



Sustainability: investment, growth and employment opportunities for modern societies

Climate change, social inequality, resource consumption - these are the issues we will have to be able to tackle in the coming years.

Extreme weather events will disrupt the lives of millions of people, rising sea levels will change the morphology of entire nations: so in our future, we will have to act aware that no resource is infinite and that scarcity may widen the gap between those who have much and those who have nothing.

The solutions are in the hands of Governments and supranational organisations, but we can all contribute by applying the Principles for Responsible Investment (PRI) and by assessing what lies ahead through the use of ESG (Environmental, Social and Governance) factors, which are an integral part of any future investment analysis.

With the recent approval of the Green New Deal (the European plan to promote a circular Europe: modern, sustainable and resilient), the European legislature has set itself an extraordinarily challenging goal: to turn climate issues and environmental challenges into opportunities and to become the first zero-emission continent by 2050, providing incentives for investments and projects that guarantee a transition to a more sustainable economy.

Now is the time for national governments to do their part, and while we are emerging from the pandemic, a phrase that would have seemed like science fiction only three years ago, we must be able to exploit the opportunities offered by this extraordinary community commitment.

This is the perspective that emerged during the General Assembly of the Green Economy, which focused precisely on the opening of a debate with national institutions through a package of measures and programmatic proposals on the guidelines of the Italian Plan for access to Recovery funding. If the goal is to decarbonise the energy sector in order to achieve climate neutrality by 2050, a huge investment plan will have to be envisaged, with Italy at the forefront of the Next Generation EU. The use of substantial public resources is certainly envisaged, but nothing can be achieved without the commitment of businesses and private investors who will play a leading role through sustainable and responsible investments.

This means investments capable of creating value and generating returns through a strategy that, in evaluating the companies in which we want to invest, integrates financial analysis with that of attention to the environment, social balance and good governance, i.e. considering a low or zero level of attention to these issues as an indicator of potential risk.

We need to be able to invert the paradigm, stating that investing in a sustainable and responsible way, according to criteria that identify companies with the highest ESG scores, will not penalise returns, but, as much empirical evidence indicates, will enable better returns, since there is a positive correlation between ESG and performance.

Therefore, following the ESG model will allow to interact with solid companies that can offer the most attractive potential returns to their shareholders and investors.

Alfonso Laratta