



The effects of ESG in economics and finance.

ESG Environmental, Social, Governance, in other words, being able to measure the impact of our activities on the environment and on society, as well as the need to make our corporate behaviors, based on fairness and respect of the standards, accessible in a clear and defined way. In short, this is the new frontier for entrepreneurs.

With the latest Green Deal, Western governments indicated a model of social and industrial development that considers the company at the center of their analysis, but in a new and different role: no longer the twentieth-century model based on the indiscriminate exploitation of resources and the search for maximum profit, but something new that, inspired by ESG criteria, finds its realization within the budget constraint.

The governments has done its job by indicating an objective and putting resources on the table, and with the Green Deal they have proposed to reduce greenhouse gas emissions to zero by 2050. I cannot judge whether this is a feasible or over-optimistic goal, but I do know that, without the constant commitment of business and industry and without their involvement in the development of sustainability criteria, this goal will remain a pipe dream.

In the next future, we will be called upon to judge the sustainability of a business plan not only in economic terms and in terms of return on investment, but also by including criteria of social and environmental sustainability of the proposed initiatives. Let me be clear, what in recent years was a simple communication trend, the green company, after recent decisions has become an element of discontinuity in the evaluation of company performance. We will be called upon to measure the ability of companies to adhere to those standards that are considered These new criteria, which represent an unprecedented indicator for evaluating an investment, and the judgments we will be called upon to make, will have an immediate impact on investors' assessments, influencing their decisions regarding the distribution and cost of financial resources.

In recent years, the best-performing companies issued a Sustainability Report, but the impossibility of comparing data and results, due to the lack of a precise international standard, made it more of a marketing operation than an element of corporate transparency. This will no longer be the case, now we are talking about ESG Rating, so the ability, by specialized agencies, to produce a synthetic and comparable assessment of the company in terms of ESG, which will complement the rest of the usual economic and financial information.

For all of this, it is clear that if investors shift their attention more and more towards companies capable of complying with these standards, the competitive disadvantage for those who are not able to adapt will become an insuperable obstacle to growth.

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