholder engagement and consistently high sustainability performance. In 2013, Novo Nordisk received the Pharmaceuticals and Biotechnology industry group top ranking on Corporate Knight’s list of Global 100 Most Sustainable Corporations.

### **About DONG Energy**

DONG Energy is one of the leading energy groups in Northern Europe. The company’s business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. DONG Energy has approximately 6,500 employees and is headquartered in Denmark. The Group generated DKK 67 billion (EUR 9.0 billion) in revenue in 2012.

#### About the climate partnership

The climate partnership agreement between Novo Nordisk and DONG Energy was signed in 2007. The partnership is built on a simple model that combines energy savings and the promotion of renewable energy. The partners have worked to implement energy efficiency improvements at Novo Nordisk’s Danish production sites. In 5 years, 370 energy-saving projects have been implemented resulting in annual energy savings of 87 million kWh corresponding to approximately 20% of the electricity use in Denmark. The average payback time for the investment is 2 years. Novo Nordisk’s resulting financial savings are earmarked for the purchase of renewable energy certificates from DONG Energy’s wind farm, Horns Rev II. Today, DONG Energy has established

similar partnerships with 140 companies, municipalities and organisations and is working to expand the model to the United Kingdom market.

[www.novonordisk.com](http://www.novonordisk.com)

## NIPPONWAVES

### *Pre-emption of mercurial hazards*

Some 1,000 delegates from about 140 countries adopted on October 10 the Minamata **Convention on Mercury**, which regulates the use and trade of mercury to prevent health hazards and environmental disruptions attributed to the liquid poisonous metal. The international conference, which was held in Minamata City on Oct. 9 and in Kumamoto City the following day, was organized by the U.N. Environment Program. The convention was signed the same day by 87 countries including Japan, the European Union, China and Brazil. The treaty will go into force 90 days after 50 countries have ratified it.

On Japan's proposal, the convention was named after Minamata City, Kumamoto Prefecture, where Minamata disease caused by methyl mercury released into the Minamata Bay by Chisso Corp broke out.

Japan has an international responsibility to ratify it as soon as possible and to extend effective aid to emerging economies and developing countries to help realise the goal and spirit of the treaty. Japan has pledged to extend US\$2 billion over three years from 2014 to developing countries. The Japanese government also should not forget that the Minamata disease tragedy has not yet ended. It must expand the scope of its relief for Minamata disease sufferers so that every sufferer will be able to receive adequate support and assistance.

The treaty emphasises that "each party shall not allow the export of mercury except" for the uses specified under it. Countries that export mercury under this provision must get agreement from importing countries.

The production, export and import of nine products, including mercury-containing manometers, batteries and cosmetics and fluorescent lights that contain a certain level of mercury, will be banned by 2020.



The treaty bans the use of mercury in the process to produce acetaldehyde by 2018. It must be recalled that Minamata disease was caused by mercury used in this production process. In Japan this production method is not used any more. **Existing mercury mines will be closed and development of new mercury mines will be prohibited.** But the treaty stopped short of banning the release of mercury into the air, waters and soil. Instead it calls for reducing the amount of such releases. Japan is now recycling mercury used in batteries and fluorescent lights and exporting extracted mercury — 84 tons in 2012. The **Itomuka mining station** run by **Nomura Kosan Co.** in Kitami, Hokkaido, located east of the Daisetsu mountain range, is doing the recycling work. If the treaty goes into effect, Japan must stop exporting mercury. It is an urgent task for Japan to develop technology to safely store mercury inside Japan semi-permanently. The treaty is expected to go into effect in 2016.

Nearly a quarter century has passed since the park's completion, and it's possible that the steel shields at the park might have decayed. Both the central and Kumamoto governments must examine the shields promptly and strengthen them if necessary.

The international community must pay attention to the fact that mercury is still used during the extraction of gold from mud in small-scale mining operations and is released when coal is burned, especially during coal-burning thermal power generation. Many poor people in Asia, Africa and South America rely on small-scale gold mining

for their livelihood, and emerging economies like China and India have many coal-burning thermal power stations.

According to the U.N. Environment Program, 1,960 tons of mercury were released into the air in 2010 — about 80 percent by developing countries in Asia, Africa and Latin America. The largest amount, 37 percent, was attributed to small-scale mining that vaporizes mercury when gold is extracted from mud.

It is important for Japan to use the \$2 billion in aid it has pledged to developing countries to help them reduce the release of mercury into the environment.

**Since small-scale gold mining is the main source of income** for many poor people, the Japanese and local governments need to help develop industries well-suited to local areas so that poor people can find new ways to earn income.

**The treaty has its shortcomings.** It failed to include the principle of having polluters compensate victims of mercury-caused health hazards as well as restore the mercury-contaminated environment to the original state. The international community must review the treaty and improve it to incorporate this principle of pre-emption of mercurial hazards.

## *Violins Made from Pine Trees Damaged in Japan's 2011 Earthquake Disaster*

The Cradle to cradle principles might emerge from emotional life frames. In a royal performance that tugged at the heartstrings, **Crown Prince Naruhito** played a special viola made from March 2011 tsunami wooden debris at an orchestra concert of Gakushuin University's alumni in Tokyo on July 7 this year. During the concert at the Tokyo Metropolitan Theater in Tokyo's Ikebukuro district, the 53-year-old Naruhito played "Unfinished Symphony," composed by Franz Schubert, using the viola manufactured as a part of a relief project by violin maker **Muneyuki Nakazawa**.



Nakazawa is promoting a project to support the devastated areas by making instruments from driftwood and debris that were left scattered in Rikuzentakata, Iwate Prefecture, from the Great East Japan Earthquake and tsunami on March 11, 2011. Nakazawa, the son of a family that runs a lumber firm, made his first violin when he was 8. He became a professional refurbishing violins in his 40s and has devoted his life since to repairing and making the instruments.

Despite Nakazawa's successful career — he has restored more than 50 Stradivariuses — making an instrument from the tsunami debris was a novel challenge. Usually, European maple trees are the preferred materials for making violins. Japanese trees, he said, are not known for making the "top-notch sounds."

Veteran violin craftsman and restorer Muneyuki Nakazawa, who conceived the project, said he hopes over 1,000 musicians take part in the project, which is expected to last at least 10 years. "The number 1,000 has a meaning of 'forever' (in Japanese tradition)," he said. "A thousand origami cranes or a thousand stitches were traditions representing an endless prayer." Representing hope, a picture of the miracle pine under a blue sky is painted on



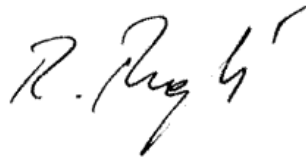
the back of the first instrument. A firm believer in the power of violins, Nakazawa hopes to "deliver the determination of the Japanese people through instruments born of Japanese debris." Muneyuki Nakazawa, a veteran violin craftsman and restorer, and supporters launched a group on December 1 2012 named "Inochi o Tsunagu Kodama no Kai" (roughly translated as "Wood Spirit Association to Link Lives") to contribute to the recovery of communities that suffered



from the March 2011 Great East Japan Earthquake. In this project, the wood used to make violins is taken from trees that grew in the areas affected by the earthquake and then played in honor of the victims. Through these activities, the association aims to convey to future generations the impact of the earthquake by reminding people of what happened.

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A handwritten signature in black ink, appearing to read "R. Pugh". The signature is stylized and written in a cursive-like font.

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