



The evolution of the relevance of environmental, social and governance (ESG) factors as a new way for creating value in the economy

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Abstract:

Climate change, low carbon emissions, and human rights protection are common areas of focus in the global economy and these challenges are increasingly gaining attention among the financial services industry, businesses, and institutions and more broadly among the public opinion. In recent years, numerous industrial sectors have undergone structural change, creating new markets, business and employment opportunities, besides undertaking innovative business models able to create profit not at the expense of people and the planet. Today, three out of five businesses worldwide use the Global Reporting Initiative Sustainability Reporting Standards (GRI) to communicate their environmental and social impact, either within their annual report or through other documents such as the Sustainability Report. The GRI's framework gives businesses a method for communicating with investors and other interested stakeholders about how they measure and manage their social, human and financial capital, besides their impact on the natural capital. When reporting on sustainability topics, managers ask themselves not only how to make a profit but also how to minimize their impact. This new trend shows that climate and economy are intimately linked both for companies and for investors. Today, managers operating within the market ask themselves how to better manage risks and opportunities coming from the transition to a low carbon economy. Financial institutions on their side, have been working on implementing sustainability requirements into their internal systems and investment decision-making process as done by the European Commission, who has taken the lead internationally by re-orienting capital flows towards a more sustainable economy. Nearly all investors who responded to a survey conducted from EY in 2018 stated that they evaluate a company's nonfinancial disclosures. The main factors considered in their investment decision-making have to do with risks related to governance, supply chain, human rights and climate change. Investors' increasing demand for reporting on nonfinancial assets reflects a more sophisticated understanding of the link between performance and environmental, social and governance topics (ESG). In other terms, sustainability has evolved from being an operational concern to a more strategic stance. If in the beginning, sustainability was seen as an operational concern, consisting of largely defensive effort to reduce companies' environmental footprint and cut waste, today it has evolved into a more strategic stance, from



cost reduction to innovation.

Biography:

Elena Rusci is a consultant by profession and works in the Climate Change and Sustainability Services at EY in Milan, Italy. She holds a BA in Political, Social and International Relations from the University of Bologna, while being an international fellowship at the University of Stockholm, Sweden and at the Universidade Federal do Piaui, Brazil. In 2017 and 2018 she focused on specializing in her management and sustainability-related skills by attending in 2017 the MA in political management at the LUISS School of Government, and in 2018 the MSc in Management of Sustainable Development Goals at the Lumsa University, a joint program with the United Nations, Candriam, the World Bank and the Dicastery for the Promotion of Integral Human Development (Holy See, The Vatican). Besides being passionate about environmental policy, she is currently focusing on corporate sustainability with particular attention on sustainability reporting and more broadly on non-financial performances reporting of large enterprises. She has experience in international organizations, public institutions, and social enterprises as she was a researcher for Climate-KIC and winner of the business plan competition "sustainable solutions for the Dolomites" with the project "Floating innovation", organized from the urbanist department of the Autonomous Province of Trento. She is an environmental activist and is the promoter in Trento of the move the date of the earth overshoot day" campaign. She is also part of the Secretariat of ASVIS - Italian Alliance for Sustainable Development.

Publication of speakers:

- Elena Rusci et al; Fine-scale tundra vegetation patterns are strongly related to winter thermal conditions, Mar 2019

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