

Part I

Systemic View—the Big Picture

Lehman Brothers of Environment

One must wonder what will it take before companies change from pure economics-driven leadership into a model that considers environmental, social and economical values.

We all know what was needed before the system was cleaned up in the world of financing—the Lehman Brothers. Do we need to lose a city, a country or entire continent to pollution—losing in any case millions of lives—before we will set up rules for businesses restricting their operations that negatively impact the environment?

Basic rules of accounting are only evaluating success through profits; however, there should be ways to take into account the impact beyond money. When working in a family-owned company, the values of the owners can make a big difference, as they can set the standards for the company to make decisions which create a path to a better world.

Electrification is a business area inside Danfoss, where we have an opportunity to make a positive impact on environment. Electrification is a sustainable innovation that not only creates economical value for Danfoss and to its customers through efficiency, but also enforces environmental sustainability and social well-being at the same time.

Therefore, I believe I am privileged to be in this position in life and in business. I can only wish that the different methods described in this book would be soon adopted to the official accounting rules as well as the world of financing, driving the markets towards a direction that provides better world for all of us.

Kimmo Rauma, Danfoss Editron

Innovation for Sustainability in Banking Sector

Our vision about the world we live in is marked not only by a sense of urgency, but also by a sense of opportunity.

Financial industry is living its sustainability tipping point. Four forces are reshaping this new era: (1) a global agenda with standouts such as the Paris Agreement on climate change and the SDGs; (2) the tremendous market opportunity generated by this agenda; (3) the increasing pressure by institutional investors and finally (4) the growing regulation and soft-regulation.

Now it is time to reimagine the role of banking in society. Banks need to redefine their purpose, a purpose that is as transformational as massive, aimed at having a positive impact on people's lives. Our purpose at BBVA is to bring the age of opportunity to everyone.

Purpose-driven banks mean to mainstream innovation for sustainability. We need to embed the impact on people's lives in the whole innovation process. Only this human-centric approach will lead us to build trust and ensure enduring companies.

In the case of banks, there are relevant examples of this innovation for sustainability. One of them is the use of exponential technologies (AI, big data, blockchain...) to create solutions to promote financial inclusion, financial health and advice to take better financial decisions. Another one is sustainable finance where we see innovations such as green/social bonds or green loans. A third source is the umbrella of extreme transparency. As our Group Executive Chairman has said: *“Soon, a financial ecosystem will emerge that will work in a different way, based on extreme transparency and where the client will be the winner”*.

But the most promising is that we start to see more than ever the level of complicity within the industry to think big. The Principles for Responsible Banking promoted by UNEP FI and 28 banks to be

launched in November 2018 are a great example of multi-actor and cross-sector innovation for sustainability. They will define the standards and the accountability model of this new banking sector.

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