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GLOBAL LEADERS IN SUSTAINABLE INNOVATION

As national leaders and the global economy's most prominent businesspeople arrive in Davos for the World Economic Forum, they are reeling from one of the most turbulent years in recent political history.

Never before has a meeting of the WEF had to face a challenge of this magnitude. On the one hand resurgence in populism and protectionism is threatening to undo many of the economic gains of the last two decades, while at the same time technological advances seem set to irreversibly disrupt the very fabric of modern society.

“Leadership in these complex times requires nothing less than a wholesale shift of our mental models.”
Professor Klaus Schwab, Founder and Executive Chairman, WEF

If ever there was a time for coordinated global leadership it is now. The theme for this year's meeting, Responsive and Responsible Leadership, has never been more critical.

“The problem that we have is not globalization,” said Professor Klaus Schwab, WEF founder and executive chairman, in November. “The problem is a lack of global governance, a lack of means to address global issues.

“A significant part of the global elite lost a sense of solidarity when it was needed more than ever before. We're living in a world of transparency, and such a world cannot tolerate too much inequality.”

The events of 2016 have served as a wake-up call to senior executives meeting at Davos. Corporate leaders recognize that they cannot shy away from addressing the long-term social and economic consequences of their investments and their innovations.

“Companies can no longer take the easy way out,” says Francesco Starace, CEO and general manager of giant Italian electricity supplier Enel. “They need to understand the consequences of their actions. They need to broaden their scope and develop new, more sustainable models for creating value.”

Corporate leaders have a particular responsibility to position their companies ahead of the curve, Starace believes. With an eye on the long-term future, he made the strategic decision to bring innovation and sustainability together in one single department at Enel. “In a large organization there can be resistance to change and innovation,” Starace says, “but we have been very pleasantly surprised by how well innovation and sustainability thrive off each other.”

Starace, who is co-chair of the World Economic Forum's Energy

Utilities and Energy Technologies Community, points out that utilities will have to reinvent every aspect of their business to prosper in the low-carbon, all-digital future.

In its generation business, Enel is gradually shutting down and phasing out all its carbon-emitting plants around the world. Already the operator of around 36 gigawatts of renewable energy capacity globally, according to a strategic plan disclosed in November the company will add new power plants and 6.7 GW in the next three years.

Enel is also investing heavily in digitizing all parts of its electricity networks; the company plans to install a total of 18 million new smart meters by 2019. “Everything has to become digital,” Starace says. “Enel is in the middle of a huge digital transformation that is changing all companies in all sectors.”

Digitization and customer focus are the two main points of the

company's new strategic plan. As the digital revolution accelerates, Enel will be able to offer customers innovative services for electric vehicles and interconnected homes. The company has already developed technology that allows consumers to send electricity from electric cars back to a digitized grid.

“A massive digital transformation is affecting all of us in our work and in our private lives.”
Francesco Starace, CEO and General Manager, Enel

“The sustainable business model we have built is now bearing fruit with increasing momentum,” Starace concludes, urging companies in all sectors to follow Enel's example by putting sustainability and innovation at the very heart of their business models. ■



Francesco Starace, CEO and General Manager, Enel

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TECHNOLOGY REVOLUTION CHANGES FACE OF HEALTH CARE

In few areas of life is there the potential for innovation to have such a positive impact as in health care. New technologies and new business models are not only helping improve people's lives and tackle the enormous health challenges of today, but they also have the potential to put an end to the spiraling rise in health care costs. Earlier and more effective diagnosis and treatment, a closer relationship between care providers and patients, and payments based on value rather than volume are all beginning to transform the world of health care.

"We want to move toward a world of personalized medicine that gets it right the first time and avoids unnecessary stress," says Frans van Houten, CEO of Royal Philips. "At the same time, care needs to be delivered more cost-effectively and sustainably because otherwise it is unaffordable."

In the first part of this equation—personalized medicine and continuous care for each patient—Philips is a recognized world leader. The company, which invests 9.5% of its revenue in innovation, is at the cutting edge of technologies such as artificial intelligence (AI) and machine learning to increase effectiveness. Philips recently demonstrated an application that uses AI to support clinicians in interpreting vast amounts of data from patients. Doctors are able to bring together historical and current radiology, pathology and genomics data, as well as information from lab tests, to choose the best possible treatment through a complete and patient-centric view. Each patient's response is monitored so that the correct treatment protocol for them is reached while moving forward.

New technologies also have a major part to play in treating less life-threatening conditions, such as sleep apnea. In total, some 4 million patients with sleep impairments are connected to a

"We need a paradigm shift in how patients are diagnosed and how they are treated."

Frans van Houten, CEO, Royal Philips

secure digital platform in the cloud, Philips HealthSuite, where data about their sleep is uploaded and analyzed. Other personal health innovations that use HealthSuite



Frans van Houten, CEO, Royal Philips

include a medical-grade parenting platform that captures data from connected devices such as baby monitors, provides personalized feedback for parents and connects to family doctors and pediatricians.

"In some ways HealthSuite has the same concept as a Facebook page, but for your personal health and obviously in a secure setting providing validated information," Van Houten explains. "We bring together data from various connected sources and apply AI to interpret the information, discover any patterns and make predictions about the patient. It can help people get diagnosed quickly and accurately the first time."

Van Houten says that cloud computing is all set to transform the businesses of care providers and health insurance companies.

In the future, if patients give their consent, different providers may be able to access a patient record in one single cloud-based location, rather than the data being stored in the separate enterprise systems of each provider. "We have to tear down the walls between care providers," Van Houten declares.

Because digital technologies can connect doctors and patients much more closely than in the past, the focus of health care delivery is moving away from acute and expensive care in hospitals, where it may be too late for the patient, and toward ambulatory clinics and outpatient facilities. "We can use developments such as tele-health



FROM POWER GRIDS TO EMPOWERED NETWORKS

The power of networking has been amply illustrated by the U.S. elections. Rather than push his message at people via the usual channels, Donald Trump engaged with them on social media to get communication flowing both ways. It not only saved millions of dollars; it also reflects the reality of how we exchange information today.

The same logic applies to the power distribution business. In the past, energy flowed out in one direction and revenues came back in the other. Now, thanks to distributed, micro-generation solutions that harness renewable technologies, anyone can produce and store energy, redefining what it means to be a power provider.

This forces utilities to rethink their role in the value chain. The traditional business model is moving from pipeline to platform, as customers are empowered and expectations change.

"Free" sources of energy, such as solar and wind, can be easily stored using car, domestic and industrial batteries. Platforms will be better able to balance supply and demand, sell power back to the grid and generate income for ordinary people, leveraging the utilities' infrastructures.

Right now, I have no idea how far the platform model will take us, but I do know that power will no longer be controlled by the few.

Distributors must transform into aggregators, digitizing networks to open up one-way streets to two-way traffic. The future of distribution will be to build, manage and maintain the means to connect people in the energy space.

Platforms let power flow where and when it is needed, meaning everybody benefits from the connections we make. This is our energy future. ■

Ernesto Ciorra,
Head of Innovation and
Sustainability, Enel

THE FUTURE OF URBAN MOBILITY

When it comes to preparing for the biggest revolution in the 130-year history of the car industry, SEAT president Luca de Meo has no doubt about the best place to be: in the driving seat.

So fascinated is de Meo by the changes that are transforming his industry that he drives his very own SEAT prototype electric car for everyday use. “I always look at things from the customer’s point of view,” he explains.

De Meo expects investment in electric vehicles (EVs) to increase as battery costs come down and carmakers in Europe seek to comply with tough emissions targets. However, if EVs are to become mainstream, the technology still needs to develop significantly, he adds; in particular, there need to be improvements in vehicle range and in recharging

speed. Plus, the technology premium over cars with internal combustion engines will have to fall below 10%: “When those three conditions are met, people will recognize that the change is worth it. There is still a lot of engineering work that needs to be done before we can get that far. But electric cars are here to stay.”

It is not only as the personal owner of an early EV that de Meo is in pole position to anticipate future trends. As the head of Barcelona-based SEAT, he has a privileged viewpoint into the development of connected car services. Barcelona is one the most dynamic “new economy” hubs in Europe, a place where startups, developers and researchers from all over the continent and beyond are working on new solutions to today’s challenges. The city is

home to leading business schools IESE and ESADE, and each year it hosts two of the best-attended events on the world’s technology calendar: the Mobile World

“Because it is our sole focus, carmakers, not technology companies, will have the advantage in shaping the future of urban mobility.”

Luca de Meo,
President, SEAT

Congress and the Smart City Expo World Congress. “Barcelona is the best city for researching new mobility solutions in the context of smart cities because of its size, industrial network and the presence of startups that foster innovation,” de Meo says.

As well as forecasting rapid growth in EV development and connected car services, de Meo is also confident that autonomous driving will gradually become a commonplace feature of the vehicles on city roads. The technology has one compelling benefit that should ensure its widespread adoption: safety. “Safety is undoubtedly the biggest incentive for autonomous driving,” he says. “Every year 1.2 million people still die around the world in traffic accidents. Everybody wants to get that number down to zero.”

De Meo expects the first applications of autonomous driving to be in relatively specialized domains, for example “robo-taxis” that people can jump in and

out of on certain routes in cities, much like rides in an amusement park. There is also an immediate opportunity for autonomous driving in the trucking industry, where logistics companies are keen to use the technology to enable their trucks to drive in platoons, lowering fuel consumption and increasing safety.

It is, however, in the connected car space, where cars meet the Internet of Things and the digital economy, that SEAT has the ambition of playing a frontrunner role. Tapping into Barcelona’s rich ecosystem of innovative startups and urban planners, SEAT is developing a whole suite of services that explore the potential for digital communications to transform urban driving.

Under the concept of Easy Mobility, SEAT has introduced a digital sharing app that enables car sharing between users, as well as a Parkfinder app that simplifies the process of finding and paying for a city parking space. The company’s concept car for urban mobility, the Ateca Smart City Car, integrates Parkfinder and other Easy Mobility technologies to reduce emissions, noise and traffic congestion in cities.

“I believe that for SEAT, with our young clientele and our trendy brand, connectivity is one of the biggest opportunities,” de Meo says. “We want to be a key player in developing smart, new, urban mobility concepts. Our goal is to become a frontrunner in connectivity.” ■



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WOMEN DRIVE CHANGE IN GLOBAL CAR INDUSTRY

While new inventions such as robotics and artificial intelligence grab all the headlines, a social revolution that is giving women increased economic power is also transforming many global industries. Carmakers are responding proactively to these trends, promoting women to senior positions and putting them at the heart of their marketing efforts, as well as increasing investments in technological innovations.

“Women make 80% of the purchase decisions for cars, so we need to be closer to them, to understand what they need and what they are looking for,” asserts Mayra González, president and managing director of Nissan Mexico. González is the first female executive at Nissan ever to be appointed president of a country and the youngest person to assume the position. “We are now more conscious about the importance of women in the auto industry, not only as a customer but also inside the industry,” she reveals.

“There is a clear business rationale behind encouraging diversity in the Alliance. It’s not just about checking boxes.”
Mayra González,
President and Managing Director, Nissan Mexico

Carlos Ghosn, the chairman and CEO of the Renault-Nissan Alliance, has made it a strategic priority for both member companies to increase the diversity of their workforce. “Having such a strong tone from the top has helped us build our Women@Renault network, which is increasing the self-confidence of our women, developing their

skills and giving them access to senior roles,” says Clotilde Delbos, Executive VP and CFO at Groupe Renault. “We believe that diversity and inclusion is a competitive advantage,” González adds.

At Renault, innovation is not limited to electric vehicles (EVs), connected cars and autonomous driving but extends across the

president of sales and marketing spearheaded this growth, is aiming for a record level of sales in this fiscal year: 400,000 cars, up from 355,000 sold in 2015.

Nissan is also ramping up its production in Mexico, where it has been present for more than 50 years. In 2017, with the start of operations at a new \$1 billion plant

in a joint venture with Daimler, Nissan will produce over 1 million cars in the country. “Our manufacturing footprint, our products, our finance company and our dealership network give us the formula for success,” González says.

For both partners in the Renault-Nissan Alliance, electric vehicles are some of the fastest-selling products in their range. The Nissan Leaf is the world’s most popular EV, with

more than 230,000 units sold since its launch in 2010. Meanwhile, Renault reached the milestone of its 100,000th EV sale in 2016; the company has a strong line-up of EVs, including the Renault Zoe, the top-selling electric car in Europe. Between them, the Alliance partners have now sold more than 375,000 electric vehicles.

“We have decided that we need to increase R&D expenses in order to prepare for future disruption.”
Clotilde Delbos,
Executive VP and CFO, Renault

“We are investing in the future and increasing our spending on R&D,” Renault’s Delbos says. “There are a lot of challenges facing the industry, such as the arrival of autonomous driving, connectivity and mobility as a service. Our job is to be prepared for that future.” ■



Left: Mayra González, President and Managing Director, Nissan Mexico. Right: Clotilde Delbos, Executive VP and CFO, Renault; Chair of the Board, RCI Banque

corporation. As chair of the board of RCI Banque, the company’s car finance unit, Delbos is tasked with developing innovative financial services that strengthen the loyalty of Renault customers. “There are not many industries that are going to be disrupted as much as the automotive and banking sectors,” Delbos declares. “I have the luxury of looking at both of them, developing digital financial services and also mobility services such as car sharing.”

Delbos and González have assumed leadership positions at a time of major market growth for both brands, as Ghosn’s strategy delivers on its targets. Renault has reported market share gains across Europe with popular new product designs. At the same time, it has achieved rapid growth in emerging markets like India, thanks to innovative and affordable vehicles designed for the local environment such as the KWID.

In Mexico, Nissan has been the market leader for seven consecutive years and enjoys a share of 25%. González, who in her previous role as vice

SAY GOODBYE TO THE STEERING WHEEL

For Karl-Thomas Neumann, CEO of the Opel Group, there is no room for doubt: autonomous driving and electric vehicles are more than just buzzwords or passing fads. They represent a future that is arriving faster than many in the industry realize.

“I am sure that the autonomous vehicle will come — and it will come even faster than some people think,” he says. “We are not all that far away from autonomous driving in everyday life. According to even the most conservative forecasts, in 15 years the penetration of autonomous vehicles will be at 15% to 20%.”

“In 2030, we could see cars that don’t even have steering wheels anymore. The automotive industry is in the midst of the biggest transformation in its history.”

In 2016, Opel’s parent company, General Motors, established a separate business unit for autonomous vehicle development and acquired Cruise Automation, a software company that specializes in self-driving vehicle technology. Opel also launched the Ampera-e electric car, which with a range of over 400 kilometers promises to eradicate range anxiety once and for all. ■



IS THE FUTURE HYDROGEN?

As the world evolves toward a low-carbon economy, major corporations across a range of industries are planning to join forces to foster the use of hydrogen as the missing link in the energy transition.

Fuel cell and storage technologies are getting ready to enable completely carbon-free production of the gas, adding to its environmental appeal as a source of heat and electricity and as a fuel. Electric vehicles powered by hydrogen fuel cells produce only water as a byproduct, with no carbon emissions from their exhaust pipes. Furthermore, hydrogen vehicles are not constrained by range anxiety or need to change consumer habits, giving them a significant advantage over today's generation of other alternatives.



A platinum-hydrogen fuel cell electric vehicle

In Davos this week, for the first time global leaders from key energy-related sectors are coming together to launch an initiative to foster global use of hydrogen. Indeed, if the world is to meet the commitments of the Paris Agreement and transition to a low-carbon economy, members of the initiative believe there will have to be a major role for hydrogen.

Always a front-runner in new technologies, the state of California is taking the global lead in supporting alternative-fuel vehicles. Its Zero Emission Vehicle program sets quotas for manufacturers to

make cars that do not produce emissions, including fuel cell electric vehicles (FCEVs). At the same time, the state is developing the hydrogen infrastructure required to support the rapid growth of the market.

Meanwhile, in Germany, a public-private joint venture, H2 Mobility, is planning to deploy a nationwide network of 400 hydrogen stations by 2023. In Asia, Japan, South Korea and China have all made it clear that hydrogen will have a major part to play in their transition to low-carbon economies. The Tokyo 2020 Olympics could be a fortuitous

game-changer for the future of hydrogen energy. A holistic vision for a cleaner and quieter Tokyo includes extending hydrogen as a major source of power across the city in the next four years.

With zero emission innovation from the industry on the one hand, and the public sector supporting the rollout of hydrogen infrastructure on the other, consumers are beginning to take to the technology. There are now close to 3,000 hydrogen-powered cars on the roads, up from just a couple hundred in 2015, and the hydrogen energy market is set for exponential growth.

The initiative to be unveiled this week gathers companies from the oil and gas, energy, automotive, industrial gas, equipment and primary industry sectors. As a unified voice they are determined to send a message to leaders at the WEF 2017 annual meeting about hydrogen as the fuel for the future. ■



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MOBILITY GOES FURTHER

A very active area for innovation in today's car industry is the development of mobility services for long-suffering city commuters.

Ford has created a new business unit, Ford City Solutions, focused entirely on helping people move more easily through cities. "We know that every city is unique, with different needs and different transportation challenges," says Mark Fields, president and CEO of Ford. "Instead of taking a 'one size fits all' approach, we are working with cities directly to help develop solutions that are tailored to each location."

One of the company's most promising offerings is Chariot, an app-based, crowdsourced shuttle service that complements mass

transit for city residents. Ford estimates that urban congestion could be reduced by up to 25 vehicles for every shuttle that is placed into service during peak times. The service has already launched in San Francisco and Austin, Texas, with plans to work with at least four more cities over the course of the coming months.

"Because Ford Transit vans are perfect for this application, it's a great example of how our core business is supporting new, emerging opportunities in mobility services," Fields says. ■



BRIGHT FUTURE FOR NEW-LOOK LIGHTING

One of the greatest challenges discussed by delegates at Davos in recent times has been how to decouple economic growth from increased energy consumption. After the two hottest years on record, the environmental and economic imperative is now greater than ever before.



Eric Rondolat, CEO, Philips Lighting

Few sectors have such a role to play in the quest for smarter energy use than lighting. "No industry can save as much energy as lighting," states Eric Rondolat, the CEO of Philips Lighting. "The name of the game now is not to

To develop the planet, we consume more. We have to make sure that we consume better."

Eric Rondolat, CEO, Philips Lighting

create more capacity to generate energy but to save energy. We in the lighting business can make a major contribution to changing that equation."

New technologies can deliver savings of up to 80% of the electricity consumption of lighting, Rondolat declares. Thanks to industry innovations, it is already possible to go twice as far as the energy efficiency targets of the COP21 agreement of December 2015. "If we do not double the rate at which we improve our energy efficiency, we will still be

consuming more energy than we save," Rondolat says. "The main issue is to make sure that all stakeholders are more ambitious."

Philips Lighting, which has been an independent company since an initial public offering in May 2016, is leading the charge to transform global lighting. In markets around the world, the company is working with businesses, consumers, the public

sector and technology companies to deliver the economic, social and environmental benefits of lighting innovation.

Some of the most pioneering work is being carried out in cities, where Philips Lighting is installing energy-efficient and sustainable connected LED lighting. In Jakarta, the company is currently upgrading nearly 90,000 street luminaires at a record rate of 430 light points per day, each with the capability for remote monitoring and management.

Smart lighting systems can do more than just enhance public safety, reduce energy consumption and improve the urban landscape. In the future, a city's lighting infrastructure and sensors will form an integral part of a giant data network, with the potential to support a host of smart city services, from improved cellular coverage for smartphones to situational information for autonomous vehicles.

"We are only just beginning to scratch the surface of the potential of connected lights," Rondolat reveals. "Of the 300 million street

lights on the planet, just 12% are LED and only 2% are connected. It is a fantastic opportunity."

In the retail sector, supermarket operator Carrefour has been one of the first companies to feel the business potential of new lighting technologies. The retailer is using connected LED supermarket lighting from Philips Lighting to deliver location-based services to shoppers' smartphones. The connected lights act like an indoor GPS, transmitting location information to a smartphone app that then leads customers to items and promotions in the store. Not only does the new lighting system reduce energy consumption by 50%, but it also enables Carrefour to enhance the customer experience and engage better with shoppers.

To maximize the potential of lighting innovation, Philips Lighting has developed close research and development partnerships with a

series of startups, universities and technology giants such as Cisco, SAP and Vodafone and integrates

We will need companies everywhere to urgently rise to the challenge if we are to achieve our climate goals."

Lise Kingo, Executive Director, UN Global Compact

with smart home platforms from Amazon, Apple, Google and Samsung. By 2020, it expects its revenues from sustainable lighting to represent 80% of the total, up from 72% in 2015. Also in 2020, the company will be using 100% renewable electricity and its operations will be entirely carbon neutral. "For us, sustainability is a double win: a driver for economic growth and a means of advancing the planet," Rondolat affirms. ■



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FINANCIAL SECTOR BRACES FOR **STRONG HEADWINDS**

Senior bank executives and regulators gathering in Davos this week are still grappling with the fallout of the global financial crisis, almost a decade after the collapse of Lehman Brothers.

In October 2016, the International Monetary Fund said that medium-term risks to financial sector stability are rising as the global economy enters a new era, characterized by chronic weak growth, prolonged low interest rates and growing political uncertainty.

Financial stability now depends on how well banks adapt to this



new era. Economic growth by itself will not be enough to resolve the problem of weak banks, especially in Europe, where the IMF says that one-third of the banking system is at risk.

Policymakers in search of possible solutions could do worse than look at the Mediterranean

island of Cyprus, where it took authorities just three years to move the banking sector from intensive care into recovery. A completely restructured financial system, led by a recapitalized Bank of Cyprus, is now once again making a significant contribution to the country's economic growth.

As well as regulation, financial innovation will have a major part to play in putting today's banks back on the path to growth. "My hope is that banks will be less busy with new regulatory issues, and more dedicated to their clients,

more focused on their core activities and more busy exploiting new financial technologies," says

“Our priority must be to emerge from this prolonged environment of low growth, low inflation and low interest rates.”

Christine Lagarde,
Managing Director, IMF

Jaime Caruana, general manager of the Bank for International Settlements. ■

LEADING THE WAY TO FINANCIAL RECOVERY

Why have you proposed listing bank shares in London?

We always wanted to be listed on a large, index-driven exchange, while of course maintaining a listing in Cyprus. It is another important step in the journey to normalizing the bank.

“I am confident that the City of London will continue to be a powerhouse in global finance regardless of how the separation from Europe occurs.”

John Hourican,
CEO, Bank of Cyprus

What influence do you think fintech will have on the global financial sector?

When you have technology that is cheaper, faster and disruptive to existing paradigms, we need to embrace it or challenge it. I'm not afraid of it; there are technologies out there such as blockchain that are extremely



John Hourican, CEO, Bank of Cyprus

interesting. But we have to be careful that we don't allow a large portion of the regulated banking industry to disappear into the shadow unregulated space.

Why do you think there is a rise in populism and anti-EU sentiment in Europe?

There is a fatigue in people's post-crisis psychology across Europe. With the Brexit vote and the Italian referendum, we can see that people want something different for their lives. They don't think that the European experiment is working quite as well as the people who run it think it is. It is a dangerous moment for Europe, and the euro, and we all need to be careful.

How well do you think the European financial sector has recovered?

The biggest issue for Europe is that each of the individual crises has been solved with solutions that are not larger than the crisis, and therefore it tends to continue. Greece is a great example of that. The Italian banking crisis is an example. I think we need to see a greater degree of honesty in national balance sheets, and then a greater degree of socialization of the problem.

Why do you think Cyprus has been able to avoid the populism we have seen in other countries?

You have to be deeply honest with your population and you

have to explain the need to act swiftly. In Cyprus, authorities took decisive, bold and fast action—and clearly explained to the population what was being done. Policymakers and business also need to be in lock-step. That has not been the case elsewhere.

How is the Cypriot economy performing? And how is the bank contributing?

Cyprus is now the second-fastest-growing economy in Europe and one of the only economies in the continent where the government is in surplus. That confidence translates to the banking sector, where we are seeing significant lending opportunities in the hotel industry and the medical industry.

What progress have you made in reducing non-performing loans?

The business is performing very well and we reduced delinquencies over the course of 2016. There is still a big stock that we will work on in 2017 and 2018. ■

How do we change today to change the future?

When we open up our energy, we open our lives to improvement and growth. As we grow our own potential, so we enable everyone else to do so too. This is why we work with the most innovative technologies, we seek out new service applications, we incubate cutting-edge startups and we establish innovative new partnerships. This is how we become more dynamic, more flexible and faster in adopting an increasingly efficient industrial strategy. Because only by changing can we remain a leader in a rapidly changing energy world. And only by placing people at the centre of our change, can we really change the future.



MINING LEADERS REAP REWARDS OF LONG-TERM VISION

For those mining companies that continued to invest in innovation, sustainability and community relations despite the apparent end of the commodity supercycle, 2016 was a year of vindication. Buoyed by the support of national governments and local stakeholders, the world's leading miners were able to successfully restructure many of their operations and deploy new technologies to deliver ever higher levels of productivity.

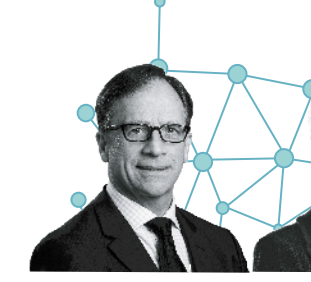
At the beginning of 2017, after an unexpected rebound in metals prices over the last few months, it is the world's most innovative and most sustainable miners who now stand to benefit the most.

“The risk for us today is that we take our foot off the pedal. You cannot be complacent.”
Mark Cutifani,
CEO, Anglo American

“Our optimism was not misplaced,” says Mark Cutifani, CEO of mining giant Anglo American, whose share price rose by around 300% over the course of 2016. “There will always be more to do, but it is clear that people's confidence in the underlying quality of the business is improving.”

Investment in innovation has been at the heart of the company's turnaround. Although Anglo American has sold over

one-third of its mining assets, it has been able to increase its overall production volumes, partly thanks to technological innovations. “On a product-per-person basis, we



From left: Simon Wandke, CEO, ArcelorMittal Mining; Elaine Dorward-King, Executive VP, Sustainability and External Relations, Newmont Mining Corporation; Brent Bergeron, Executive VP Corporate Affairs and Sustainability, Goldcorp; Mark Cutifani, CEO, Anglo American

are producing about 38% more each year, compared with 2012,” Cutifani says. “To replicate that improvement in the next five years, technology will be the key.”

The focus on technology and productivity is also delivering environmental benefits. One of the main priorities at Anglo American is to develop a so-called waterless mine, a mine that only uses recycled water, drawing no freshwater at all. From taking relatively simple steps such as minimizing evaporation at company dams, to testing new processing technologies for separating mineral ore from rock, company researchers are working with partners to develop innovative processes that conserve and even eliminate the use of freshly drawn water.

Automation and robotics also have a part to play in improving

safety, precision and productivity at mines. At ArcelorMittal Mining, scientists in laboratories in France and Spain are researching ways of using drones to increase the safety



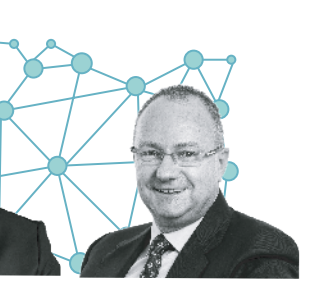
of core mining processes such as stockpile management and ore transport by rail and ship. “Our R&D facilities are very strong,” CEO Simon Wandke says. “We have not cut funding, and they create an enormous amount of value for us.”

At the same time, miners are also very sensitive to the possible impact of automation on local employment. “You have to think three-dimensionally in any of these issues and take into account the social impact as part of the solution,” Cutifani says. “If you do not have a partnership with local communities, then you can probably add 10-15% to your cost base. Community engagement is imperative. We always ask the community what they would like the future to be for their children and how we could play a role in creating that future.”

Positive community relations can be a major source of advantage in today's mining industry. When Canadian gold producer Goldcorp first began looking at the Coffee Gold project in Yukon, it was the excellent relationships that the owners had developed with local authorities and First Nation governments that caught their eye. Goldcorp paid approximately \$390 million for the mine in 2016,

surprising other miners by the speed at which it moved to acquire the asset.

“While the project economics certainly caught our interest, it



was the strong foundation in sustainability, and an ability to drive that forward, that really solidified our commitment in this project,” says Brent Bergeron, executive vice president of corporate affairs and sustainability.

Goldcorp is now building on its experience of working closely with indigenous peoples and local communities in Canada to help its expansion in international markets. In Argentina, where the company's

“Robotics allow mines to operate more efficiently 24 hours a day and create safer work environments.”

Brent Bergeron,
Executive VP Corporate
Affairs and Sustainability,
Goldcorp

Cerro Negro mine is in its second year of production, Goldcorp is working to embed the Towards Sustainable Mining standard of the Mining Association of Canada in Argentina's own mining industry. “This shows how the experience that we have here in Canada—whether it's working with First Nations, the environment or any other part of the sustainability equation—is transferrable to other countries,” Bergeron says. ▶



Goldcorp supports diversity and equal opportunities

Q&A WITH ELAINE DORWARD-KING,
Executive VP, Sustainability
and External Relations,
Newmont Mining Corporation

What does transparency mean for Newmont?

Transparency is not just about providing information to people. It is very much about us as individual leaders and employees being accessible to stakeholders, being able to be present and engage and talk credibly about what we are doing and why we are doing it.

“Transparency is about allowing people to know who we are so that they can trust us and the data we disclose.”



Newmont's carbon offset project plants mallee trees in Australia

Why has Newmont assumed a leadership role in pushing the transparency and sustainability agenda?

For the second year in a row, Newmont has been ranked by the Dow Jones Sustainability World Index as the mining industry's overall leader. We are leaders because we strongly believe that transparency is hugely important to the industry. We support the Extractive Industries Transparency Initiative, which helps miners be clear about what the payments are that they are making to governments. It helps encourage the

17% and our greenhouse gas emissions by 10%.

How are you working with stakeholders to protect the environment?

We recognize that, if we are going to have the biggest impact and take care of the environment, we must work with partners. In Ghana, we are working with the Ghana Forestry Commission on a reforestation plan to offset the impact of mining activities near our Akyem mine.

In Nevada, in partnership with the State of Nevada, the U.S. Department of the Interior and other stakeholders, we will make a significant contribution to conserving and enhancing the biodiversity of the Sagebrush ecosystem through a conservation agreement and banking system. This is historic in terms of its landscape ecosystem-level scale—over 1.5 million acres—and its multi-species approach. ■

flow of money and potential resources back to the local communities.

What are you doing to improve water management at your mines and reduce greenhouse gas emissions?

We have put in place global strategies for water and energy that translate into specific targets which focus minds on what is important and help others observe how we are meeting our commitments. As a result of targets that we set back in 2013, we have been able to reduce our total energy use since 2011 by

▶ As Goldcorp considers expanding its operations in the Cerro Negro region, it is poised to reap positive returns from the investments that it has made in developing community relations, such as establishing a voluntary sustainability fund and building a wind farm. “When we make such large investments inside a country, we have a responsibility to ensure that we are working in a way that creates benefits from our operations for that country,” Bergeron says.

The world's leading miners are increasingly sharing their best practices in innovation and sustainability at bodies such as the WEF. “We have seen an expansion of relationships and new partnerships in the sector,” says

Gillian Davidson, head of mining and metals at the WEF. “There is a much broader and more sophisticated conversation going on; miners are thinking more about their role in the global economy.”

At Davos this year, miners are more engaged than ever before with governmental partners, environmental and social stakeholders and with their customers in the downstream. There is no industry that better reflects the theme of this year's forum, Responsive and Responsible Leadership, and no better example to WEF delegates of how investments in innovation and sustainability can help deliver the inclusive and equitable growth that is so critical to the future of today's global economy. ■

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WE DO MORE THAN MINE GOLD

Our mines create social and economic benefits in the communities where we live and work. Job creation, local purchasing and programs that help create healthy, vibrant and engaged communities – these are just a few of the ways we're working together to create sustainable value for generations to come.

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