Sustainability for/v.s. FIs
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What do we understand from Sustainability?

Source: 2011 BCG-MIT Sustainability and Innovation Survey
Sustainability = Adaptation = Measurement

- Adapt to changes in the **ecological**, **social**, and **economic** spheres across different time horizons.
- Balancing flows of materials, labor, economic value and trust in and out of those three spheres.
- Imbalances can often be turned into business opportunities.
- «Adaptation» is «**Measurement**». Can not be controlled and developed without measuring.

**Source**: 2012-MIT Sloan Management Review Research Report, Sustainability as Adaptability,
• 4,000 managers from 113 countries, 70% of companies have placed sustainability permanently on their management agendas in the past 6 years—from this group, **20% say it’s happened in the past two years.**

*Source: 2012-MIT Sloan Management Review Research Report, Sustainability Nears a Tipping Point*
The Status of Sustainability Topic in the World

- Europe seen as sustainability leader according to a survey as seen in the chart above.
- Developed countries, home to more mature companies and industries, are still regarded as the regions with the best approaches to sustainability.

Source: 2012-MIT Sloan Management Review Research Report, Sustainability Nears a Tipping Point
Sustainability is now on the Agenda of Managers

- **Increased** sustainability commitments
- **No changes** to sustainability commitments
- **Decreased** sustainability commitments

Comparatively few companies have decreased their commitment in the past two years.

How has your organization’s commitment to sustainability—in terms of management attention and investment—changed in the past year?

- Companies increase their **sustainability commitments**

Source: 2012-MIT Sloan Management Review Research Report, Sustainability Nears a Tipping Point
Factors of Creating Sustainability Value

<table>
<thead>
<tr>
<th>Factors</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Customers prefer sustainable products/services</td>
<td>41%</td>
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<tr>
<td>Legislative/political pressure</td>
<td>35%</td>
</tr>
<tr>
<td>Resource scarcity</td>
<td>30%</td>
</tr>
<tr>
<td>Competitors increasing commitment to sustainability</td>
<td>28%</td>
</tr>
<tr>
<td>Stricter requirements from partners along the value chain</td>
<td>26%</td>
</tr>
<tr>
<td>Owners’ demands for broader value creation</td>
<td>25%</td>
</tr>
<tr>
<td>Competing for new talent</td>
<td>23%</td>
</tr>
<tr>
<td>Customers willing to pay a premium for sustainable offerings</td>
<td>20%</td>
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<tr>
<td>Meeting demands of existing employees</td>
<td>19%</td>
</tr>
<tr>
<td>Maintaining &lt;&lt;license to operate&gt;&gt;</td>
<td>16%</td>
</tr>
</tbody>
</table>

Which of the following factors have led to changes in your business model as a result of sustainability considerations?

- Customers’ preference for **sustainable products and services** is a significant external driver of business model innovation.

Source: 2012-MIT Sloan Management Review Research Report, Sustainability Nears a Tipping Point
FIs and Sustainability

Financial Institutions

Investors

Employees

Academia

Other FIs

Clients

NGO

Media

Communities

Companies / Industry

Suppliers

Unions
Sustainable Banking = 6 Commitments

1. Sustainability
2. ESG Risk Management
3. Responsibility
4. Accountability
5. Transparency
6. Governance