

Paolo Taticchi

 @taticchipaolo



An Introduction to Modern Corporate Sustainability.

Bogotá, February 20th 2018



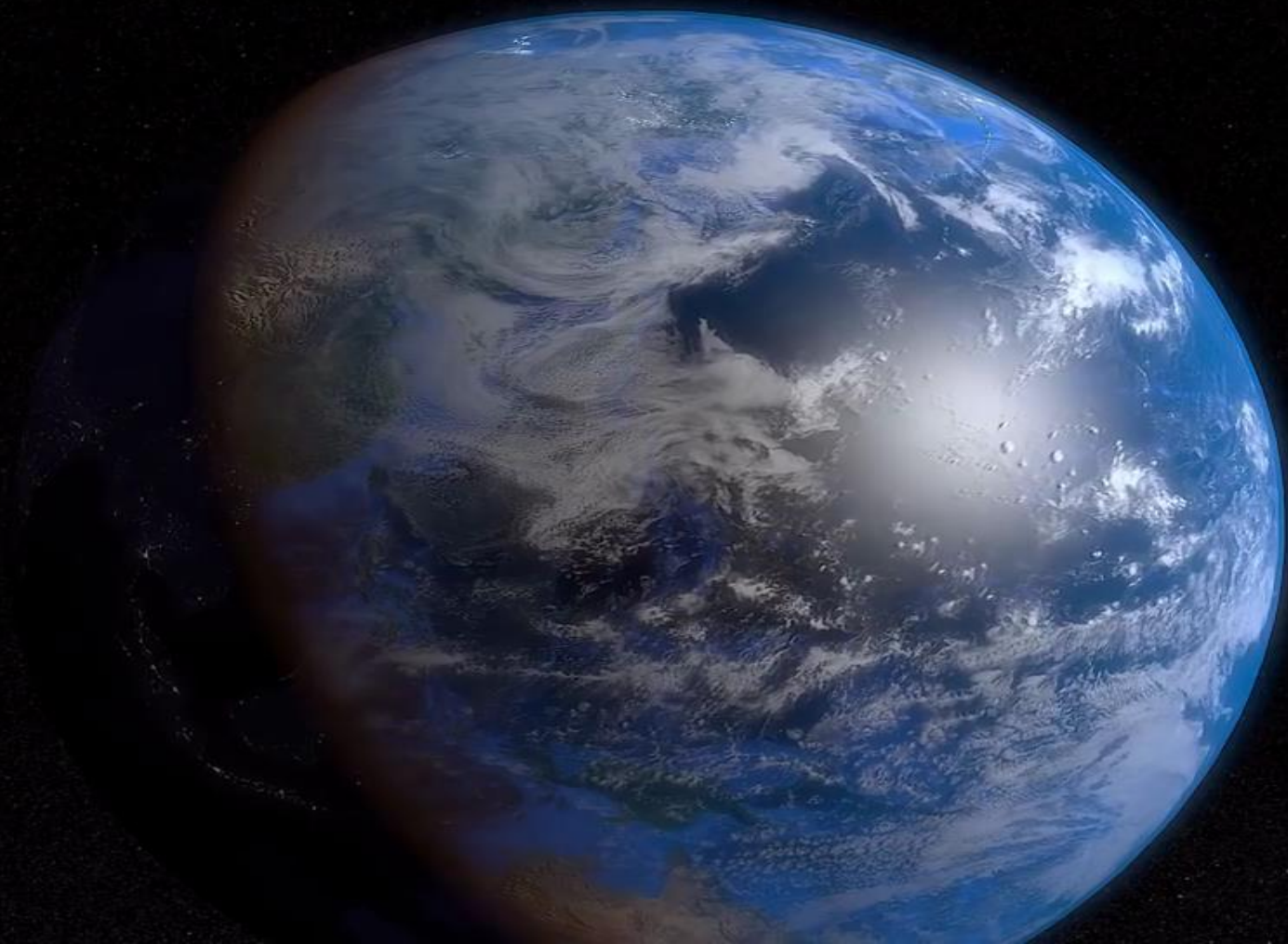


**Drivers of the
Sustainability
Debate**

**Modern
Corporate
Sustainability**

**Financial
Services**

**Final
Remarks**





Ivory Coast and Ghana unite to fight cocoa price volatility

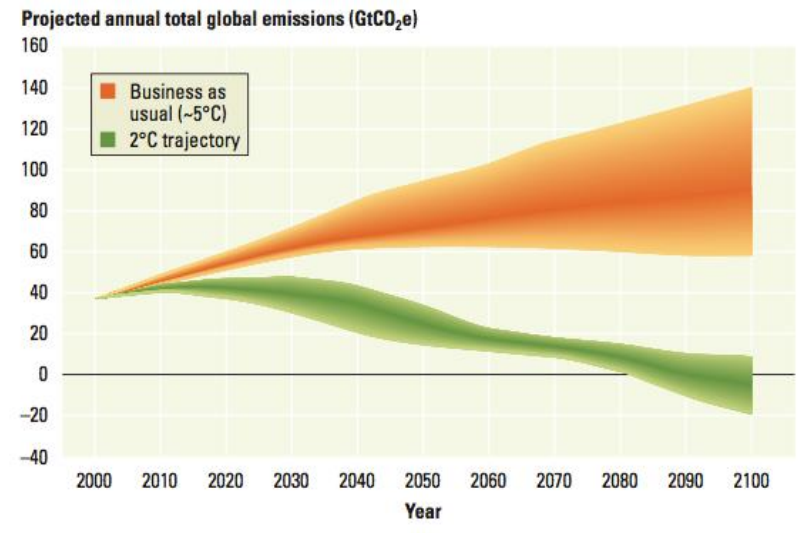






Colombia is a country that is especially vulnerable to climate change given that its population has settled in areas prone to flooding and in unstable lands of the high sierras. In addition, the country presents a high recurrence and magnitude of disasters associated to climate conditions.

UNDP (2010)



[IPCC Climate Change Report, 2014]

8 DECENT WORK AND
ECONOMIC GROWTH





Modern Corporate Sustainability

**Deep sense of
urgency.
Radical effort of
change is
expected.**



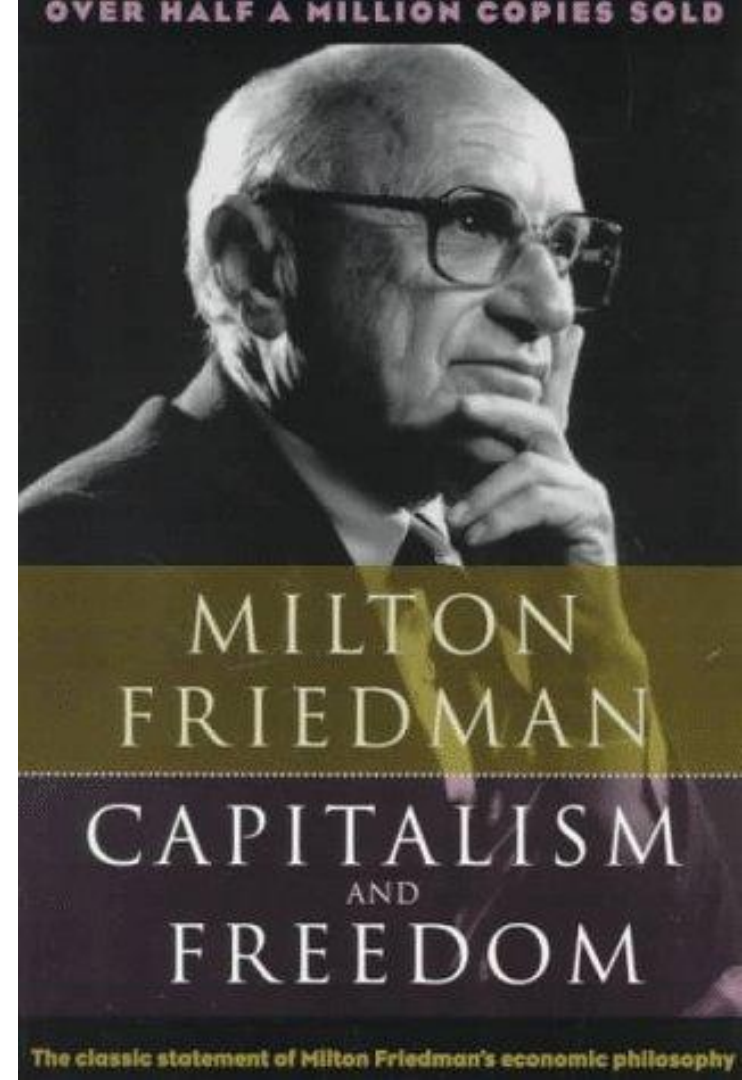
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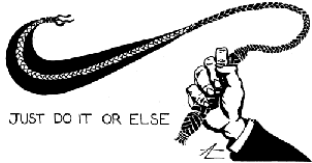
**Final
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**The only social
responsibility
of business is
to increase its
profits.** (Friedman,1970)



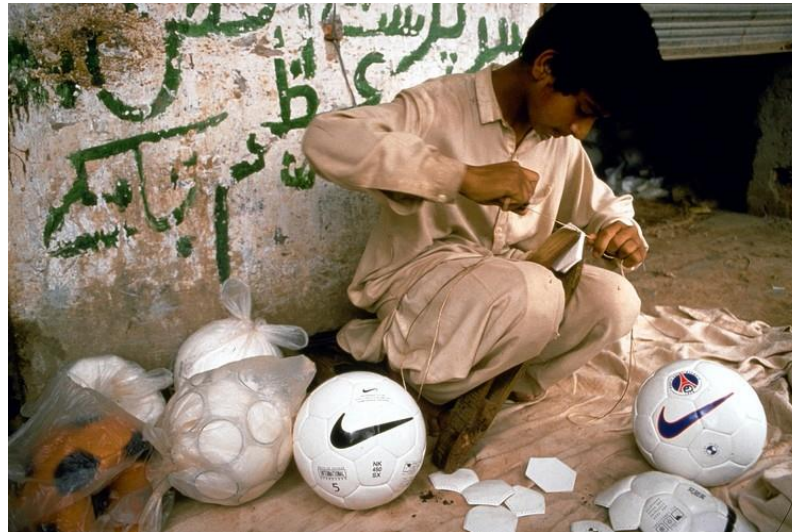


Just don't!
 Made by Slaves of Poverty
 For Slaves of Fashion

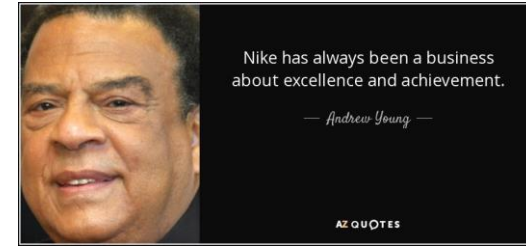


“On the playgrounds of America,
 Every Kid's Goal is to Score: In
 Pakistan, where children stitch
 soccer balls for Six Cents an hour,
 the goals is to Survive.”

[Schanberg, Sydney H. (1996)]



[Photo by Marie Dorigny. Additional reporting by Jimmie Briggs. Life Magazine (June) pp. 38-48]



May '96

Dec '98

CSR ...all wrong!



Modern Corporate Sustainability

**Offsetting can't be
a strategy!**

Corporate Sustainability is
a business approach that
creates long-term
shareholder value by
embracing opportunities and
managing risks deriving from
economic, environmental
and social developments.



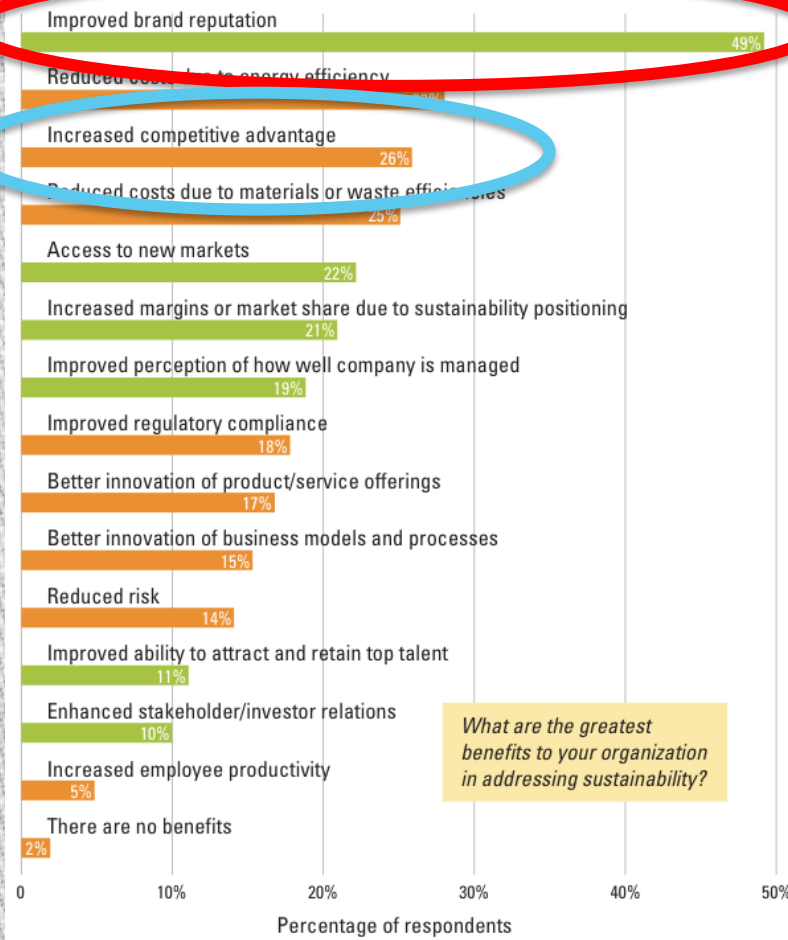
Modern Corporate Sustainability

**Business case
based on both
Opportunities and
Risk Reduction.**

“The purpose of the corporation must be redefined as creating **shared value, not just profit per se. This will drive the next wave of innovation and productivity growth in the global economy.”**

SHARED VALUE = SMART BUSINESS

“Shared value** is not social responsibility, philanthropy, or sustainability, but a new way for companies to achieve economic success.”**



SHARED VALUE
=
SMART BUSINESS

Modern Corporate Sustainability

**Sustainability is
about Smart
Business!**



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Top 10 financial scandals in UK retail banking

| Type of misconduct | Provisions |
|---|------------|
| PPI mis-selling, 2010-15 | £37.3bn |
| Interest rate hedging products mis-selling, 2012-15 | £4.8bn |
| Endowment mortgages mis-selling, 2002-06 | £1.9bn |
| Consumer Credit Act breaches, 2013-15 | £1bn |
| Investment products and advice mis-selling, 2003-15 | £0.9bn |
| Packaged bank account mis-selling, 2014-15 | £0.8bn |
| Mortgages, 2002-14 | £0.7bn |
| Pensions mis-selling, 2000-02 | £0.6bn |
| Unfair unauthorised overdraft charges, 2006-07 | £0.6bn |
| ID theft and card protection insurance mis-selling, 2014-15 | £0.5bn |
| Other issues / miscellaneous, 2000-15 | £3.6bn |

UK banks' provisions.



This is simply NOT MATERIAL!

How do you integrate ESG?

readability

Some good leadership stories (not comprehensive!)

**Grupo
Bancolombia**




DAVIVIENDA

bvc



BlackRock's Message: Contribute to Society, or Risk Losing Our Support

LARRY FINK'S ANNUAL LETTER TO CEOs

A Sense of Purpose

January 16th 2018

Dear CEO,

As BlackRock approaches its 30th anniversary this year, I have had the opportunity to reflect on the most pressing issues facing investors today and how BlackRock must adapt to serve our clients more effectively. It is a great privilege and responsibility to manage the assets clients have entrusted to us, most of which are invested for long-term goals such as retirement. As a fiduciary, BlackRock **engages with companies** to drive the sustainable, long-term growth that our clients need to meet their goals.

In 2017, equities enjoyed an extraordinary run - with record highs across a wide range of sectors - and yet popular frustration and apprehension about the future simultaneously reached new heights. We are seeing a paradox of high returns and high anxiety. Since the financial crisis, those with capital have reaped enormous benefits. At the same time, many individuals across the world are facing a combination of low rates, low wage growth, and inadequate retirement systems. Many don't have the financial capacity, the resources, or the tools to save effectively; those who are invested are too often over-allocated to cash. For millions, the

Larry Fink, CEO of \$6.3 trillion manager BlackRock, just sent a warning letter to CEOs everywhere

Larry Fink's letter to CEOs is about more than "social initiatives"

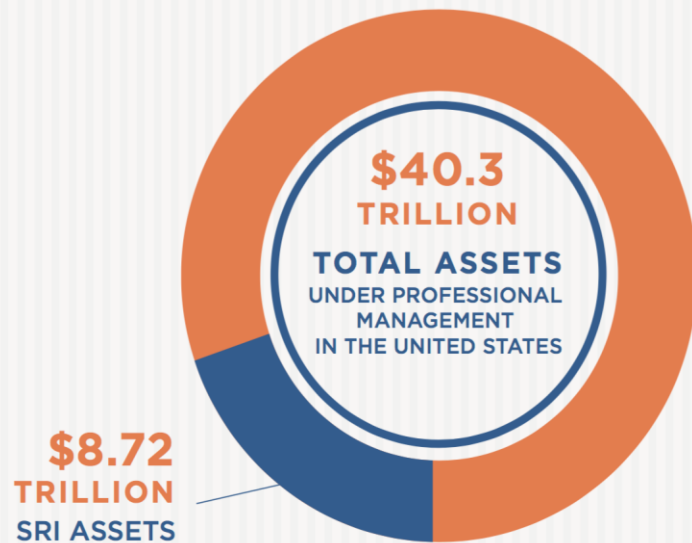
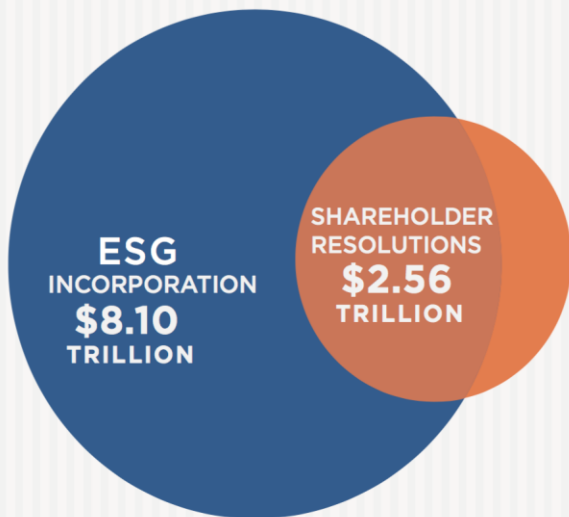
BlackRock CEO Tells Companies To Contribute To Society. Here's Where To Start

Fink's Letter to CEOs Upends a Half-Century of Business Thought

Bloomberg

**LARRY FINK
BLACKROCK CEO**

SIZE OF SUSTAINABLE, RESPONSIBLE AND IMPACT (SRI) INVESTING 2016



[US SIF, 2016]

Modern Corporate Sustainability

**A “material” sense
of purpose”**



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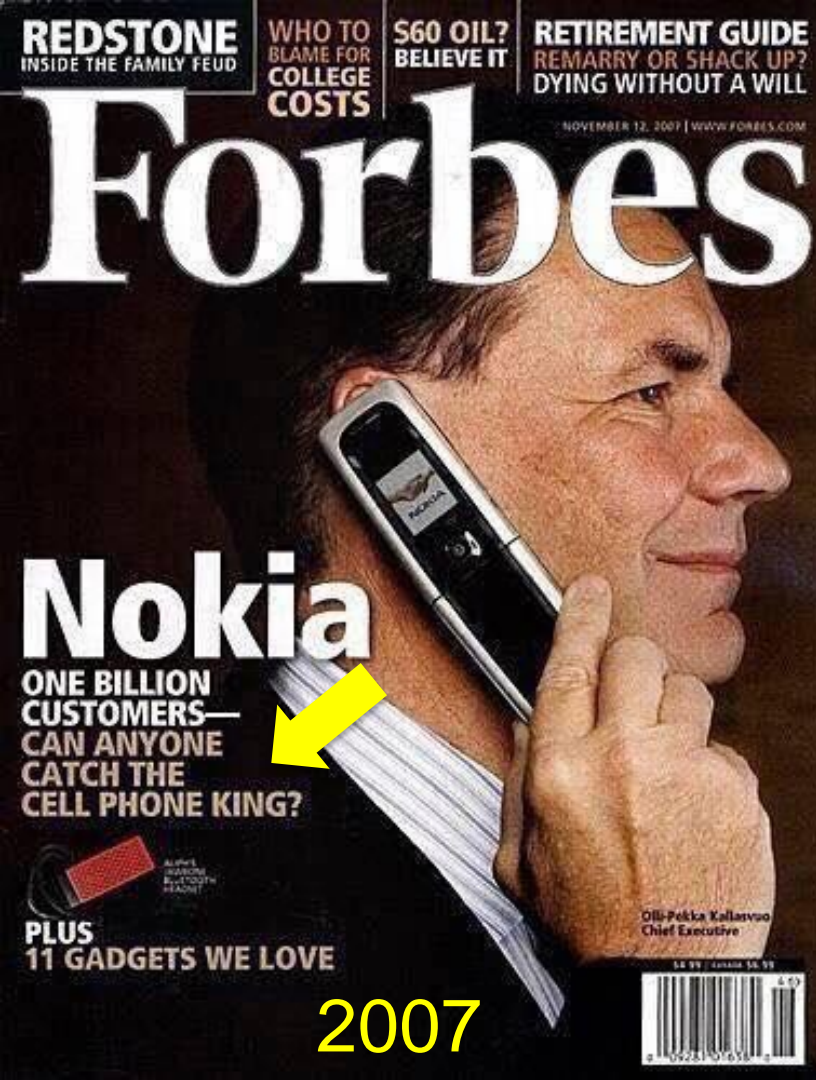
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Sustainability is
about Smart
Business!

Deep sense of
urgency.
Radical effort of
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Modern Corporate Sustainability

A "material" sense
of purpose



“The ability to learn faster than your competitors, may be your only **sustainable competitive advantage**”.


[adapted from Peter Senge, 2005]

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Thank You.

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