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Avvenire

Interview: "An irreversible trend"



M. Cagliero

The Chief Executive Officer of Banor SIM, Cagliero: the first analysis in Europe to be coordinated with a similar study in the US.

Over 400 indicators, grouped in 10 categories, to assess a company's sustainability, with the exclusion of controversial sectors such as arms, gambling and pornography, and all crossed with stock market and income statement data. These are the foundations of a research methodology presented today in Rome. "It's a unique study", says Massimiliano Cagliero, CEO of Banor SIM, "in terms of the depth of analysis and the large scale of the universe considered. It's also the first in Europe to be coordinated with a similar study on the US market".

Do investors focus more on the higher yields that they can potentially obtain from sustainable finance, or on the lower risk?

If by risk we mean losing the money we've invested, then there's a strong correlation between the use of ESG criteria and risk. Especially as applying those criteria means that investors can avoid risks connected to scandals. Volatility is another matter. On that score, the analysis we're presenting today has not found significant differences between stocks with high or low ESG scores. However, it depends on each investor's preferences and characteristics. Some institutional investors taking a long-term view accept a certain margin of volatility; others cannot. The behaviour of retail investors, on the other hand, is sometimes more influenced by emotion.

Is sustainable finance now mainstream, a structural way of approaching investment?

It's a trend that we won't be turning back from. In the future, although I can't say when, there will no longer be any need even to make the distinction. However, if you're serious about sustainable finance then it's demanding, and requires an investment in terms of time, people, resources and models.

For someone looking to build a sustainable development model, how important is it for finance to embrace sustainability?

It has a central role, but shouldn't itself be placed at the centre. It needs to be seen as having a supporting role, at the service of something else, such as a company's activity. Otherwise, serious problems could arise.

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