Sustainable Finland 2014



Best sustainable solutions – Made in Finland



FINNISH COMPANIES are investing more and more in sustainability. According to our latest CR survey, sustainability is important for the operations for all companies in Finland. The reason for this is simple: sustainability pays off.

THE PROFITABILITY aspect of sustainability was clearly highlighted in the compilation of this publication, Finland's first sustainability yearbook. In recent years, Finnish companies have been active in developing and innovating improved processes and solutions which are socially, economically and environmentally sustainable and provide concrete added value, measurable in monetary terms, to the companies themselves, their customers, the rest of society and also globally.

FOR MANY FINNISH companies, responsibility has been an obvious value and a starting point for business ever since they established their operations decades ago. In a small economy where resources are scarce, sustainability has been the lifeline of operations: companies want to act responsibly towards people and the environment, because thriving employees are more effective and saving the environment safeguards the prerequisites of business over the long term as well.

CORPORATE RESPONSIBILITY is also gradually becoming an important factor in the Finnish national economy. In particular, demand for energy-efficient, environmentally conscious cleantech solutions is continuously growing around the world, and in this area the competence and innovativeness of Finnish companies is often unparalleled. Our country also offers numerous forerunners in the areas of economic responsibility, human rights and other aspects of social responsibility - the importance of these factors for the innovativeness and profitability of companies cannot be emphasized too much, even if their impact on the companies' result wasn't as quick and direct. **IN THIS YEARBOOK,** we present 19 examples of sustainable products, services and practices, ranging from small and medium-sized enterprises and startups to established companies in different industries. One of the articles features a unique solution in order to reduce the environmental impact of companies, developed by an NGO. We have divided the examples into processes and solutions since a responsible company improves both its own internal sustainable processes and sustainable products and services.

IN ADDITION TO the case examples, this yearbook features interviews with corporate decision-makers and articles by experts. They provide background information on responsibility themes which are topical and emerging in Finland right now and offer insights from corporate representatives themselves regarding the benefits and opportunities provided by sustainability. To conclude, we give a brief summary of the operations of the FIBS network and our members, who are also all pioneers in their respective sectors in terms of corporate responsibility.

NATURALLY, the examples in the following pages are just the tip of the iceberg, since there simply would not be enough space in any publication for all the magnificent solutions created by the thousands of companies in Finland. Therefore, I hope this yearbook inspires our readers to look for more best products and service providers in other equivalent solutions in Finland. This search can start, for example, with the more than 230 FIBS members: 15 of them are represented in the yearbook and a comprehensive list of all our members is available both at the end of this publication and on our website *www.fibsry.fi*.

Mikko Routti

Executive Director Corporate Responsibility Network FIBS

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Courage and responsibility open the doors to emerging markets

Companies around the world have increased their role in resolving social problems by means of business operations. **Pekka Haavisto**, Minister for International Development and Minister for Ownership Steering, believes that Finnish companies can also be part of the solution.

hen the business operations aim at, for example, solving social or environmental problems in developing countries, a company can achieve considerable economic competitive edge through new innovations.

In Finland there already are several small and medium-sized enterprises, in particular, which operate in the emerging markets with these specific aspects as their starting point. Creating shared value, responsible internationalization, and business operations in developing countries are something that the Finnish government also wants to support.



"The Ministry for Foreign Affairs and the Ministry for Employment and the Economy are currently assessing different ways to support the ability of Finnish companies to create insightful products and services which reduce poverty, aimed at the rapidly developing markets of underprivileged people," Haavisto says.

Production-related investments create employment for local people, and through the value chain, the benefits are also spread further.

"The principles of a responsible corporate culture and good governance, as well as transfer of competence and technology will enhance the enterprise sector in developing countries," Haavisto points out.

According to Haavisto, Finns are particularly good at cleantech and in the more traditional construction and engineering sectors. However, we still lag behind the Swedes, Danes, and Dutch, for example, in bringing the solutions to the market in emerging countries.

COURAGE IS NEEDED IN THE EMERGING MARKETS

Traditionally, Finnish companies have targeted the emerging markets in China and India, but Haavisto encourages them to also set their sights on the poorest countries, especially in Africa. These countries offer excellent opportunities to promote the implementation of sustainable technology when the infrastructure is only just being built. Technology related to water, energy, as well as energy-efficiency, education and health, in particular, have plenty of potential for developing the society as well.

Operating in developing countries requires that companies have the ability and willingness to take risks, and in this aspect Finnish companies have room for improvement. "The opportunities for successful business in, for example, Africa are genuine and companies should be more open to seizing them," Haavisto encourages.

At least companies producing renewable energy, environmental technology and ICT solutions have already shown courage.

LEADING BY EXAMPLE

Improving poor governance and developing civil society in the developing countries is not the companies' responsibility, but they can promote good and transparent governance through their own actions.

"A Finnish company must comply with the requirements of local legislation abroad as well and adhere to the same good procedures as at home. Companies wholly or partially

owned by the government should also apply the same conditions both in Finland and abroad," Haavisto emphasizes.

Good working conditions and bearing social responsibility will improve competitiveness and may help ensure human rights, equality and environmental protection in developing countries. Haavisto also points out that consumers increasingly require corporate responsibility from companies. Responsibility and economic success go hand in hand.

Finnish companies' strengths include good governance and a culture of responsibility. This is an asset that should also be exported.

"There are examples of how in developing countries, other production plants next to a subsidiary of a Finnish company have started demanding equivalent human rights. Valuable development impact could further be amplified by including small producers as subcontractors and SMEs in different stages of the value chain in the economic activities."

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FINNISH COMPANIES ARE PRIMARILY RESPONSIBLE

Haavisto believes that by international comparison, Finnish companies are aware of corporate responsibility, although there is room for improvement. As a rule, Finnish companies also have good reputation internationally.

Haavisto sees subcontracting chains, among others, problematic. Even if the cotton used for making a shirt was produced responsibly, the production chain of buttons and zippers may be difficult to trace.

"I would encourage Finnish companies to work in closer collaboration with civic organizations which monitor the matters both in Finland and in the target country. It could help companies avoid and solve potential problems."

In addition to production chains, Haavisto recommends that companies pay attention to adherence to human rights in their areas of operation.

"Although governments are obligated to secure human rights, companies have an obligation to respect them and compensate for any damages they cause. The Finnish Ministry of Employment and the Economy is currently in the process of developing a national implementation plan of these Ruggie principles," he says.

The principles developed for companies by Professor John Ruggie are now particularly topical in many countries. Haavisto points out that although companies may think they have taken human rights matters well into consideration in their own operations, the contents of the principles are not always that well-known.

A third topical matter in terms of corporate responsibility is taxation. Publishing the taxation footprint, preparing country-specific financial statements, and tax reporting can improve transparency and openness.

IMPORTANCE OF THE PRIVATE SECTOR HIGHLIGHTED IN DEVELOPMENT POLICY

Finnish companies operating in the emerging markets can receive funding through the Finnpartnership program for financially profitable projects which also promote development in the target country. The Ministry for Foreign Affairs is also continuously developing new forms of collaboration with companies. Support can also be obtained through the development finance company Finnfund.

Haavisto believes that the importance of companies will be highlighted in the Finnish development policy objectives in the upcoming years.

"Private sector expertise and resources could be utilized in order to reach the development objectives. Development of development cooperation which supports trade and of the local private sector has been one of the focus areas of the Finnish development policy for a long time, and I believe their role will be further highlighted in the future."

TEXT SUVI HUTTUNEN PHOTO JULIUS KONTTINEN



KONE reaches for the future

levators have long lives – their expected life span is 25 years, whereas for automobiles, it is some 10 years. Therefore, it is even more important in terms of the environment how advanced the

technology used in elevators is. And as usual, if the environment gains, business will also flourish. KONE seems to be a good partner for both business and the environment.

"Curiosity and setting future goals are important, not to mention the Finnish sauna," says **Hanna Uusitalo**, Environmental Director at KONE, illustrating how the company comes up with its revolutionizing innovations. They are hardly ever created in the office or during working hours, but, for example, in the sauna. Other popular surroundings for ideas to flourish include one's own garage, summer cottage, or picking berries in the forest, mowing lawn, or cutting wood. Hanna Uusitalo's title could also be Environmental Officer. She is the very first Finn – female or male – to graduate from the U.S. Military Academy at West Point, where she studied environmental engineering. She has a degree in environmental science and technology. We have been able to reduce the energy consumption of our elevators by 70% overall globally in the past five years.

After graduating from West Point, she worked at the Finnish Ministry of Defence in duties related to environmental matters in defense activities. She planned the implementation of an environmental strategy and environmental program in Finland and overseas. Together with American, Finnish and Swedish colleagues, she defined and collected the practices into a book called Environmental Guidebook for Military Operations. The guidebook was selected as one of the United Nations' Best Practices by the UNDFS (the United Nations Department of Field Support).

Hanna Uusitalo started working for KONE in 2008. Earlier, KONE had been implementing a number of environmental activities in many fields, but the company had not had a cooperative position to bring all these activities together. Today, Uusitalo is in charge of the environmental matters related to KONE solutions. She works together with KONE personnel to reduce harmful environmental impacts of daily operations in labs, offices, manufacturing, warehouses and customer locations.

THE PATH OF WISDOM

KONE set a new standard for the industry and revolutionized the market in 1996, when it released a new elevator solution requiring no engine room. According to Hanna Uusitalo, that moment was the starting point on the path of wisdom. "Buildings today consume 40% of the world's energy and are the biggest consumer of energy. It is more than in transportation, for example: cities consume 70% of the energy. This has been the key driver for KONE. Through our efforts, we have been able to reduce the energy consumption of our elevators by 70% overall globally in the past five years."

Innovations have kept coming. Since the elevator requiring no engine room, KONE has introduced a new eco-disc motor, copper winding, and regenerative drives which feed braking energy back into the building network – a concept similar to that in hybrid cars. Other innovations include carbon fiber ropes and toothed belts.

"The secret behind KONE's innovativeness is the curiosity of like-minded people who work hard and systematically together. Management has also given the staff the freedom needed for creativity. They have faith in people. This requires a certain mindset and culture in the company. KONE is a great example of a culture that offers support and focuses on innovativeness," Uusitalo says.

"We are a global company. The values, for example, in environmental work or quality-oriented thinking are understanding customer needs and the changes taking place in the world. We need to set our goals high and figure out how to find the passion for performance. As a Finn, these values feel very familiar to me, but it is difficult to say whether they are characteristic of Finnish or family owned companies only. They can be typical of Germans, Japanese, or Italians. They are global, valid values and something we Finns are used working with."

KONE CODE OF CONDUCT

KONE has a Code of Conduct which all suppliers around the world have to sign. It contains, for example, a list of restricted and permitted substances and covers intellectual property rights, local laws and improving the payment system. KONE collects data from its suppliers in order to study the company's life cycle impact and work together with suppliers in order to clarify to them what the objective is. If major changes are made, the information is updated in the Code.

"We have a KONE Supplier Excellence Program. KONE performs systematic audits to ensure a high quality of environmental matters in the supply chain and network. I have no knowledge of violations, but the supply chain tends to be heterogeneous. Some suppliers have a deeper understanding of the materials they use than others. Some invest more, some less in training employees. These are areas we need to keep working on and improving continuously," Hanna Uusitalo says.

KONE conducts dialogue with stakeholders both at the unit level and personal level. Green Building Councils around the world are an integral body that KONE cooperates with.

"We provide them with information and in return hear what the new trends are in green building development."

The elevator industry works with standardization organizations globally to develop energy performance standards for elevators and escalators and to increase the transparency of energy efficiency to customers. "We have a local VDI 4707 guideline in which elevators are rated in terms of energy performance on a scale of A to G, in the same manner as home appliances are rated. This is a good transparent tool that end users and customers can use to decide what choices they should make and what the long term impact of their choice will be.

Today, eco-efficient and sustainable solutions are basic requirements in Europe, in the U.S. and in Asia such as in Singapore, for instance. Buildings themselves are expensive. Developers want to produce quality housing, and these elements are part of quality. Taking the Green Building requirements into consideration helps us take quality to the next level."

KONE has already set its sights on the year 2050 and beyond. According to Hanna Uusitalo, the next trends are intensive use of solar energy, digitalization and 'smart technology' – how the elevator communicates with other technologies in the building and reacts to the needs of elevator riders.

www.kone.com

TEXT JUKKA NISSINEN, SYMBOLI ADVERTISING **PHOTO** JULIUS KONTTINEN

Stone aggregates business takes up promoting biodiversity

Discovering endangered organisms in nature is no longer automatically an obstacle to sustainable extraction of stone aggregates from soil in the area. Rudus, a supplier of sand, crushed stone and aggregates, promotes biodiversity in close collaboration with environmentalists.

It is always possible to find solutions which align nature values and industrial operations. There the work to ensure the biodiversity of nature plays a central role. Our objective in areas used for aggregate extraction is that once our operations are completed, biodiversity there is better than before," says Lauri Kivekäs, Rudus' Managing Director.



Finland is sparsely populated, and up until recently, there has always been plenty of land for extracting different kinds of stone aggregates without needing detailed advance planning to protect biodiversity, but the situation is changing rapidly, Kivekäs believes.

"We aim to show as early as the permit application stage that the impact our extraction operations have on the habitat of the species in the area will not be negative. We need to renew our permits every 5–10 years, which is also one reason why promoting biodiversity as part of environmentally responsible operations is important to us. Otherwise, we may not get our permits renewed,"

Kivekäs says.

Rudus is a rare exception among Finnish enterprises in that the company already has concrete proof of successful promotion of biodiversity.

In two years, the company has carried out pilot projects, such as constructing a butterfly

meadow, making hibernation rock piles for grass snakes and new pools of water for swamp frogs as well as building a nesting wall for sand martins, which multiplied the number of martins nesting in the area. One of the success stories of the program is safeguarding the habitat of *Sphingonotus caerulans*, an endangered grasshopper species, in collaboration with the authorities.

RESPONSIBILITY MAY MAKE THE PERMIT PROCESS FASTER

Rudus is part of the Irish CRH Group which has operations in 36 countries. Biodiversity has been included in the Group's sustainability reports for years, but concrete steps to advance it have thus far been taken primarily only in North America.

For Rudus, the impulse to become more active in promoting biodiversity came from the Group's example and Finland's commitment to the joint objective of the UN and the EU to stop biodiversity loss by 2020.

Involving personnel in this work absolutely requires that management shows commitment first.

"So far companies are not required to take action, but before long the commitment must also place requirements on enterprises. There is no way the authorities could stop the destruction of habitats of species with their own actions alone but companies need to contribute as well," Kivekäs says. He believes that in the future it may be considerably more difficult to obtain permits from the authorities for extracting aggregates, if the applicant does not take biodiversity into account. In Finland, extracting aggregates usually requires both a land extraction permit and an environmental permit, which are usually granted for only 5–10 years at a time.

> Permit processes may also drag on because of the appeal procedure, since almost without exception, neighbours near the affected areas oppose to aggregate extraction.

"Neighbours would always rather keep their own environment pristine, but we work to take the wishes

of people living in the affected areas as well as biodiversity into consideration when planning later use of the area," Kivekäs says.

In practice, as early as the application stage Rudus surveys the possibilities of recreational use of the area, maps the organisms inhabiting the area and carefully plans how to protect the endangered and regular species.

ENVIRONMENTAL EXPERTS ARE KEY IN PLANNING

Rudus modelled its biodiversity promotion program after its earlier occupational safety project which helped the company reduce the number of accidents radically. "We noticed that in occupational safety, enormous improvements are possible as long as we set our goals high, work systematically and have a zero tolerance. It took us a few years to change attitudes at all levels, but it is possible," Kivekäs says. However, the company needed outside assistance to implement the Lumo program. For example, biologists participated in mapping the species in the company's target areas. Usually they were experts in a narrow sector, such as dragonflies, birds or bats.

At the beginning of the program, the company had to convince the experts that it was serious. "When the experts came to visit our target areas, they understood that the aggregate business is the only sector in possession of vast open spaces in Finland. Open land areas offer excellent prerequisites for biodiversity, and they are few and far between in Finland," Kivekäs says.

Rudus has 130 open aggregate extraction areas in Finland, and thus far, species have been mapped in approximately half of them. Outside experts have toured the company's aggregate extraction areas to find out how to promote the biodiversity there.

The company's own personnel have been in charge of the practical implementation in the pilot areas, such as building more appealing habitats nearby.

Rudus employs 1,300 people and 700 subcontractors, so deploying new operating methods in the whole organization has taken some time.

"Involving personnel in this work absolutely requires that management shows commitment first. Things must progress top-down, one managerial level at a time. We're ready only after the very last person in the organization has changed his or her attitude, and that takes at least five years," Kivekäs says.

FINANCIAL BENEFITS IN THE LONG RUN

Although assessing the impacts of the Lumo program on Rudus Oy's result is not quite easy, Kivekäs is certain that the new operating methods will also provide the company with financial benefits, at least in the long run. "I am 100% certain that over time, this work will pay off, compared to not doing this. Otherwise, we would not obtain permits before long. Not having permits for land areas we have bought would be extremely expensive," Kivekäs describes the scenario.

Preliminary planning carried out properly could also accelerate the company's permit process and thus affect the bottom line. According to Kivekäs, Rudus also benefits from its expanded cooperation network, and the starting points for discussion with the authorities are completely different now. "All of a sudden we share the same goals, and the authorities understand that we also have something to offer," Kivekäs says. Through the program, Rudus has established a functioning dialog with civic organizations as well. This work has already generated positive publicity for the company.

"Traditionally, the aggregates business always has opponents, and previously the only publicity we got was negative publicity. Promoting biodiversity has generated purely positive publicity for us, which is also important in terms of employee motivation," Kivekäs says.

Next, the company aims to get competitors interested about nurturing biodiversity as well. This would be a real boost to the reputation of the entire sector.

www.rudus.fi

TEXT OUTI AIRAKSINEN, STORY BOULEVARD **PHOTO** JULIUS KONTTINEN **Aija Bärlund**, Executive Director The Finnish Association of Business School Graduates SEFE

Determined to change Finland for the better



oday's people want to live and act responsibly; they want to purchase goods and services manufactured in accordance with the principles of sustainable development, without exploiting anyone. Doing what is right and acting responsibly has become a competitive advantage for companies. The end consumer prefers alternatives which are manufactured more ethically and responsibly. Today, it is no longer interesting what the company communicates about itself and how it markets itself, but what others say about the company or organization.

SOCIETY, companies and individuals expect responsible management. Responsibility is a continuously strengthening and extremely complex value. It contains the social and economic dimensions, protection of nature and the ecosystem, as well as a cultural dimension, an appreciation for differences. The Finnish Association of Business School Graduates SEFE wants to be part of creating opportunities for companies and organizations to develop their social, environmental and economic responsibility in a balanced manner and generate responsible activities. Sustainable management ties these three responsibility types together and includes them in the organization's vision and strategy, practical management, operating methods and financial result. Approximately half of SEFE's members work in management and supervisory positions, so developing management and supervisory work is one of SEFE's focus areas. By influencing the content of business education in universities SEFE impacts management and supervisory competence. It is in everyone's interests that society and companies do well and that as many jobs as possible are maintained in Finland.

SUSTAINABLE MANAGEMENT and supervisory work are approaches which every business graduate or every individual striving to be a business graduate will need: if you are not a manager yourself, there is one above you. If you yourself don't have a manager, your spouse, child, or friend surely does. Good – and especially bad – management has a material impact on our happiness and well-being. And every one of us spreads their own well-being or ill-being to our surroundings.

IN DECEMBER 2013, SEFE introduced to the market a new method for companies or organizations to develop their own sustainable management. In the sustainable management scorecard, sustainable development is incorporated into the organization's strategy and management methods. **THIS SCORECARD** is the first of its kind in Finland and was created primarily for a change management tool. It helps clarify the different aspects of sustainable management and their current status, or vision, strategy, management and operating methods and financial indicators. The scorecard illustrates which areas of sustainable development the organization has managed well in everyday operations, and also where there is room for improvement, or what has not been taken into consideration or developed at all. The tool suits organizations of all kinds and sizes, and it takes sector-specific differences into account.

SO FAR the scorecard has had 1,000 users, and 20% of them have applied it in its entirety. According to preliminary results, users feel that there is most room for improvement in environmental matters, certain financial indicators, change management, shared leadership, making use of tacit knowledge, and rewarding. Practical management, such as matters related to occupational safety, is considered to have been handled better.

WE WISH that SEFEs sustainable management scorecard will help companies and public organizations to do better business and create productive and happy workplaces.

Sustainability in Finland 2014



Read more about Finnish companies' CR practices, targets, impacts, challenges and future goals in FIBS' survey Sustainability in Finland 2014

processes



Enterprise with a mission to do good

DIACOR TERVEYSPALVELUT is Finland's largest private healthcare service provider which is wholly under Finnish ownership. Diacor is also a social enterprise with a mission to do good.

As a social enterprise, Diacor carries out responsible business operations, spends most of its profits for generating social good in accordance with its business idea, and adheres to the operating principles of openness and transparency in all operations, among other things. Diacor is also the only health care sector player in Finland that publishes corporate responsibility reports.

Diacor's operating profit is used to help the most underprivileged people in society. Dividends paid by the company are directed to Diacor's owner, the Helsinki Deaconess

Institute Foundation, which provides housing and educational services and develops solutions supporting children, young people, the elderly, and families. The Foundation also runs a rehabilitation center for refugees and asylum-seekers who suffer from traumas due to torture and who live in Finland. In 2013, Diacor paid more than EUR 3.5 million in dividends to its owner Foundation.

The projects of the Deaconess Institute aim to address topical problems in society. In 1876, the year the Institute was established, the key issues included conquering hunger and epidemics. Today, projects address long-term homelessness, narcotics use and mental health issues, as well as marginalization of children and young people, among other issues. In recent years, dividends paid by Diacor have been used, for example, to launch the Vamos services which help young people who have no place to study or work to get back on their feet, as well as the Senior-Vamos project to help elderly people who are facing marginalization. In the Amigo mentoring program, adults coached in the work volunteer to support young people in their everyday lives.

Diacor employs nearly 700 people and provides healthcare services to both corporate and private customers. The company specializes in occupational health and well-being services and invests heavily in the well-being of its own personnel. These investments manifest for example in personnel job satisfaction, among other things: Diacor was among the top three companies in the Great Place to Work competition in Finland between 2011-2013 and in the European-level competition the company succeeded as the first Finnish large company in 2013, ranking 25th.

In Finland, social enterprises are not categorized separately and do not receive special subsidies. There are an estimated 12,000 social enterprises operating

> in different sectors, and their share of the revenue of all companies is approximately EUR 7 billion. Since 2012, Finnish social enterprises have been able to communicate their operating model to clients and other stakeholders with the help of the Finnish Social Enterprise Mark. The label is granted to companies

which meet the application criteria of the Association for Finnish Work, which promotes work performed in Finland. Diacor is one of the companies who have been awarded the label. Diacor has been using the Social Enterprise Mark and responsible operations in its marketing. Private customers of the company's medical centers are interested in these topics: according to Diacor's reception staff, the company's Finnish background and sustainability are brought up by customers daily.

The Finnish healthcare system is to a large extent based on the public sector. Nevertheless, the share of private services in healthcare has increased in recent years. Currently, the private sector accounts for approximately 20-25 percent of the total healthcare market in Finland. As the financing difficulties in the public sector accumulate, discussion concerning the increased inequality in healthcare and wellbeing services and the ethics of the companies providing the services is increasing in Finland. The ageing population structure also creates additional challenges for the healthcare sector. It is estimated that the number of social enterprises which complement the public services and operate on the basis of values will increase in all sectors in Finland in upcoming years.

www.diacor.fi

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Diacor's operating profit is used to help the most underprivileged people in society.

Genuine method of working benefits the company and the environment

THANKS TO NEW TOOLS and telecommunications connections, work today is no longer tied to place and time. This offers companies an opportunity to develop increasingly effective models for working, and provides employees with the flexibility to align work with their individual needs and life situations.

The genuine method of working is

telecommunications provider DNA's solution to the needs of modern-day employees. The work method means that the DNA head office is a flexible work environment with mobile workspaces, library rooms for silent work and free zones designed for team work, allowing employees to plan their working day as they see fit. The method also means that DNA employees can work remotely from **DNA's flexible work**

home without needing to run it by one's manager.

At DNA, a change in the work culture became actual with the move to a new office specifically designed for DNA in 2012. An idea of a new,

flexible method of working developed concurrently. The driver for the genuine method of working was, above all, the desire to make the daily work easier for personnel.

Personnel feedback on the new working model has been very positive. 74 percent of employees and 67 percent of managers feel that the more mobile method of working increases work motivation, and a nearly equal percentage of employees says they work more effectively than before. Personnel surveys have also indicated that the new, flexible work culture promotes innovation. The new working model has received special praise from employees with children and busy family lives. According to them, the increased flexibility considerably improves work-life balance and coping at work.

At DNA, remote work has also generated positive environmental impacts. The company's personnel mainly work an average of 1.5 days remotely from home, which has resulted in 40 percent annual reduction in the carbon dioxide emissions generated by commuting. Increasing remote meetings has helped reduce the carbon dioxide emissions caused by DNA's air travel from 278 tonnes to 183 tonnes within three years. Remote work also makes the use of the facilities more effective and, at the same time, helps to save energy.

Currently, three DNA offices have adopted the new method of working. The company aims to also implement the applicable parts of the model in other offices around Finland by 2016.

For DNA, the new working method is an essential part of responsible business operations. It is a practice which provides concrete added value for both the company and society. A factor making the genuine

method of working possible is the company's HR management model based on openness and trust. Involving personnel in the change and active internal communication have been important factors for successful implementation of the method.

DNA believes that new working methods similar to theirs could benefit other companies and workplaces as well. The company has been sharing information about its experiences for example through the Diversity Charter Finland and by mentoring other companies interested in implementing a similar change in their working cultures. Dozens of companies have already visited the company's headquarters to get a first-hand look at DNA's way of working.

www.dna.fi

culture increases

work motivation.

promotes innovation

and improves work-

life balance.





Tracing the origins of cocoa

FAZER GROUP, the manufacturer of Finland's best known chocolate brands, has been investing considerably in the traceability and responsibility of cocoa, the key ingredient of its products. Fazer's vision concerning cocoa is that by 2017, the origin of the cocoa used by the company is traceable

and meets the criteria concerning responsible sourcing of cocoa.

Traceability of raw materials is important to Fazer in terms of ensuring both food safety and supplier chain responsibility. The

Finnish food law requires that all raw materials used can be traced one step back to the supplier and one step forward to the sales location of the products. However, this level of traceability is not enough to ensure the conditions in the primary production of cocoa. A key objectives in Fazer's responsible cocoa sourcing strategy is to strengthen the management of its supply chain, develop working conditions in cocoa farms and reduce the use of child labor by, for example, supporting the education of children and young people in the farming communities.

Tracing the origin is a challenge shared by the entire cocoa and chocolate industry. Compared to many others, the supply chain of cocoa is more complex than average due to the way cocoa is traded: cocoa beans are loaded in cargo ships in bulk to be processed by different European players who send them on to their customers, and therefore, in practice it is challenging to track individual production batches. Tracing of cocoa beans is also complicated by the large number of cocoa farms and the small size of production batches.

In order to improve traceability, Fazer co-operates with its suppliers, especially in West Africa. In Nigeria,

Fazer's key objective is to develop working conditions in cocoa farms and reduce the use of child labor.

the company has tried out an operating model in which the raw material is processed upfront in the country of origin. In this way, batches of cocoa can be documented and traced down to an individual farmer and the number of kilograms supplied. Fazer also participates in an international cooperation

> project which aims to create, together with other players in the industry, an Europeanwide standardized responsibility and monitoring system. A GPS mapping based system to trace the production volumes of cocoa farms in defined geographic areas has been discussed in the project. This would help the authorities in the countries

of origin to target their monitoring and support measures to different cocoa farms and also improve detection and elimination of any child labor.

In order to improve the conditions of the cocoa farms and farming communities, Fazer works in cooperation with international cocoa and chocolate industry players as well as local players and farmers in the countries of origin. The company has been member of the World Cocoa Foundation, which aims to promote sustainable production of cocoa, since 2005. The organization's objective is to promote sustainable cocoa production and increase the income level of farmers in the three largest cocoa farming regions in West Africa, Latin America and Southeast Asia.

Fazer is committed to growing raw material sourcing which meets the criteria of sustainable cocoa procurement by 10–15 percent annually. In 2013, the share of sustainably produced cocoa in the company's purchases accounted for as much as 40 percent.

www.fazergroup.com

Sustainable Finnish design

IN FINLAND, Finnish design has always been considered to be sustainable and responsible, since products have traditionally been manufactured in

Finland where the working conditions of employees are known well and occupational safety and other matters related to working conditions have been paid attention to for a long time. However, many

Fiskars' products are classics of Finnish design and expectations in terms of responsibility are therefore higher than usual.

Finnish design companies have started to shift their production to emerging markets countries also. This has created new challenges for the companies' supply chain management.

Fiskars Corporation, a manufacturer of gardening tools, kitchen utensils and other consumer goods, has been systematically addressing responsibility matters in the supply chain for the past years. The responsibility is of interest to customers, and the company also finds it important because many of its products are among the most valued classics of Finnish design and among the best-known Finnish brands around the world. Therefore, expectations in terms of responsibility are also higher than usual.

Sustainable design is the key focus area of responsibility at Fiskars. In practice, it means timeless, high-quality, safe and recyclable products which last from generation to generation and are also manufactured in a socially responsible manner.

Approximately half of Fiskars' products are manufactured at the company's own factories in Finland and other countries, and the rest by subcontractors in Europe and Asia. In order to manage social responsibility risks, the company applies its own Supplier Code of Conduct that the company deployed among its subcontractors in 2011. The Code of Conduct defines the company's principles regarding safe working conditions as well as equal and respectful treatment of employees and pollution prevention, among others. The Code of Conduct is included as an attachment in all agreements drawn up by Fiskars. The minimum requirement is that the subcontractor

> signs the Code of Conduct, but full compliance is not expected right from the beginning. However, the company implements a strict plan for corrective measures in cases of discrepancies identified. It has also defined thresholds for

subcontractors to pass in audits: if a subcontractor's passing percentage is less than 50, exit plan is initiated; with a score of 50–100%, Fiskars activates a corrective measures program. All new suppliers are audited before start of business.

Fiskars has been performing extensive audits in its supplier network since 2009. The audit requirements were updated in 2010 to match the latest requirements in the sector, international standards and industry practices. By the end of 2013, 100% of the total volume of finished products procured from Asia had been audited, and 83% of them received a satisfactory or good score.

Changes in the demand for Fiskars' products may be fast, which requires flexibility from not only the Group itself but also from its cooperation partners. The combination of the company's own production plants and subcontractors' facilities as well as investment in partnerships which are as long-term as possible have proven to be a feasible solution for Fiskars. The Supplier Code of Conduct is also an important method of protecting against risks related to subcontracting chains. These methods have helped the company ensure compliance with requirements in the production chain and maintain the company's high-quality design, product availability in the right place at the right time, price and other factors in balance.

www.fiskarsgroup.com





Tax footprint indicates economic responsibility

CALCULATING THE COMPANY'S tax footprint is becoming a central aspect of corporate economic responsibility. The tax footprint illustrates the effects of taxes to be paid by the company: what kind of and how much tax income its operations generate and in which countries, directly or indirectly. Contrary to carbon, water and forest footprints, a large tax footprint is an asset.

In Finland, multinational companies are expected to provide extensive country-specific reporting for improved comparison and assessment of corporate responsibility and the social impacts of companies' operations. During the past two years, in particular, public awareness of companies' tax payments has been increased by the media.

Fortum, an energy company operating in the Nordic countries, Russia, Poland, and the Baltic countries, is a pioneer in tax reporting in its sector. The company started extensive work to calculate its tax footprint in 2010. The first results were reported in Fortum's Sustainability Report 2012. The reporting process consisted of numerous stages and covered, among others, harmonization of accounting, integration to other reporting as well as assessment of the information collected and verification carried out by an auditor. Dozens of people from different units were involved, and the majority of the company's tax organization participated in the work for three years.

Fortum analyzes the economic impact of its operations and the extent of well-being it has produced for different stakeholders and society in its countries of operation and by market area. The company's principle is to pay taxes on each Group company's result, production, employment and property in accordance with the local regulations in each country and to manage taxation matters in an appropriate manner instead of minimizing taxation.

Through taxes and dividends, Fortum contributes to building the basic functionalities of all of its countries of operation.

The State of Finland owns slightly more than 50 percent of Fortum, which produces, sells and distributes electricity and heat. Through taxes and dividends, Fortum contributes to building the basic functionalities of all of its countries of operation. In 2013, the taxes borne by Fortum for the financial period totaled EUR 644 million, of which 60 percent were in Sweden, 27 percent in Finland, 4 percent

> in Russia, and one percent in Poland. The total amount of taxes collected was EUR 834 million for the financial period.

Fortum's tax payment and tax footprint are based on the company's overall strategy and shareholder interests, managing taxation matters in accordance with laws and regulations,

as well as communicating the taxes openly, truthfully and in a timely manner to investors and tax authorities. The company takes taxation aspects into consideration in all key decisions, and they influence the selection of countries in which operations are established, for example. Fortum's principle is to centralize its Group operations to EU countries and to avoid tax havens.

The process of calculating the tax foot print has paid off. Fortum is able to use the tax footprint to communicate the positive impacts and importance of its operations in society not only to the authorities but also to customers and other stakeholders. At the same time, the company has gained a good overall understanding of its tax practices and nature of taxes in different countries of operation, and this helps develop its operations further. The calculation work has also generated positive publicity for Fortum. The company was awarded a honorary citation for its tax footprint work in the Sustainability Reporting Award Finland contest in 2013.

www.fortum.com

Happy people produce the best performance

IMAGINE A COMPANY where employees can start their workday with a relaxing sauna bath. A company where all employees are issued a corporate credit card and have an opportunity to take a barista class. A company where everyone approves their travel expense reports themselves, the financial information is shared with all employees, and everyone receives a share of the company's profit-based bonus annually. Imagine a company where nobody works overtime (except when it is truly necessary).

This may sound like a utopia in today's world of increasingly fierce competition, but it is what daily work is like at the IT company Futurice. The company is one of the Finnish IT success stories recognized in recent years for their innovative solutions as well as their advanced work culture which is based on the well-being of personnel.

Futurice, with offices in Finland, Germany and
Great Britain, won the Great Place to Work in
Europe contest twice in a row, in 2012 and 2013. At
Futurice, success relies heavily on not only personnel
competence but also on personnel job satisfaction.example,
Futurice is
managersThe company has understood that happy and
content employees produce the best
performance and that happiness also
rubs off on customers, which makes
sustainable growth possible.At Futurice, cll
employees make
maiority

Futurice works to ensure the happiness of its employees by making work as effective as possible. Work at Futurice is built on trust, self-

valuation and minimal micromanaging. In practice, this means management that supports individuals' creativity and work motivation, self-direction, openness and transparency.

At Futurice, all employees make majority of the decisions concerning their work themselves. The only condition to be taken into consideration in decision-making is the 3x2 rule: before making the final decision, one must consider what it means for the customer, company, and collegues as well as one's own work and what it means now and in the future. Therefore, the company's all financial figures are transparent to all employees, and every employee commits to the company's objectives: everyone must understand the company's interests and know the company's actual financial standing.

Futurice employees also define and monitor the purpose and objectives of their work themselves. This is supported by supervisors and mentors who the employees select themselves to help review their objectives and results in the development discussions conducted twice per year. Once per year, every employee also has a 30-minute face-to-face meeting with the company's managing director to discuss matters the employee finds important. Work efficiency and a culture of trust are also supported by very autonomous project teams in terms of, for example, verification of travel expense reports.

Futurice represents a management culture where managers and supervisors are not there to give orders

but to create a working culture in which employees can be all that they can be, to induct new employees in it, and to motivate personnel to take on new projects.

This new kind of working culture has already proven successful: the company's revenue has grown by

nearly 130 percent and operating profit by almost 60 percent within the past four years. The next goal of Futurice is to grow from a medium-sized company with 200 employees to more than 500 employees and show that its model of working is a good fit for a large company as well.

www.futurice.com

of the decisions

concerning their work

themselves.





Stakeholder engagement for improved bottom-line success

PROFITABLE AND RESPONSIBLE business is built on stakeholder engagement, or listening to customers, personnel, organizations, and other stakeholders. Companies must know what their key stakeholders expect and require in order to focus on what is essential in the operation. This is also the only way to make sure economic, social and environmental responsibility will concretely improve the bottom-line success.

Kemira is a global chemicals company serving customers in water-intensive industries. Company's focus is on pulp and paper, oil and gas, and mining and water treatment. Kemira provides expertise and chemicals that improve its customers' water, energy and raw material efficiency.

Kemira has been focusing on responsibility matters since the beginning of the 1990s. The company defines specific objectives and performance indicators for the focus areas of responsibility, and responsibility is also integrated in the company's product development: sustainability criteria are taken into consideration in the assessment of all Kemira's products, all the way from the level of ideas to the product launch.

Kemira started defining the focus areas of its responsibility activities in 2011 taking the wishes and perspectives of its different stakeholders into account more extensively. Stakeholder engagement is an important tool to the company for developing CR management but, at the same time, it is also a method for managing risks and identifying new business opportunities.

Sustainable development and corporate responsibility are factors shared by the different stakeholders of Kemira. For example, many of Kemira's customers

Many of Kemira's the most responsible companies in their respective industries.

are among the most responsible companies in their respective industries, based on international sustainability indices. Over fifteen percent of the company's institutional investors and shareholders are Sustainable and Responsible Investors (SRIs), which is clearly more than in other companies in the same sector and also in all other European companies. For Kemira's employees, responsibility is an extremely important factor affecting employee engagement,

based on personnel surveys.

customers are among In recent years, stakeholder surveys have been one of Kemira's most important tools for identifying the views of different stakeholders on the company's responsibility activities. The key questions in the surveys covered,

> for example, what Kemira should do to be even more responsible as a company and what the most essential aspects of the company's responsibility management are. In 2013, nearly 250 people from 27 countries responded to the survey, bringing up more than 1,000 views and ideas regarding responsibility and its development at Kemira. The company can utilize the survey responses in updating its focus areas of corporate responsibility and in setting objectives.

In addition to defining strategic focus areas and objectives, stakeholder engagement and dialog also produce concrete and measurable financial benefits for Kemira. For example, the energy efficiency reviews performed with the personnel since 2010 have helped identify nearly 1,000 potential improvement projects. More than 300 of them have already been implemented, providing Kemira with savings of EUR 7.6 million per year. Projects to streamline internal operations also affect sales: reducing energy consumption makes Kemira a more attractive cooperation partner for customers.

www.kemira.com

Socially responsible berry picking

The Kiantama

production plant is

also kosher and

halal certified.

GLOBALIZATION IS increasing the share of foreign workforce in all industries in Finland as well. It is also bringing up new kinds of issues which companies should pay attention to concerning the rights and well-being at work of foreign workers.

In Finland, the berry processing industry is one of the sectors which has had to focus on social responsibility matters on a completely new scale. In the

country with vast forests, the supply of wild berries is extensive but there is little interest among Finns to pick the berries. Therefore, the labor shortage has been filled by bringing in berry pickers from Thailand, for example, in recent years. Thanks to the foreign workers, the total volume of the superhealthful berries harvested has grown considerably, which benefits consumers as well as the food, health food, and cosmetics industries.

However, not all companies in the berry processing industry have provided their seasonal workers appropriate working conditions. Issues that have made the headlines include long workdays, low pay, poor occupational safety as well as conflicts between professional berry pickers and local residents regarding the Finnish "everyman's rights" to pick berries without needing landowners' permission.

Kiantama, a company specializing in the processing of wild berries, has been developing sustainable berry procurement for years. The company is a trailblazer of social responsibility in both its own sector and the SME sector in Finland. The company works to ensure safe working conditions for its berry pickers and to address social responsibility risks by means of external certifications and a responsibility system.

Kiantama's operations are guided by the ISO 2000 standard on food safety management systems. The company has been a certified manufacturer of organic products since 1999, and in 2013 it was the first Finnish company to receive the Japanese JAS certification for organic food. The Kiantama production plant is also kosher and halal certified. Bureau Veritas evaluated the company's responsibility

program based on the ISO 26000 social responsibility standard in the autumn of 2013.

Kiantama's Code of Conduct was completed in 2012. The Code is based on the company's own objectives and operating principles,

customer requirements, the core topics of the ISO 26000 standard as well as on other international responsibility principles. The company's operating methods include providing its berry pickers with appropriate and safe living arrangements, appropriate work tools and thorough induction as well as a guaranteeing a pay and work hours which are in accordance with recommendations.

The certificates and the Code of Conduct have made it possible for Kiantama to set itself apart from competitors and to communicate the company's practices to consumers and other stakeholders. The company has also realized that investing in social responsibility is not only effective risk management but also a clear competitive advantage: content workers produce good results and come back again the following year. Skilled workers help the company through poorer berry seasons as well. In addition, certification strengthens Kiantama's position in longer subcontracting chains. This is an asset in competition in the international market, in particular.

Kiantama's next objective is to build a shared berry procurement model for the sector and thus raise the profile of the entire berry processing industry in Finland. To this end, the company works to involve representatives of foreign workers in the development of working conditions.

www.kiantama.fi




Responsible fashion for modern consumers

THE CULTURE OF disposability prevailing in the fashion business encourages consumers to buy clothes without thinking about the length of a garment's useful life or without questioning the ethics behind the price. At the same time, the number of LOHAS consumers (Lifestyles of Health and Sustainability), who make their purchasing decisions based on ethics, is increasing everywhere. Clothing manufacturers are also expected to openly disclose the manufacturing conditions and environmental

impacts of their products. According to brand studies, factors which generate considerable added value to textile products in Finland include the domestic origin of products as well as social and environmental responsibility.

Nanso manages its production chain by investing in longterm subcontracting partnerships with companies in the same size class.

Nanso Group's sustainable operations and Finnish production separates the manufacturer of garments, socks and tights from competitors. Responsibility has become the company's lifeline, a way to meet customer expectations, manage risks, and secure profitability in the long-term. Nanso believes that ethical consumption is here to stay; in Finland, as many as 30 percent of consumers already makes purchases according to the LOHAS philosophy.

Nanso is one of the few companies in its sector that has managed to keep the majority of its production in Finland. Thus, the company bears its economic responsibility by currently being one of the largest employer in its sector in Finland. However, Nanso also uses subcontractors in Europe and Asia, and managing the social responsibility of the supply chain is a key aspect of the company's responsibility strategy.

Production and supply chains in the clothing industry are often long. Cotton is grown, knitted into fabric, dyed, cut and sewn often in different countries at each stage. In addition to the long production chain, the culture in the country of operation and the characteristics of the sector, such as seasonality, use of child labor, overtime, and occupational safety issues are the key social responsibility challenges.

Nanso works to manage its production chain by keeping the chain as short as possible and by investing in long-term subcontracting partnerships with companies in the same size class. This makes

> it possible to build trust-based relationships and close cooperation and creates a solid foundation for developing the operating methods. Nanso applies the international BSCI (Business Social Compliance Initiative) system to assess the social responsibility of cooperation partners located in risk countries. In the initiative, production plants are audited by an independent auditing company.

In 2012, Nanso published its seven sustainability promises and 19 concrete actions to make improvements in each area of sustainability. Among other things, the company promises to offer consumers opportunities to do good deeds, produce 20 percent of the energy it needs with renewables by 2015, and provide all employees with opportunities to participate in developing responsibility in the company in a tangible way such as offering them the opportunity to make voluntary work during the working time. Practical measures have ranged from recycling campaigns targeted at consumers to audits carried out at suppliers' production plants. Through small practical measures, Nanso works to genuinely improve the responsibility of its business operations and, at the same time, to support discussion concerning the competitiveness and future of the Finnish clothing industry.

www.nansogroup.com

Leaving a positive handprint throughout the value chain

ACCORDING TO ESTIMATES, the need for metals and minerals in the world will grow 4–7 percent per year. At the same time, requirements for raw material efficiency and demand for sustainable solutions will increase. The measures needed include improved and less polluting processing technology, greater energy and material efficiency, as well as more extensive recycling and re-processing of tailings and waste.

Sustainable use of Earth's natural resources is the mission of Outotec. The technology company develops sustainable solutions and lifecycle services for metal and mineral processing, renewable energy production as well as for the treatment of industrial water in all stages of the value chain. In 2013, as much as 87 percent of the solutions and services supplied by Outotec were categorized as environmental goods and services in accordance

with the definition by the OECD. The company's objective is to increase this share permanently to more than 90 percent by 2020.

Outotec has outsourced most of its own manufacturing. The company researches and develops technologies, provides extensive and customized solutions, sets up a supply chain, designs and implements the process and trains customers to manage it. In accordance with the nature of its operations, the company's value chain is also diverse, and the direct or indirect environmental effects vary by delivery.

Outotec measures its responsibility success by means of the size of its handprint: when innovating environmentally conscious solutions for its customers, the company's handprint, or the positive impact of its operations on society, is clearly larger than its environmental footprint. For example, in 2013 measured by greenhouse gas emissions, the emissions generated by the company's own manufacturing and research facilities amounted to approximately 30,000 tonnes CO_2 -e and those generated by the companies in Outotec's supply chain were approximately 600,000 tonnes CO_2 -e. By comparison, Outotec's five technological solutions helped the industry avoid as much as 5.4 million tonnes of greenhouse gas emissions.

> As the price of energy increases and environmental legislation becomes stricter, Outotec's value chain competence has started to raise interest around the world. Approximately half of Outotec's business is directed to emerging economies. In China, for

example, Outotec's solutions are used in as much as 70 percent of copper processing: in ten years, the country's copper production has tripled but the emissions have been cut in half. Outotec aims to further boost the reduction achieved with its products in carbon dioxide emissions by 20 percent by 2020.

Many solutions developed by Outotec have become industry benchmarks for their energy efficiency and low emissions. The company's sustainability competence has also been recognized internationally: in 2014, Outotec was ranked the third most sustainable company in the world in the Corporate Knights Global 100 list. The company has been included in the Dow Jones Sustainability Europe Index in 2013–14 and in CDP's Nordic 260 Climate Disclosure Leadership Index since 2009.

www.outotec.com

Outotec's handprint on society is clearly larger than its environmental footprint.





Ski resorts going carbon neutral

LAPLAND IS ONE OF the most popular tourist destinations in Finland. The cleanliness and tranquility of nature are sales assets for the region's ski resorts, in particular.

Rukakeskus, together with its subsidiary Pyhätunturi, is a pioneer in sustainable tourism and environmental responsibility in its sector in Finland. The ski resorts have been systematically investing in sustainable tourism since the beginning of the 2000s. This work has gradually expanded from recycling and energy efficiency to the calculation of the carbon footprint.

The autumn of 2008 marked the launch of the shared environmental program of Rukakeskus and Pyhätunturi, when the companies were the first ski resorts in Finland to sign the EU's energy efficiency agreement. Their objective is to achieve relative energy savings of nine percent by 2016. Measures to

achieve this include optimization of the automated snowmaking system, ventilation and heating as well as real-time monitoring of the electricity consumption of ski lifts and slope lighting. In addition to the technical measures, an incentive program for reducing fuel consumption has been set up for the resorts' personnel. The resorts make

it easy for guests to vacation in an environmentally friendly way by providing accommodation in the conveniently located Ski-Inn apartments and the pedestrian village, where cars are not needed.

The ski resorts were the first in their sector to start using emission-free hydroelectric power in all of their operations in 2009. Heating in the resorts is provided through district heating completely generated by wood chips. After its latest investment, or compensating for emissions caused by slope machine fuels, Pyhätunturi will be the first carbon-neutral ski resort in the Nordic countries, and Rukakeskus will be following suit soon. However, compensating for fuel emissions is just a milestone: the resorts' objective is to eliminate carbon dioxide emissions caused by energy consumption by 2020 and to introduce sustainably produced bio fuels which function reliably in the northern conditions.

In the recent years, Rukakeskus and Pyhätunturi have expanded their environmental strategy from managing environmental risks in their own production chain to cover the entire company ecosystem by campaigning for sustainable tourism and environmental values at the local level as well. The resorts are located in a region which contains ample reserves of uranium, gold and other minerals needed by various sectors of industry, and pressure is building to open up new mines to create jobs desperately needed by local residents.

Rukakeskus and Pyhätunturi are campaigning for sustainable tourism at the local level as well.

Rukakeskus and Pyhätunturi want to remind decision-makers that sustainable development and ecofriendliness in the region have been promoted for decades and are now clear competitive advantages for the region's all businesses. The resorts do not oppose all mines, only those that

would compete for the same space with traditional lines of business. According to studies, 50 percent of the international visitors to the region will travel elsewhere if mining is started near their vacation destination. In addition to tourism, the environment in Lapland provides livelihood to reindeer husbandry and fishing industry companies as well as the wild berry processing industry. Currently Rukakeskus and Pyhätunturi are leading a group of businesses earning their livelihood from the region's nature to draw up a joint declaration to defend the future prerequisites of their operations.

www.ruka.fi

Shareholder value reflects responsibility

Corporate responsibility is directly linked to the development of shareholder value, says **Kari Järvinen**, Managing Director of Solidium, a holding company wholly owned by the State of Finland.

We are an owner who is committed for the long term. For us, it is not an option to simply leave if a company has problems", says Managing Director **Kari Järvinen**.

Järvinen leads Solidium, a company which employs 12 investment professionals and which became responsible for the ownership of "non-strategic" listed companies owned by the State of Finland five years ago. The company's investment portfolio is now valued at approximately EUR 7.8 billion, consisting of shares of 12 Finnish listed companies. Solidium exercises its authority as an owner in all of them, being either the largest or second largest shareholder.



State ownership and regulation of companies have been separated from each other in many other countries as well, but Solidium is an exceptional case in that its mandate is to grow the long-term value of its holdings and not just prepare state-owned corporations for sale, for example. Solidium can also invest in new listed companies which meet its investment criteria.

"Economic matters play the main role in selecting investment targets, but not meeting our responsibility criteria can be a factor working against a company in terms of our investments," says Järvinen.

Solidium works to actively impact the value of the companies it has invested in, which is possible since the portfolio only contains

about a dozen companies. In practice, this means profound understanding of the business operations and operating environment of the companies from several different perspectives, one of which is responsibility. The importance of responsibility is demonstrated by the fact that it is also one of Solidium's own values. Corporate responsibility is also important to Solidium's owner, the State of Finland. Solidium launched practical responsibility work immediately after its operations began and has developed its operating model itself.

RESPONSIBILITY OFFERS LASTING COMPETITIVE ADVANTAGE

Solidium considers corporate responsibility to be a factor that affects shareholder value. Although the management of risks and reputation, highlighted in the era of social media, is still a core task, the focus in the future will be increasingly on new business operations generated by responsible operations.

"Our view is and we believe that companies cannot achieve long-term success if they don't act responsibly. On the other hand, investing in

We believe that companies cannot achieve long-term success if they don't act responsibly.

the opportunities offered by responsibility enables companies to generate lasting competitive advantage. The question is how much focus a company can place on responsibility matters," Järvinen comments.

In recent years, Solidium has worked determinedly in order to promote responsibility in the companies it has invested in. Nevertheless, there have also been

> some unpleasant surprises, and, for example, environmental issues at the Talvivaara mine have kept the majority shareholder busy.

As a shareholder, Solidium works to impact matters by, most of all, challenging the management and Boards of Directors of companies and by asking the right questions,

since the good governance principle concerning listed companies requires that the executive management or Board of Directors bears the operative responsibility in companies.

"It is important for shareholders to be aware of the risks and opportunities of the company and how responsibility aspects have been taken into consideration in the companies' operations. However, this does not mean that we dictate how companies should be run," Järvinen says.

OWN ANALYSIS FOR AN OVERALL UNDERSTANDING

Solidium is closely involved in monitoring responsibility at its investment companies, and it has developed a materiality analysis as a tool for the purpose. It refers to qualitative assessment of the investment companies by means of, for example, annual reports and various other reports and analyses which are used to gain an overall understanding of the responsibility in each portfolio company.

In addition to the existing indicators and written materials, the methods used in the analysis include reviews of comparison companies, management interviews and interview studies. These can be conducted even on the other side of the world in order for the owner to understand the challenges in the company's operating environment as extensively as possible.

This analysis does not simply scratch the surface: an investment director and an analyst work as a pair and generate 15–20 pages of analysis on each portfolio company they monitor. The analysis covers responsibility matters from different perspectives.

"Companies themselves carry out responsibility work, whereas our task as the owner is to assess how sufficient such work is and what its quality is in the business environment of each company. The most important thing is to form an overall understanding for each company. Even a single matter can grow into a sustainability theme that will have an impact all the way to the shareholder value," says Järvinen.

SHAREHOLDER IMPACT THROUGH THE BOARD OF DIRECTORS

In listed companies, the methods of even large shareholders to have an impact are tightly regulated. In these companies, the main influencing channel is the Board of Directors.

"Responsibility matters must be on the Board's agenda, since they can truly influence the company's value and development," Järvinen says.

However, how much influence a shareholder wants to have depends on the company's line of business and operating environment. While in one company, the attitude towards responsibility may be a factor affecting its very existence, in another discussing responsibility matters may be linked to overall management. However, according to Järvinen's observations, the awareness of corporate responsibility and its importance has grown across the board. "It is our experience that companies are quite eager to listen if shareholders express their wishes or expectations," Järvinen says.

According to Järvinen, many companies in Solidium's portfolio are true forerunners in responsibility matters compared to comparison companies. On the other hand, there is always room for improvement, for example in how the portfolio companies report on the effects of their responsibility work.

"From the shareholder's point of view, an ideal situation would be one where companies clearly and directly report on the impact of corporate responsibility on shareholder value, to the extent that the impact can be reported. On the other hand, corporate responsibility will surely integrate into business operations in a similar manner as quality thinking in the future. Ultimately, it is part of good governance," Järvinen says.

www.solidium.com

TEXT OUTI AIRAKSINEN, STORY BOULEVARD **PHOTO** JULIUS KONTTINEN



Rovio's CSR focuses on children

ANGRY BIRDS

"We are building a long lasting, classic brand, which is not achieved by focusing on profit alone. We want to cultivate our brand by paying close attention to our audience," says Rovio's Communications Director **Sara Antila**.

> he young company is currently in the process of establishing its CSR policy – in the turmoil of the strong growth it experienced last year.

> Rovio was established in 2003, but its breakthrough did not actually happen until four years ago, when the company had only about 20 employees. In December 2009 the company's flock of bird characters burst into a global awareness, and growth has been continuous ever since. Now the company has around 800 employees.

"At the moment we are building a sustainability program for the entire company. We have covered various sustainability topics in workshops with all business units and support functions. We are gathering themes concerning the

whole company and start to bring them forward and ultimately link them to our social responsibility strategy," says Antila.

Rovio has an ethical code which covers nature, the environment, customers and ways to improve its processes.

"We are a company that sells licenses, which means that the licensees take care of the production chain. We do not have production facilities of our own, and are aware that legally our responsibility ends when the license is sold – but we consider the big picture. We want to know where the products are manufactured and what the production chain is like. In addition, we perform audits to ensure everything is according to our standards," says Antila.

According to Antila, Rovio also focuses on everyday consumption. The same Office Management function takes care of all offices around the world, and all offices have the same rules concerning water and electricity consumption and lighting. Being responsible is in Rovio's spirit, and ownership is one of the company's values.

The element of learning has existed in the Angry Birds games early on.

"We want to focus especially on children and their welfare, motivation and living conditions which should be safe and stimulating. Children often learn new life skills first and then pass the knowledge on to their parents. This is how education advances in

many countries," Antila says. Rovio does not want to fund projects that only seem benevolent – the operations must also make a true difference and add value on the local level.

CHILDREN AND LEARNING

Rovio's mission is to bring joy to the world; the more surprises the better. One can say that the element of learning has existed in the Angry Birds games early on. At the beginning of 2012, Rovio launched its Angry Birds Space game in which the element of learning was strongly present. The game was published from space in collaboration with NASA. This was the moment when learning really took a leap forward. Since then, the company has cooperated with, for example, CERN and National Geographic.

Rovio's operations are divided into five business areas: Customer Products, Animations, Games, Books, and Learning. This year, the company's brands will launch a new kind of learning concept intended for early childhood education. The program is based on, but not limited only to, the Finnish National Curriculum for Kindergarten. This past winter, a testing unit started operations at the University of Helsinki, where children are the testers of Rovio's learning products.

"Not all children learn in the same way. Some learn by doing, some by observing. We have developed the Fun Learning Playground concept in order to motivate children to learn when they are activated by the right kind of stimulus," says Antila.

The learning concept is first put into practice in China, where it is used by two kindergartens of a private chain, located in Beijing and Shanghai. The local culture has been taken into account and planners from the kindergarten chain have participated in the project. The Chinese teachers of the kindergartens will be taught in the University of Helsinki to deploy Rovio's concept in practice.

In the concept, children are taught numbers or letters by means of play, for example. Different kind of toys or other objects like the Finnish zither (a musical instrument), pedagogic toys or digital devices are utilized. The premises are made fun and stimulating with the help of Angry Birds characters.

EDUCATION BECOMES MORE POPULAR

Finland has a reputation of being a creative and innovative nation, where learning results are achieved by different methods than in China. Globally people are very eager to school their children and invest in education in various ways. In China, the education system is very traditional, focusing on discipline. Rovio's motivating system based on play and fun gives a new insight, which should improve learning results.

"China is the first country, but negotiations are also under way with the authorities of other countries in other language areas," says Antila.

Rovio is not a just a game company any more. It's an entertainment media company, and like other equivalent companies, it also has a has an educational arm. The company aims to do something meaningful and good with its popular characters.

www.rovio.com

TEXT JUKKA NISSINEN, SYMBOLI ADVERTISING **PHOTO** JULIUS KONTTINEN

Mari Saario

Leading Consultant, Gaia Consulting

Responsibility boosts growth in small companies as well



ven small Finnish companies can carry out successful corporate responsibility work. They already possess many of the prerequisites of profitable responsibility, such as close contacts with clients, the ability to make quick decisions, and a need to achieve true, measurable benefits.

THE WINNING SOLUTION is one where the client generates an impact which multiplies. When the quality provided by a Finnish SME is what literally keeps an international client's construction project on its feet, it is a proof of work well done when the company can state on its website that *pile manufacturers around Europe trust the high quality rock points and pile joints.**

IN A SMALL COMPANY, sustainability is everyone's responsibility and everyone should seize opportunities to contribute. A media cooperative operating in Finland organized a pizza workshop where all employees brought ingredients which illustrated their own values. The ingredients were used to make a pizza together, and this also helped establish shared values for operations. In addition to this, employees wanted to do something tangible for the betterment of society, so they organized shore cleaning campaigns. Therefore, the company can publicly state that *our approach to work is relaxed but our attitude is uncompromising.**

RESPONSIBILITY in an SME extends far beyond the company itself. Responsibility work also allows the company to transfer its operating principles to its stakeholders. In the Internet, an active company can make its responsibility visible better than many large players. A Finnish SME operating in the nutrient industry does not hesitate to tackle even the greatest challenge of all: changing the way people act and behave. The company uses a humorous and joyful approach to make environmentally sustainable operations as easy and comfortable as possible. Therefore, staff bloggers have promised to *sow ideas and cultivate humor but never eat their words.**

DEVELOPING RESPONSIBILITY can also be a joint effort. In particular, SMEs benefit from networking and sharing good practices, so that one company does not need to come up with everything alone. Gaia's international clients in Sustainability Journey are usually large companies, but in Finland we have carried out numerous SME projects which were coordinated by a local development organization. Together with the local player, our specialists have assessed the companies both at the level of ideas and also concretely, and we've summarized our key observations with a few facts. According to our experience, a local development player can effectively use initiatives generated by companies, and this has, for example, helped create apprenticeship positions. As applicable, results have been shared in joint seminars in the region.

WE HAVE ALSO UTILIZED peer learning in our projects in specific sectors. Examples include coaching programs aimed at companies in the marine and offshore industry or food industry. With marine and offshore industry companies, a client even requested us to make blind calls based on which executives of companies were scored on how well prepared they were to offer spontaneous facts on their own responsibility work.

ACCORDING TO OUR EXPERIENCES so far, Finnish SMEs already operate responsibly in many aspects. Instead, there is still room for improvement in communicating responsibility and making use of it. We also found good examples of what happens when an SME emphasizes sustainability in sales: it enables the SME to export sustainabile and high-quality solutions with a higher investment price than that of competitors but at the same time lower life-cycle costs due to energy-efficiency, for example.

AFTER A WHILE, responsibility work becomes an integral part of the SME's operations. The company's service concept is built to develop customers' operations and generate measurable advantages. Thereafter, all communications are simply responsibility communications. A manufacturer of table setting products and cleaning wipes can state on its website: *All operations are based on the principle of sustainability. Our values direct all our operations, and our operations must also always be viewed from the perspective of sustainability, perseverance, target-orientation and reneval. A responsible company is a good and reliable cooperation partner.**

* All sections in italics are content published by real-life SMEs on their websites. These companies participated in Gaia's coaching or responsibility projects in 2012-2014.

Sustainability in Finland 2014



solutions

Clean blue energy

MORE THAN 70 PERCENT of the earth's surface is covered by oceans. The waves of the oceans contain an enormous reserve of clean, renewable energy of which only a fraction is currently being harnessed. According to estimates, wave power could meet up to 10 percent of the entire world's electricity needs, and its market potential is said to be even higher than that of wind power.

The Finnish company AW-Energy is among the pioneers in the whole world to harness near-shore wave energy. The company's WaveRoller wave energy converter transforms the back-and-forth motion of waves into electricity.

The WaveRoller is anchored to the bottom of the ocean at a depth of 8-20 meters, 0.3-2 kilometers from the shore. Compared to off-shore applications, energy produced close to the end user reduces cabling costs

and power losses, maintenance is cheaper, and the equipment is subject to considerably less stress. Lowcost maintenance is guaranteed by the converter's unique technology, or the ballast tanks, which make it possible to quickly lift the converter to the surface for maintenance and lower it to the bottom of the ocean again without dangerous diving operations or expensive additional equipment.

The WaveRoller is monitored and administered remotely, which allows real-time collection of data concerning the condition of the equipment and energy production from converters around the world, and production efficiency can be optimized in accordance with the prevailing wave conditions. Dozens of individual converters can be installed at a single site to form larger wave farms.

free, and the converter itself is almost invisible to the surface and quiet in its environment. The panels of the WaveRoller move smoothly and relatively slowly with the waves, minimizing damage to sea animals should they collide with the panels. An indication of the ecofriendliness of the process is the WaveRoller wave farm located in Peniche, Portugal: it was installed in a Natura 2000 nature reserve. This pilot wave farm is connected to the country's grid and produces not only electricity but also valuable research data for developing the technology further and assessing its environmental impacts.

The energy produced with the WaveRoller has a light

environmental footprint: it is completely emission-

At the beginning of 2014, the independent verification agency DNV the back-and-forth GL verified the production value provided by the WaveRoller technology motion of waves into at the Peniche wave farm. The agency verified that results from simulations

> and water-tank tests correlated with the performance in real environment. It also proved that power production starts at the significant wave height of about one meter, increasing consistently to about five meter significant wave height.

> The WaveRoller technology is approaching the commercialization stage, and it is possible that "blue" energy from waves could be produced for larger markets as soon as in five years.

www.aw-energy.com

WaveRoller

transforms

electricity.





Classrooms in the cloud

ELIADEMY'S MISSION IS to democratize education with technology. Backed by a start-up company CBTec, this new learning management system-or

simply put: Classrooms in the Clouds – supports educators and students in universities, colleges, NGOs and other organizations with online classrooms. These classrooms enable them to create, share and manage courses,

CBTec thinks education should be available to everyone. The Internet is the key.

discussion boards, videos, images, newsfeed, visual notifications and calendars, anytime, anywhere.

Created together with Finnish teachers and students, Eliademy is based on open source technology. This also allows businesses to create a learning organization where sharing of knowledge becomes an essential part of the organizational culture. HR managers or organizations' development personnel can utilize the analytics and reports on courses, tasks, and people to track organizational development.

Eliademy applies the mission of the great philosopher Plato, who started the world's first Academy under an olive tree, also known as Elia in Greek. This was an event which laid the foundation for human education. But unlike Plato's Academy, which was available only to the people of Athens, CBTec thinks education should be available to everyone all over the world. The Internet is the key: CBTec believes that within five years, the majority of the world's population will have access to the Internet and seek to complement their education online.

CBTec was established by former employes of Nokia and Meego in 2012. Currently, it employs 11 people from 11 nationalities. Multicultural personnel enables the company to think globally and create localized versions of its solutions. Free of charge for educators and NGOs, Eliamedy is focusing on emerging and non-English-speaking countries and investing heavily in understanding

> different cultures and education systems. In order to make the solution available globally, Eliademy is utilizing its localization community which has in part or wholly translated its content. At the moment, Eliademy supports over 25 languages,

including English, Vietnamese, Filipino, and Latin American Spanish, with plans to add another 25 languages, one week at a time. Eliamedy has already 40,000 registered users in 80 countries around the world, mainly in Asia and Latin America.

For CBTec, education is a value in itself, and the company aims to grow sustainably. CBTec has made a commitment to redistribute 25% of their after tax profit to the community of teachers and students, and to invest in more free source/open hardware projects.

CBTec has joined the UN Global Compact initiative and is one of the very first, if not the first, Finnish start-ups making a commitment to a socially responsible planet. As part of their own CSR program Eliademy helps the UN's Habitat program to train entrepreneurs in Nigeria, and the company recently sponsored Happyhackingdays.org in order to educate 600 students in coding and emerging technologies.

www.cloudberrytec.com

Business opportunities through open innovation

All Forum Virium

Helsinki's activities

are based on open

innovation in order to

engage citizens and

create new business.

FOUNDED IN 2006 on the initiative of various businesses Forum Virium Helsinki creates new digital services in cooperation with companies, the public sector and the residents of Helsinki.

All Forum Virium Helsinki's activities are based on open innovation in order to engage citizens in developing and testing services, create new business in the area, and open up contacts for international markets.

The company's core activity is to manage development projects. Over the years Forum Virium Helsinki has processed hundreds of ideas and executed dozens of innovation projects focusing on six themes: Smart City, New forms of media,

Innovative Public Procurement, Wellbeing, Growth Services and Innovation Communities. The projects are designed to support and complement each other in order to create valuable synergies.

Forum Virium Helsinki is

especially known for its expertise in developing Smart City services. One of the biggest success stories is the awarded Helsinki Region Infoshare, a Finnish pioneer in the field of open public data, promoting transparency and open government. The web service already includes over 1 000 data sets ranging from statistics to maps. Its activities have now been integrated as part of the City of Helsinki's daily operations and functions.

Another success case has been Growth Coaching, a tailored program that boosts small and medium sized innovative businesses in Helsinki region to grow and go international. Coaching is available for both accelerating growth and managing the change. It covers businesses for whom digital technology is an opportunity, with no business area limitations, offering an additional tool for promoting diversity and dynamic development. The program also enhances the ability of traditional industry businesses, such as companies in the manufacturing industry, to find new methods of growth. Since 2006, Growth Coaching has helped already more than 200 SMEs to improve their business opportunities.

One example of Forum Virium Helsinki's media projects is D-CENT (Decentralized Citizens Engagement Technologies) which seeks to increase democratic participation online at a global level. It's an open, decentralised and a sustainable alternative to commercial platforms for the non-profit sector to organize its activities. Besides the platform, the

> project explores how communities could manage common goods and facilitate online exchange with Bitcoin-style digital social currencies. D-CENT has a strong international consortium with nine partners from seven European countries.

Forum Virium Helsinki is also one of the main organizers of Apps4Finland, the first application competition in Europe focused on open data. The competition encourages citizens to develop new ways to utilize open data. Over the years the Apps4Finland has resulted in more than 600 competition entries, and spurred many creative applications and data visualizations. Last year's winner was Stormwind Simulator which visualizes 30 000 square meters of the Finnish archipelago and encouraging people to learn navigation and marine safety. At the beginning of 2014, the Mayor of Helsinki awarded the competition with the Pro Urbe Digitali award, for advancing the development of digital innovations in Finland.

www.forumvirium.fi





Unique mobile application saves lives

THE POIMAPPER DATA COLLECTION SYSTEM. is

a unique solution to a globally significant social problem: how to collect, transfer and analyze data easily, affordably, reliably and in real time in challenging field work conditions.

The problem of data collection is well-known in many developing countries, in particular. It is also encountered in all disaster and crisis areas where fast data transfer regarding water and food distribution or

spreading of and treating diseases is crucial in terms of managing the situation effectively and alleviating human suffering.

Developed by Pajat Solutions in cooperation with Plan International, Poimapper is primarily targeted for the remote healthcare needs

of organizations operating in developing countries in areas where public healthcare is not available and seeing a physician is difficult or impossible.

In the Poimapper system, data and images entered in a mobile device are collected off-line and when on-line transferred to a cloud service, where they can be accessed and analyzed by doctors who may be located far away. In this way, residents of remote areas can also receive a diagnosis without needing to go to hospital, which makes treatment of illnesses faster and may even save human lives. Poimapper can also be used as an educational tool for field workers, providing information on treatment methods sent by doctors remotely. The application runs on smartphones, tablets, as well as affordable basic mobile phones and is capable of processing large volumes of data without needing an Internet access.

Poimapper is a considerable improvement to the traditional practice of using a pen and paper, in which personnel time constraints could delay the entry of patient data in information systems by as much as a couple of years. The method also improves data reliability, and possible errors can be corrected quickly. For example, images taken of patients can be automatically sent to the right person and are not inadvertently attached to the data of a wrong patient. In addition, instant reports can be

> shared to facilitate fast decisions based on the data from the field.

So far, the Poimapper service has been used in treating tuberculosis patients in Thailand, and in monitoring the treatment challenging field work of HIV positive pregnant women in Malawi, Nigeria and Democtratic Republic of the Congo. In India, thanks

> to Poimapper people with oral cancer can receive treatment by as much as two years faster. A new application for burn injury treatment will be launched in South Africa. Companies and the authorities have been able to make use of the system in conducting market research, in quality control, regulatory inspections, and monitoring and assessment of education projects.

Poimapper is a good example of a solution which creates shared value and benefits both to the company and society. In 2013, the solution won the European CSR Award Scheme's national Finnish contest in the category for SMEs.

www.poimapper.com

Poimapper allows mobile users to transfer data easily in crisis areas and other conditions.

Fighting grey economy with 100% transparency

PREVENTING GREY ECONOMY is one of the main projects of the incumbent Finnish government. Grey economy covers economic activity for which no statutory payments or taxes are paid. Grey economy is common particularly in labor-intensive sectors, such as the construction industry.

In Finland, grey economy in the construction industry started to proliferate at the end of the 2000s.

Typical operating methods include using subcontractors and dealing in counterfeit receipts as well as using foreign workers and companies. According to estimates, there are 20,000 workers in the sector who do not pay any statutory payments, resulting in more than EUR 300 million of lost tax revenue per year.

The SRV construction company is the sector's forerunner in preventing grey economy. With the electronic Network Register information system developed by the company, SRV can not only prevent grey economy but also promote safety in its work sites and cooperation with the authorities, as well as ensure comprehensive management of large projects.

The Network Register contains all relevant information and documents on contractors and their employees and cooperation networks, such as direct agreements with SRV's contractors, accident insurance, proof of taxes paid and copies of foreign workers' passports.

SRV started developing the register system at selected sites in 2007 and expanded it to the entire Group in 2011. The system has benefited SRV itself, the authorities and, indirectly, the entire construction

sector. The register provides continuous visibility to the actual cost structure of construction projects, and makes it possible to trace the party performing each phase of the work and the origin of procurement. It makes it easy to ensure that work is carried out by approved contractors and to detect the underpaying of employees. The suppliers of contractor liability documents and SRV's bill payment system are linked to the register system, making it possible to verify

> information quickly and prevent bill payment if any shortcomings as defined in the Act on the Contractor's Obligations and Liability are detected.

The Network Register also improves occupational safety of employees and work sites and makes data collection and reporting more effective. The register can be integrated with the access control

system of all sites, ensuring that only persons related to the project have site-specific access permits. In cases of accidents, the real-time electronic system allows quick access to information on all employees in the work site and supports rescue operations. Various site-specific reports and project documents can be retrieved quickly and are kept up-to-date.

SRV has reported to the Finnish tax authorities on their work sites contractor and employee information in a three month cycle since 1997. The company has also developed its operating method for preventing grey economy in cooperation with the tax authorities. who have real-time and continuous access to SRV's register system. This ensures 100% transparency of the contract structure of the company's projects at all times.

www.srv.fi

SRV's Network **Register** improves occupational safety of employees and work sites and makes data collection and reporting more effective.





More with less - new business operations through biofuels

All UPM's biofuel

on raw materials

outside the food

value chain.

UPM IS A COMPANY known for its forest industry operations, but since 2009 it has been investing heavily in the innovation and production of biofuels made sustainably from renewable raw materials.

As long-term forest expert, the company is well established to do this: UPM is the successor of approximately one hundred forest companies which once were independent operators, and its roots date back to the 1870s. Furthermore, the company is the

world's largest supplier of wood biomass, and this also provides a good foundation for the production of biofuels.

Since 2009, UPM has been defining itself as "A Biofore Company" and

based its operations on "More with less" philosophy, sustainable innovations as well as sustainable and efficient use of resources which promotes energy efficiency and production and cost effectiveness.

The company strives to utilise residues from its own production as raw material for products as effectively as possible. All UPM's biofuel concepts are based on raw materials outside the food value chain.

The company's biorefinery being built in Lappeenranta for the production of woodbased BioVerno renewable diesel is the world's first industrial-scale investment of its kind. The biorefinery will be completed in the summer of 2014 and will have an annual production capacity of approximately 100,000 tonnes of high quality secondgeneration, renewable diesel for traffic use. The main raw material of renewable diesel is tall oil, a natural extract of wood and a residue of pulp production. A considerable portion of it comes from UPM's own pulp mills in Finland. By refining tall oil, it is possible to utilise wood used in pulp production effectively and without increasing wood harvesting. The

company is also planning to manufacture biofuels from solid wood biomass.

Test driving passanger cars powered by UPM BioVerno in traffic began in the Helsinki metropolitan area in the spring of 2013. Even before its introduction to the market, the innovative production process of renewable diesel received the Sustainable Biofuels Award in the Breakthrough Innovation in Technology category at the 2013 World

Biofuels Markets Congress & Exhibition.

concepts are based UPM's biofuels help reduce greenhouse gas emissions considerably. Fuel emissions in the entire value chain are up to 80% smaller compared to fossil fuels. In terms of usage properties, the product is similar

to traditional oil-based fuels and is suitable for all diesel engines and fuel distribution stations. By refining tall oil, UPM utilises the wood it uses for pulp production more effectively without increasing harvesting.

Producing biofuels from renewable raw materials in accordance with UPM's plans will also promote the European Union's long-term climate and energy objectives, including covering 20% of energy consumption in the EU with renewable sources of energy and 10% of traffic fuels with renewable energy.

Sustainable biofuels are a considerable opportunity for both UPM and the whole of Finland with its vast forests to generate new profitable business, sustainably. The value of alternatives based on forest industry residue will increase if the European Commission restricts the use of biofuels made from food crops. The global market for biofuels is approximately EUR 70 billion and is expected to grow by 8-18% annually by 2020.

www.upmbiofuels.com

Fighting climate change, one office at a time

For companies, WWF

Finland's Green Office

system is a tangible

way to implement

responsibility.

THE GREEN OFFICE environmental program created by WWF Finland has helped companies and other organizations for over a decade to reduce their ecological footprint, slow down climate change and bring cost savings. For companies, the system is also a tangible way to implement responsibility, build reputation and communicate their responsible practices.

Facilities always play a central role in energy consumption and sustainable solutions, and everyone working in offices can contribute to reducing the environmental burden caused by the workplace. The idea behind Green Office is to motivate personnel

to carry out small deeds for the environment every day, improve their environmental awareness, and act in a systematic and measurable manner.

In order to receive the right to use the Green Office label, an organization

should draw up an environmental program and set numeric goals for its selected indicators within one year of signing the cooperation agreement. At a practical level, offices should save energy, reduce waste, recycle and sort waste in accordance with local waste management regulations, take green issues into account in procurement, inform of and educate personnel on the Green Office operating methods, monitor the fulfillment of the objectives, and submit a report on their operations to WWF annually.

Green Offices should also strive to continuously develop their environmental systems and improve the environmental awareness of personnel. WWF inspects the participating offices' facilities every three years. The inspections help monitor how well the offices meet the system criteria and their use of the Green Office label.

WWF provides assistance to organizations in building the system and supports environmental management

in the offices by organizing workshops, disseminating information on best practices as well as providing the offices with a climate calculator, consumption habit questionnaire and other tools and models for developing operations.

Currently, the Finnish Green Office network consists of 186 organizations and 532 offices, with a total of nearly 70,000 employees. In addition to Finland, Green Offices are located in as many as 11 countries, including Turkey, China, and Denmark. In 2007– 2012, the Green Office network reduced carbon dioxide emissions by a total of more than 12,400 tonnes. The amount corresponds to more than 2,400

> return flights from Helsinki, Finland, to Bangkok, Thailand.

Continuous improvement of operations will create challenges in generating savings in Green Offices in the future. However, measures such

as switching to energy-efficient LED lighting are becoming more common, which will affect future electricity consumption, since lighting accounts for as much as one-third of energy consumption in offices. Carbon dioxide emissions per person will also decrease as an increasing number of offices will either purchase electricity produced with renewable forms of energy or compensate for the emissions generated by electricity consumption.

In 2013, the Green Office system won the national Energy Globe Award Finland and was one of the finalists presented in the awarding ceremony in Salzburg Austria. The award recognizes projects which have considerably contributed to saving the planet's resources or promoted the use of renewable forms of energy. The Green Office service is subject to a fee, and its proceeds are used to support WWF's conservation work.

www.wwf.fi





Robotics + Artificial intelligence = Solving the world's waste problem

ZenRobotics is the

only company

in the world

to succeed in

introducing robots

to the waste

management

environment.

THE WORLD IS RUNNING OUT of chromium, phosphorus, manganese, platinum, and many other minerals and raw materials needed by different sectors of industry. At the same time, in the EU alone 900,000,000 tonnes of construction and demolition waste containing valuable and recyclable materials is generated. Roughly half of this end up in landfills every year. In practice, the goods manufactured every second by all factories in the world end up as waste within a few months.

The problem has already been addressed by sorting waste more carefully than before. However, the majority of industrial waste is still processed using extremely primitive methods, with mechanical processing or manually. This is both ineffective – only a subset of the raw materials are recovered – and dangerous for people performing the sorting.

A solution offered by the Finnish company ZenRobotics to the world's waste problem is a waste sorting system which combines robotics and artificial intelligence. The company is the only one in the world to succeed in introducing robots to the waste management environment which is all too demanding for traditional robot control systems.

The ZenRobotics Recycler (ZRR) sorting system is unique from the perspective of both waste management and robotics. The system reclaims valuable and usable fractions from waste effectively with the help of machine learning technology. ZRR replaces humans with robots in demanding and dangerous working conditions and tasks. For example, a human is incapable of identifying countless different types of plastic when sorting, but the system identifies them effortlessly, which considerably helps improve the quality and range of materials to be recycled.

ZRR brings concrete added value not only to the environment but also to the companies using the

system. It helps companies reclaim more valuable raw materials from their waste, generating profits at the constantly increasing world market rates. The robotic system can work effectively around the clock, if needed; companies obtain considerable savings in gate fees, and using the latest and Best Available Technology in waste management draws media interest.

With ZRR, the end of the product's value chain is as effective as the beginning. ZRR helps limit the increase in waste volume and stop wasting valuable raw materials. In 2011, ZenRobotics was selected as the most innovative environmental company in Europe at an international industry fair. In 2013, the company won the Later Stage award of the Global Cleantech Cluster Association in the Best in Waste Management category, as well as the national award in the Product category of the European Business Awards for the Environment.

www.zenrobotics.com



Managing diversity for business success

Factors, such as gender, age, ethnic background or disability are just the tip of the iceberg when it comes to diversity. Below the surface, there are a variety of individual skills, competence and potential we should be able to make use of.

Managing diversity originates from the Anglo-Saxon countries where it is selfevident to take diversity and inclusion into consideration. Therefore, the majority of international companies have been implementing diversity strategies for a long time," says **Aulikki Sippola**, Diversity Management Specialist, Ph.D. (Econ.) at the FIBS network for corporate responsibility.

In Finland, diversity management is a rising trend in corporate responsibility due to the numerous benefits it offers in terms of extended labour pool, new sales opportunities , enhanced productivity, cost savings through increased work satisfaction and in building reputation as a socially responsible employer.


According to Sippola, Finnish companies already work hard to promote diversity, although the efforts are not called diversity management but are included in responsible Human Resource Management.

"Most companies have certainly taken some aspects of diversity management into account. Finnish companies, for example, use many excellent practices which promote well-being at work and are family-

friendly as well as flexible, partly due to the fact that gender equality is being advanced in a determined manner," Sippola points out.

She mentions Attorneys at Law Borenius as an example: they have started the Crowded Years Initiative aiming to achieve a comprehensive work-life balance by offering parents of small children help with housekeeping and child care, for example.

Simply put, diversity management means that individuals can utilize their competence in the best possible way, have good working conditions, are able to influence their work, and that companies understand how to motivate, develop and train people. When people feel good at work, they are also more committed to their jobs and cope better. This also prevents sick leaves and premature retirement, which is critical particularly in Finland, where the rapid ageing of population is already manifesting as shortage of labor in some sectors.

Sippola encourages companies to think about diversity more widely than in terms of just certain personnel groups and to focus on the potential of people.

The availability of alternative ways of working, career paths and training should be increased.

"Diversity management approach should be systematic. A company should have a long-term plan, instead of making ad hoc decisions to, for example, focus on women one year and on young people the next. People of different ages and with different backgrounds do not fit in the same mold; instead, the availability of alternative ways of working, career paths and training should be increased."

To advance these matters, FIBS founded the Diversity Charter Finland in 2012. The companies and organizations who sign the Charter commit to promoting equal opportunities, policies and procedures which take diversity into account in both personnel and customer base. So far, the Charter has been signed by nearly 30 working communities.

MORE DEMANDING CUSTOMERS

In Finland, diversity management is most advanced in the service, cleaning and property maintenance industries as well as in retail. Demographic changes have already taken place in these industries, and cultural diversity is common in their everyday operations.

The customer base is also a factor forcing companies to implement diversity strategies. Diversity management can help reach new markets and win new customers, if services and products are well targeted. In Finland, the travel industry is one of the sectors where this has been realized to a certain extent. For example, Helsinki has declared itself a Gay-friendly holiday and conference destination. "Customer experience is becoming increasingly important in diversity management. Sending a message that everybody is welcome can create plenty of new business opportunities. For example, in the Scandic hotel chain the hotels and rooms are accessible for all. This approach has strengthened the chain's reputation and increased sales."

Nevertheless, Sippola stresses that diversity work should not be carried out because of money and reputation alone, but because it is a good and fair way to manage.

SOCIETY ENCOURAGES SOCIAL RESPONSIBILITY AS WELL

Management of diversity and inclusion is one concrete way for companies to put social responsibility into practise. In Finland, the government and legislation also encourage workplaces to take into consideration individuals who have difficulties in finding employment or are facing marginalization.

The government's Working Life 2020 project, launched in 2013, aims to develop Finnish working life into Europe's best by 2020. The goal of the project is to motivate employers to develop the quality and productivity of working life. FIBS is one of the project partners through its diversity network.

NGO's, in particular organizations for the disabled, are also heavily involved in efforts to increase diversity in working life. They also often possess a lot of expertise in the area. Currently, Finland wants to make it easier for people with partial work ability and young people to enter the labor market. According to Aulikki Sippola, people with partial work ability have plenty of potential which has not been fully tapped into yet. "We have, in addition, good examples of employing developmentally disabled individuals and individuals recovering from mental disorders. Luckily, Finns are fairly open to new ideas and work trial practises as long as someone convinces them first."

Efforts to improve the position of young people in the labor market include the Youth Guarantee initiative, among other things. In the initiative, employment authorities offer all young people under 25 and all new graduates under 30 with a job, a work try-out opportunity, a study place, or a place in a youth workshop or rehabilitation program no later than three months after the individual has registered as a job-seeker.

"Finnish working life is in turmoil, and society as a whole is constantly changing. Society has laid a strong foundation for supporting diversity issues, but their implementation requires that companies are willing to develop their operations towards inclusiveness. Luckily, we already have many examples of bold pioneers who are demonstrating that diversity management truly works."

TEXT SUVI HUTTUNEN PHOTO JULIUS KONTTINEN Tuulia Taipale Communications Manager, SMT

Sustainability and business travel – what do they have in common?



Il too often enterprises and non-profit organizations face a dilemma concerning sustainability and business travel. Companies have to travel in order to make new contacts and win new business. Despite the constantly evolving technological solutions in web and video conferences, Finnish decision-makers admit that sometimes they all have to travel for business.

SMT, the leading Finnish Business Travel Agency, was founded in the beginning of December 2013, when Area and the Finland Travel Bureau, two travel agencies owned by Finnair, came together to form the new SMT. The company aims to continue the good work in sustainable travel that its predecessors started. The goal of SMT is to be a pioneer in sustainable business travel in Finland and to offer and develop new solutions and new information in the field for our customers, since there are more ways to reduce the carbon footprint of travel than just dropping all travel.

THE KEY IS TO FIND a happy medium between business demands and greenhouse gas emissions. SMT, together with its forerunner partners, offers its corporate clients tools for measuring and then reducing their travel-related emissions – for management requires measurement. SMT has been offering emissions reporting since 2009. This reporting is often the first step for organizations to realize their carbon footprint, and its demand is on the rise.

THE TREND IS that sooner or later, enterprises and non-profits will have to report on their sustainability and take action on it. The European Commission has published a policy on corporate social responsibility with the aim to have enterprises integrate social, environmental and ethical responsibility as well as human rights and consumer concerns into their business operations and core strategies. This trend is clearly visible in Finnish business life as well.

EMISSION REPORTS help organizations identify their main sources of emissions. The next step where SMT helps organizations is to define actions to reduce emissions. With an analysis of the organization's travel policy and a focus on sustainability, it can obtain considerable results.

FOR SUSTAINABLE TRAVEL, both operational measures and influencing attitudes are needed. Operational measures contain, for example, choosing sustainable travel service providers or nonstop flight routes which can be included in the travel policy and other guidelines provided by company management. Impacting travelers' attitudes can be harder to accomplish, as it involves personal choices, such as traveler's habits concerning hotels, water consumption and waste sorting.

FOR EXAMPLE, SMT has analyzed its clients' travel trends, top destinations, partners and other travel behavior and subsequently given them recommendations on changing their business travel habits for a more sustainable travel culture and reduced carbon footprint. Reports show that by making right choices regarding flight routes and aircraft, it is possible to reduce the carbon footprint of flying by as much as a third.

THE CHALLENGE IS the unharmonized practices regarding sustainability reporting and ecolabels around the world. In Finland, comparing different service providers is usually fairly easy. When a traveler heads out to the world, sustainability may remain unattainable or can even be unknown in the local culture. Fortunately, the global intent to improve the sustainability of travel is on the increase, and even business travelers can contribute to it by making sustainable choices.

FIBS-The leading CR network in Finland



Creating shared value in collaboration with sustainability leaders

NO COMPANY IS an island when it comes to sustainable development. That is why FIBS has been bringing together companies and other players for 14 years to exchange information and experiences on best sustainability practices, as well as to learn from both each other in order to generate shared value.

Our efforts seem to be working, at least judging by the steadily growing number of our members. We develop our services with our members' wishes in mind but also keep an eye on broader CR trends in Finland and elsewhere. We provide information on the latest tools in the field and localize them to the needs of Finnish companies. We organize Master Class training programs and, on a more general level, monitor Finnish companies' sustainability performance by conducting a survey among CEOs and CR professionals once per year.

Our current member projects deal with companies' biodiversity activities, human rights - especially in context of supply chains - and diversity and inclusion. In addition, our breakfast seminars, workshops, and other events cover a wide range of sustainability themes from economic responsibility to sustainability communications.

FIBS is the leading CR network in Finland. We actively work to make an impact on the CR practices on a national level and in addition share our members' sustainability solutions not only in Finland but also globally through our international partner networks.

We are privileged to work with top CR experts in Finland for a more sustainable future. Therefore, we always want to offer the greatest value to both our members and other partners.

Ulla Roiha Manager Corporate Responsibility Network FIBS

Events, information & networking opportunities

SEMINARS & WORKSHOPS With 30 events annually, FIBS is the most important organizer of CR events in Finland. Introducing the leading Finnish and international keynote speakers from businesses, academia, interest groups, and the public sector, we bring companies together to share best sustainability practices and to discuss current CR topics. Most our events are organized in cooperation with our members and other stakeholders and thus provide them with opportunities to brand building as the forerunners of corporate responsibility.

PEER SUPPORT & CONTACTS FIBS

is a multi-stakeholder platform with members ranging from businesses to NGOs, universities and public sector organizations. It also offers unlimited networking and benchmarking opportunities for companies looking to enhance sustainable growth and positively contribute to society. In addition, by attending diverse official steering groups and projects, FIBS conveys its members' views to decision-makers and influences national CR policies and practices.

DEVELOPMENT & RESEARCH PROJECTS

Diversity Charter Finland, Business & Biodiversity program, NGO-Business partnership database, Responsible Business at Emerging Markets program, European CSR Award in Finland, Sustainability in Finland CEO survey. These are some examples of FIBS' latest endeavors to help and inspire companies to create shared value and to transform the management of their value chains towards improved performance. Compared to isolated projects, multistakeholder collaboration provides multiple benefits to companies.

INFORMATION & PUBLICITY FIBS

uses diverse communication channels, including a monthly newsletter and an online CR Database, to provide the latest sustainability news and information from Finland and around the world. At the same time FIBS offers publicity to its members' CR activities. FIBS also takes its members' best sustainability practices and innovations to international arenas through European and international CR networks and other partner organizations.













FIBS members

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