

## Ethical behaviour is rewarding

### Eco-sustainability makes an entry into investment portfolios; room for environmentally conscious companies

**Shares in companies with strict policies to limit emissions and manage resources are attractive. Millennials are the most sensitive customers to these issues when it comes to financial products**

#### **SANDRA RICCIO**

The world of asset management has not remained impervious to the demands for sustainability coming from civil society, which have become increasingly insistent in recent years, thanks to the great media visibility that these issues have had following the first visible effects of global warming. It is increasingly in the focus of private customers, particularly the millennial segment of investors, who are more attentive to this type of approach. It is therefore essential for asset managers to study the market and be ready for this new challenge. What do the investment firms propose? “At Banor Sim, we have always been most interested in the United States, a market which understood with some foresight that the significance of sustainability in investments would be increasingly important, and acting as precursors to the Italian world of asset management, we adopted analytical tools in order to fully understand the role of ESG (environment, social and governance) for investments,” explained Massimiliano Cagliero, the managing director of Banor Sim. “We adopted the same approach and the same methodology used by George Serafeim at Harvard Business School, one of the most renowned figures in the field of responsible investment. For years, he has analysed the phenomenon and the correlation between ESG criteria and market performance”.

“A fundamental concept,” underlined Roberto Grossi, of Etica Sgr, who are pioneers in this context in Italy, “sustainable and responsible investment”, he adds, “does not detract anything and it represents an opportunity for the investor”. When selecting issuers, Etica Sgr carefully assesses aspects such as the management of emissions, waste, and water resources, the environmental impact of the products and the targets for reducing climate changing emissions, in addition to monitoring the reputational and environmental risk. What are the portfolio results? “In equity investments, there is correlation between adherence to ESG principles and better financial results”, added Cagliero. “Furthermore, this strategy offers superior ‘protection’ in comparison with taking into account only the financial risks”. —

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Environmental protection topics have an increasingly important role in the world of finance

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**2.8%**

The 10-year BTP yield, following the rise in the yield spread after the European elections

**-0.20%**

The interest rate of the 10-year Bund, the German government security which is a market reference

**-7%**

The fall in Eurostoxx, the euro zone stock index, in this last month