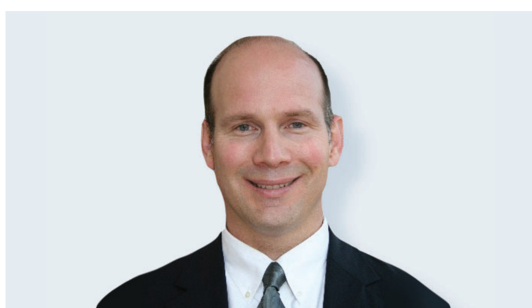
Bank Boards, Risk Culture and Sustainability



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1. Abstract

The article analyses bank governance in the context sustainability risks and related business challenges. It addresses the issue of why it is important for bank boards to address environmental sustainability challenges and related financial risks. It suggests that effective bank corporate governance, including risk culture defined as the standards, incentives, and values within institutions, is vital for determining whether banks and other financial institutions will be able to support the economy's transition to more sustainable growth and development. Environmental sustainability challenges that require banks to be resilient against the financial risks associated with environmental change and to reorient credit and capital to more sustainable economic sectors have brought banks and other financial institutions to the fore in the sustainable finance debate.

2. Introduction

The paper considers some of the important issues which bank boards should consider in developing and supporting business strategies that support environmental sustainability objectives. Sustainable business and financial strategies have become an important focus for the boards of banks and other financial institutions as they address growing shareholder and regulatory concerns with climate change and other sustainability objectives. Although sustainability is a relatively new concept, it has, nonetheless, quickly been embraced as mainstream by many governments, regulators and market participants. Most of the literature accepts the 17 United Nations Sustainable Development Goals as an appropriate reference point for the policy objectives, but sustainability has many aspects.[1] This article takes an environmental focus, because that is already generating significant risks for the financial sector. However, many of the arguments apply equally to other social sustainability (so-called ESG) challenges as well.

1 See United Nations (2015), About the Sustainable Development Goals. available at: www.un.org/sustainabledevelopment/sustainable-development-goals .

The main relevance of sustainability to banks as businesses is that they depend in large part on sustained economic growth to create new assets. Sustained growth is also the objective of most governments and central banks. However, the new sustainability agenda sets the horizon for growth objectives at decades rather than, as has been the case over most of the past century, the short-term business or credit cycle. Taking a long-term approach to business development represents a challenge for any firm, especially banks, that needs to demonstrate on-going returns to investors.

As banking is central to the economy, this article will discuss how bank governance can address sustainable finance challenges. Part 1 discusses the banking business and the role it can play in addressing sustainability risks and challenges and supporting the transition to a more sustainable economy.[2] Part 2 suggests that «collective» agency problems that exist in large complex organisations, such as banks and other financial institutions, pose the main challenge for bank boards in addressing risk culture, particularly in the context of sustainable finance risks. It suggests that human agency theory offers an alternative theory that emphasises the importance of organisational culture in determining standards, norms and values that influence agent behaviour within many financial institutions. Part 3 discusses how bank regulators can interact with bank management and boards to address sustainability challenges. It also suggests that bank boards should consider the importance of 'risk culture' in addressing organisational failings and confronting new business challenges, such as climate change and other sustainability concerns. Although bank boards have the primary responsibility in setting the tone at the top of the organisation, regulatory intervention may be necessary to ensure that bank governance practices are adequately managing agency problems regarding sustainability concerns. Part 4 concludes with some recommendations for how bank governance and business practices could be improved to support society's sustainability objectives.

2 See European Commission (2018), Final report of the High-Level Expert Group on Sustainable Finance. Available at: //ec.europa.eu/info/publications/180131-sustainable-finance-report_en

2.1 Banking and Sustainability

Banks are often referred to as 'special'. This is, in part, because they create money via deposits on their own balance sheets when they lend. That means they can use leverage to create credit in a way that non-deposit financial institutions cannot. The business model of a bank involves providing services for deposit taking (including term savings), credit creation, risk management (e.g., through derivatives) and payments. But the liquidity mis-match between taking sight deposits and term credit-creation makes it ideal for some types of finance and not others. This is an important issue in considering how bank finance can support sustainable development goals. Commercial banks are particularly good at assessing credit risk, especially for large numbers of smaller borrowers. Hence banks dominate in providing retail mortgages and credit for small and medium enterprises. Non-bank specialist lenders, in contrast, without cheap funding from a deposit base, typically compete by taking on niche credit risks (e.g., large mortgages, borrowers with irregular incomes, auto finance). Investment banks, or the affiliates of deposit-taking banks, play a complementary role by, for example, arranging / syndicating very large corporate loans or helping companies to issue bonds or equities, or facilitating government debt markets.

Banks deserve special attention because, in many economies, they are the dominant providers of credit. That includes providing initial development finance for new projects that can enable the economy to grow and to become more resilient to sustainability challenges. But, of course, they also provide finance for existing, unsustainable activities, which generates financial risk for themselves and systemic risks for the economy as a whole. European policymakers have already made clear that they consider banking to be important for supporting the transition to a more sustainable economy. Regulators have also focused on regulating bank governance following the great financial crisis of 2007 – 08 primarily to control bank risk-taking. In light of the Paris Climate Change Treaty and the growing recognition by policymakers and regulators of the economic risks associated with climate change and sustainability challenges, bank corporate governance has become a key focus for oversight to ensure that bank business practices are resilient to sustainability risks and facilitating the transition to a net zero carbon economy.

A few banks are public utilities, but most are not and, like other commercial firms, banks would not normally see it as their role to choose credits based on political or social factors. But bank behaviour has positive and negative externalities for society as a whole, just as individual behaviour does. One bank's loan to an unsustainable activity may be profitable for the bank – at least for a while – but such lending by banks collectively could seriously damage the economy over the longer term. So how can society influence banks to take account of these and other externalities and to direct more credit and investment towards sustainable economic activity and not just towards assets that generate only short-term rewards?

Part of the answer is to make banks internalise the externalities. This should be possible since these same systemic risks will ultimately undermine the banks' own business models. It is suggested that regulators and other stakeholders, including shareholders, can help to change bank risk culture so that the externalities associated with the banking business are identified and managed more effectively. The role of the bank's board is vital for ensuring that this task is fulfilled and that sustainability concerns are integrated into risk management practices and wider business models. That would drive the development of more lending to, and investment in, sustainable sectors of the economy.

2.2 Collective Agency Problems in Banks

The 'tragedy of the commons' is a metaphor to show how moral hazard arises from the over-use and degradation of the public 'commons' by rational, utility-maximizing individuals. In the context of climate change and environmental sustainability risks, today's generation does not have adequate incentives to take collective action to conserve and limit degradation of natural resources for the benefit of future generations. This collectivisation of losses passed on to future generations reflects the problems associated with negative externalities and social costs.[3]

The collectivisation of losses that can arise from the tragedy of the commons can also occur within the institutional structure of large organisations or financial institutions in which the behaviour of many individual agents across the organisation can lead to a collective form of moral hazard, an incentive problem at the collective action level.[4] This would involve individual managers having inadequate incentives to monitor and solve agency problems because organisational norms and institutional structures are such that they constrain or limit behaviour that may 'rock the boat'. Also, organisational incentives might be structured in a unilinear or univocal way, running directly from firm owners to managers, which does not take account of the firm's organisational norms and institutional structure that can influence decision-making and strategy and which may lead to a collective form of moral hazard across the organisation. Similarly, the very personality traits that fulfil traditional corporate governance objectives, such as shareholder wealth maximisation, can result in disadvantaging the interests of other principals such as bondholders or other creditors or stakeholders such as customers and employees.[5]

A. Collective agency problems and Human Agency Theory

As commercial banking organisations are complex organisations, they can only achieve their economic objective of maximising shareholder returns through the collective efforts of many individuals – individuals who in theory share the same objectives and beliefs and who can coordinate their activities effectively. However, the size and complex structure of large, systemically important banks gives rise to a wide range of potential agency problems that involve several major stakeholder groups, including but not limited to shareholders, creditors, depositors and other customers, employees, management and supervisory bodies.

3 E Ostrom, 2008. 'Tragedy of the Commons'. The New Palgrave Dictionary of Economics, 3573, Basingstoke: Palgrave Macmillan.

4 James Dow, 2000. 'What is Systemic Risk?: Moral hazard, initial shocks, and propagation', 15, Institute for Monetary and Economic Studies, Bank of Japan.

5 See generally Mahmendier and Geofrey (2009); See also A. Tversky, and K. Daniel, 1974. Judgment Under Uncertainty: Heuristics and Biases. Science, New Series, 185(4157), pp. 1124-1131.

Agency problems can arise because decision-making is directly or indirectly delegated from one stakeholder group to another in situations where stakeholder groups have different objectives and preferences, and where complete information that would allow stakeholders to control decisions made on their behalf is not readily available. The most studied agency problems in the case of banks involve i) depositors and shareholders and ii) supervisors and shareholders, and these problems have underpinned major design features of regulatory structures (eg, deposit insurance and capital adequacy) that attempt to align the incentives of principal and agent and to limit the incentive of both principals and agents to take excessive risks at society's expense. However, incentive conflicts between different groups of stakeholders, such as employees, customers, suppliers and other societal groups, based on different understandings of ethics and norms of behaviour by a variety of stakeholder groups can also undermine the firm's pursuit of its strategic objectives. These collective agency problems have become the focus of a growing literature on organisational and risk culture.[6]

Human agency theory provides a conceptual framework through which to analyse collective agency problems within complex organisations, such as banks.[7] It holds that – as is the case in other complex organisations – bank workers do not pursue their objectives in a vacuum, based on the design of a contract. Instead, they are subject to societal norms and institutional values that constitute its organisational or risk culture, which influence how they coordinate their activities to achieve both their own individual objectives and the collective objectives of the institution. Successful institutional outcomes are the product of a particular organisational or risk culture that drives an effective coordination model. This type of collective agency outcome – driven by the collective pursuits of individuals throughout an organization – is influenced substantially by the norms, standards and ethical values fostered by the institution's leaders in the pursuit of the formal objective of shareholder wealth maximization (or other strategic objectives).

B. Regulating Governance and Risk Culture

Most large banks in developed countries and many in developing countries approach environmental sustainability risks from a corporate and social responsibility perspective. Often banks have established board-level committees, such as risk committees, which generally take a short-term approach to financial risks (ie., credit risk at the transaction level or at the counterparty level) arising from climate and other environmental sustainability challenges.[8] Some banks instruct risk committees to report to the board on climate risks and to monitor environmental sustainability risks through the risk function. However, the unique features of environmental sustainability risks require a strategic approach which is developing in parallel at different banks.

6 The traditional sociological theory of agency considers 'the thoughts and actions taken by people that express their individual power'. See Emirbayer, M. & Mische, A., 1998. What is Agency. The American Journal of Sociology, 103(4), pp. 962-102, 3. They develop a concept of agency which they called 'human agency', which is defined as 'the temporally constructed engagement by actors of different structural environments – the temporal–relational contexts of action – which, through the interplay of habit, imagination, and judgment, both reproduces and transforms those structures in interactive response to the problems posed by changing historical situations'.

7 For the theoretical foundation of human agency theory, see Alberto Bandura, 2000, 'Exercise of human agency through collective efficacy. Current Directions in Psychological Science', 9(3), pp. 75-78; see also Bandura, 2006, 'Toward a psychology of human agency. Perspectives on Psychological Science', 1(2), pp. 164-180; Bandura, 2009, 'Agency', in D. S. Carr, ed. Encyclopedia of the life course and human development. Detroit: Macmillan Reference USA.

8 See Bank of England (2018), Transition in thinking: The impact of climate change on the UK banking sector. See also Prudential Regulation Authority (2018), Enhancing banks' and insurers' approaches to managing the financial risks from climate change, consultation paper 23/18. Available at: https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp2318.pdf?la=en&hash=8663D2D47A725C395F71FD5688E5667399C48E08

The question arises whether bank regulatory authorities should manage and seek to influence corporate governance frameworks as a key instrument to influence banks in developing a strategic response to sustainability risks.[9] International good practices on corporate governance are comprehensive enough to address environmental sustainability challenges. Typically, boards have ultimate responsibility for the bank's business strategy and financial soundness, corporate culture, governance structure and practices, and risk management and compliance obligations. Accordingly, banks' boards are thus being called upon to understand and assess the financial risks caused by environmental and social sustainability challenges with a forward-looking approach that integrates them into bank risk management frameworks. Boards are also expected to factor these risks into the design of the bank's business model, strategy, and objectives, and to conduct effective oversight of the financial risks associated with climate change.[10]

International policymakers are considering the role of bank and financial institution governance as a medium-term policy response to support enhanced financial sustainability business practices.[11] Indeed, bank governance mechanisms have proved necessary to reduce the incentives for bank management to take on excessive short-term financial risks more generally, as well as those financial risks linked to environmentally unsustainable activity. Therefore, an effective prudential regulatory framework is necessary to oversee bank risk governance and this should also address environmental sustainability risks.

The main elements for designing bank governance frameworks that promote environmental sustainability are intrinsic to good corporate governance on two levels: First, good corporate governance calls on the use of ethical judgment of what is acceptable and what is not. Second, corporate governance has an important role in overseeing and ensuring effective risk management for the bank and ensuring sustainable returns for owners and shareholders. Recent studies suggest that there is a strong correlation between good bank corporate governance and effective environmental and social risk management.[12]

Bank governance is also affected by stewardship codes and both formal and informal concepts of fiduciary duty. There have been legal opinions issued in both Australia for all firms and the UK for pension funds which conclude that boards, and others with fiduciary duties, must consider whether climate related risks are financially material and that failing to do so is a failure of fiduciary duty which could pave the way for legal challenge.[13,14]

The concept of stewardship has also been informed by the efforts of institutional investors to harmonise a global understanding of fiduciary duty. For example, the corporate governance codes of most G20 countries require the board of directors of joint stock companies to assess the financial and nonfinancial risks that relate to environmental risks, as well as social, ethical, operational and other risks, and to establish tolerable levels of risk in these areas.[15] And the EU is proposing further clarification of governance requirements to ensure that sustainability is explicit, not just implicit, in the requirements and capabilities of boards.

9 World Economic Forum, Measuring Stakeholder Capitalism, Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, Sept. 2020, Pilar: Principles of Governance.

10 See Basel Committee on Banking Supervision, Principles of Supervisory Review for Climate Change Risks (June, 2022). See also European Central Bank's Final Guidance on Climate-related and environmental risks and the European Banking Authority's report on the management of ESG risks. Similar supervisory statements are in various regulatory instruments of a different legal nature adopted by supervisors in EU member states, such as France and Germany, as well as Australia and Hong Kong, Singapore, Vietnam and the United Kingdom.

11 See Directorate General, Financial Stability, Financial Services and Capital Markets Union (FISMA), 'Commission legislative proposals on sustainable finance' (2018).

12 See Center for Sustainability Studies, Federacao Brasileira de Bancos (Febraban), 'The Brazilian Financial System and the Green Economy: Alignment with Sustainable Development', Sao Paulo, 2014, 34-35.

13 N Hutley SC and S Hartford Davies 'Climate Change and Directors' Duties'. Memorandum of Opinion published by The Centre for Policy Development and the Future Business Council via Minter Ellison, Solicitors, Melbourne, October 2016 3ff.

14 K Bryant QC and J Rickards, 'The legal duties of pension fund trustees in relation to climate change'. Opinion commissioned and published by ClientEarth, London, 2016.

15 See Kern Alexander and Paul Fisher, Alexander K and Fisher P (2018), 'Banking Regulation and Sustainability'. SSRN Working Paper. Available at://papers.ssrn.com/sol3/papers.cfm?abstract_id=3299351.

The EU Corporate Social Reporting Directive[16] can play a role in improving bank governance by improving transparency for investors – by making clear its involvement in unsustainable economic activity. Institutional investors are already beginning to ask banks about their efforts to mainstream sustainability challenges into their business models and their strategies to mobilize capital for sustainable economic activity. Most countries do not yet require banks to incorporate environmental sustainability risks into the bank's risk governance and management strategy, but some countries have begun to do so. Both China and Brazil regulate bank corporate governance regarding environmental risks. China adopted 'Green Credit Guidelines' in 2012 that require banks to adopt green governance strategies. Brazil has incorporated green governance into its Basel III pillar 2 supervisory review assessments. Specifically, Brazil has adopted the principle of proportionality for individual banks to decide – based on the bank's particular risk exposures – to what extent environmental sustainability risks should be incorporated into the bank's governance and risk strategy.

Indeed, environmental sustainability poses a major challenge for banks in assessing how such risks will affect the banking business. Risk management practises are probably the key mechanism through which firms protect themselves from these risks. Because of that, oversight of risk management (also known as 'risk governance') by supervisors is a natural way to ensure that best practice prevails.

2.3 Bank Risk Culture and Sustainability – Where Should the Focus Be?

A. The role of the board in risk culture

Risk culture influences the decisions on risk that management and employees take during day-to-day activities. Accordingly, it is the board's task to set a 'tone at the top' that promotes an effective risk culture. Supervisors are not called on to run banks, but they should liaise with the board, its risk and audit committees, to verify whether or not the institution has adequate risk governance mechanisms and effective risk culture (BCBS, 2014).

16 Proposal for a Directive of the European Parliament and of the Council, amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting, COM/2021/189 final.

Furthermore, the Financial Stability Board (FSB) set out clear guidance to help regulators and supervisors assess risk culture in financial institutions. In its 2014 'Guidance on supervisory interaction with financial institutions on risk culture', the FSB stated that: «a sound risk culture bolsters effective risk management, promotes sound risk-taking, and ensures that emerging risks or risk-taking activities beyond the institution's risk appetite are recognised, assessed, escalated and addressed in a timely manner.»[17]

The G30, in its 2015 Banking Conduct and Culture study, also drew a line between the roles of the board / management of firms and the supervisory authorities in relation to culture and risk culture.[18] The former has responsibility for a firm's cultural focus and the latter cannot determine culture. Supervisors should, instead, monitor the effectiveness of a firm's own culture to deter, among other things, inappropriate behaviour in violation of regulatory norms and standards. (G30, 2015). It is worth noting that the issue of risk culture from the regulatory perspective has a broader scope than a typical firm's vision. In essence, while firms address risk culture from an internal perspective, supervisors should address risk culture into the context of potential systemic implications for markets and the financial system. This is particularly so when addressing issues of sustainability.
The link between firm culture and prudential regulation was not strong before the financial crisis, but recent financial scandals have changed that. Proven misconduct – such as the rigging of the London Inter-Bank Offered Rate (LIBOR) and the mis-selling of many types of financial products (ie., payment protection insurance in the UK) in many European countries prompted regulators to discuss risk culture in the context of «misselling» or «misconduct risk». The European Systemic Risk Board (ESRB) recognised the scale of the problem and made recommendations that banks address weaknesses in rick culture by adapting behaviours, practices and governance mechanisms to reduce misconduct risk.[19]

17 Financial Stability Board (2014), 1. Supervisors are recommended to conduct periodic reviews of an institution's culture, issue findings and review the extent to which culture is the underlying cause of the identified problems.

18 G30 (2015), Banking conduct and culture: a call for sustained and comprehensive reform. Available at: //group30.org/images/uploads/publications/G30_BankingConductandCulture.pdf

19 European Systemic Risk Board (2015), Report on misconduct risk in the banking sector. Available at: www.esrb.europa.eu/pub/pdf/other/150625_report_misconduct_risk.en.pdf

This means that understanding culture – what one does «when nobody is watching» – and ethics – the line between acceptable and unacceptable decisions – can help us to recognise, and even predict, some behaviour.[20] To illustrate this, the following section discusses the UK's regulatory initiatives in supervising bank risk culture.

B. Managing the risks and strategy

Consequently, banks are doing more to address the economic and financial risks associated with sustainability challenges by incorporating, or mainstreaming, sustainability factors and guidelines into their risk management models and business strategies. And bank boards are also responding by beginning to incorporate sustainability into the overall organisational cultural ethos.

Nevertheless, market structures must evolve to meet environmental sustainability needs and banks face steep challenges in managing the risks associated with that transition. Potentially, these could include price volatility and increased credit risk in assets and sectors considered environmentally unsustainable. Where such transition risks are material, they may pose systemic risks to the banking sector – and this is the source of increasing regulatory attention. To adequately address these risks, bank risk culture should fully incorporate sustainability criteria and values into risk management, remuneration incentives, and strategic business objectives. Where there are institutional or market barriers, policy intervention may be necessary.

Despite progress in these areas, in calculating sustainability values into mainstream bank business practices demands a more concerted focus on bank risk culture. In particular, that means a longer-term, and wider, appreciation of risks to the firm, not just of the narrow risks to a particular transaction or portfolio. Bank risk culture should address the following factors that relate to environmental sustainability:

20 S Ashby, T Palermo, M Power (2014), 'Risk culture: definitions, change practices and challenge for chief risk officers. In: Jackson P (ed), Risk Culture Effective Risk Governance, 25–46.

2.4 Taking account of the importance of reputation

As the financial crisis and countless other episodes have shown, reputation is essential for any successful business to be sustained: lose it and one's business model can follow very quickly. Pressure to maintain a good reputation can be exerted by investors – bank debt or equity holders – or by clients. However, in the past, the way in which banks offered very substantial remuneration for short-term performance could lead to staff ignoring long-term reputational risks to their firms – and that needs permanent change.

Sustainability is quickly becoming a reputational issue, thanks to pressure from governments and the public alike. As appreciation of sustainability issues rises, what was defensible at one point in time can become indefensible. We have seen this in Australia, for example, in relation to financing a new coal project.[21] Public attitudes can also change rapidly as they did in Western Europe in 2018 when there was a sudden consumer and retailer shift away from single-use plastics on account of concerns about pollution of the oceans, a movement which has since gone global.[22] Obviously, any company specializing in such products has had their business model severely challenged.

2.5 Taking account of longer-term and broader risks

In the past, banks viewed sustainability risks as a social / political / ethical issue to be managed by their corporate social responsibility departments. This has led to some good work being done, at the margin, but has not been transformative. The cultural change required is two-fold: First, large banks in particular need to appreciate that sustainability risks are existential and systemic. If economic growth is not sustainable, then banks' business models are likely to come under pressure and quite possibly collapse. That means that the risk culture needs to be much longer-term and to be focused on broader macroeconomic factors. For example, banks must examine not just the short-term risks of an individual loan, but the future risks underlying the whole portfolio and their potential impact on the banking sector.

21 J Robertson J (2017), 'Big four banks distance themselves from Adani coalmine as Westpac rules out loan'. The Guardian, 28 April.

22 S Buranyi (2018) (2018), 'The plastic backlash: what's behind our sudden rage – and will it make a difference?'. The Guardian, 13 November.

Second, the sustainability agenda should be recognised as a great business opportunity as well as a financial risk. Picking up on sustainability trends could be highly profitable by going with the grain of economic transformation and political direction. Both changes could be classed as internalising risks that have hitherto been regarded as externalities.

3. The role of regulation

In the past few years, regulators have started to identify the material financial risks that the potential for stranded assets and, in particular, market volatility related to climate risk represent. However, such risks are still seen by many as being long-term and therefore beyond the scope of risk management processes. They are, though, not just long-term:

- Climate events can be precipitous – there is a significant financial stability risk arising from London flooding for example, which could happen at any time.

- Technical developments are on the brink of potentially causing huge and sudden disruptions to sectors such as energy, transport (eg electric vehicles) and construction. That could result in very significant risks to banks exposed to those sectors crystallizing within, say, the next 3–5 years.

- On top of that, government policies globally are starting to implement the Paris 2015 agreement, which could result in a lot of unanticipated policy and regulatory risks emerging.

Given these challenges, bank boards need to ensure that they are not blind-sided by the sudden materialisation of sustainability risks. Such risks are not all so-called 'black swans'. A lot of sustainability risks are predictable in nature – just not in timing or scale. As the regulators turn up the volume and tighten the rules, banks need to understand the systemic risks to financial services that come with tackling sustainability if they are to avoid being continually caught out by new regulations.

4. Conclusion

The article discusses the importance for bank boards and senior management to design more effective governance approaches to address sustainability risks. The article argues that an important aspect of this is influencing the development of a risk culture that takes account of sustainability risks and challenges to the banking business. The post-crisis regulatory environment has brought bank culture to the fore of improving bank governance and risk management practices, particularly regarding sustainable finance. The scope of regulation in shaping and developing risk culture with the specific aim of a more sustainable outcome remains uncertain.

The article addresses some of the major challenges that bank boards face in incorporating sustainability criteria into their governance and risk management practices. Bank regulators are now supervising closely the governance and business practices of banks in addressing sustainability challenges and the associated financial risks. This change of regulatory focus does not only bear down on how they manage and control financial sector risks, but increasingly includes how banks themselves are impacting broader sustainability objectives in the economy and society. The article sheds light on some areas where banks can adjust their governance practices and risk culture so that the banking business can be more directly aligned with the goals and values of a sustainable economy.

The financial system has a big role to play in delivering a more sustainable economy and banks have a special part within that. But there needs to be raised awareness: improving risk culture is crucial if banks are to both manage their own financial risks and realise business opportunities while supporting the development of the sustainable economy that is an existential necessity for their business model.