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The best ESG ratings match the best investment performance. The first European study on listed companies shows that ethics makes good investment sense.

Market returns reward responsible management

Companies adopting good sustainability practices in the three spheres of environment, social and governance (ESG) criteria are rewarded by the market. In particular, industrial companies in the index with a high ESG rating are the ones that have been most efficient in increasing sales volumes and improving operating margins and dividend yields. This is shown by a recent study conducted jointly by the School of Management of Politecnico di Milano and Banor SIM, one of Italy's leading independent investment firms specialising in capital management and advisory services for high net worth clients. The research used the same methodology as adopted by Harvard Business School to analyse the US market.

GROWTH IN EARNINGS

An analysis of market returns shows that stocks belonging to the quartile of companies with the highest ESG ratings are the ones that perform best and show higher earnings growth and better margins. The research also reveals that integrating ESG indicators and the economic-financial considerations classically used by analysts following a value-based approach is the best strategy to create efficient portfolios. The securities with the highest ESG score have a higher yield than the others. As regards yield volatility, however, no significant differences are found. "As the research shows", explains Prof. Giancarlo Giudici of the School of Management of Politecnico di Milano, "integrating criteria of environmental and social sustainability and of paying attention to the interests of all stakeholders with the traditional models of value-based financial analysis can benefit fund managers and investors.

More and more companies are investing in good ESG practices, in the conviction that this could give them a competitive advantage in the medium-long term".

CLOSER ATTENTION TO THE ENVIRONMENT, STAKEHOLDERS AND THE ORGANISATION GIVES COMPANIES A BOOST IN THE REAL ECONOMY



Francesco Castelli, Head of Fixed Income at Banor Capital

“From the studies conducted, a correlation emerges between the best performance and adherence to ESG principles. Today in the US this correlation is also driven by flows. In the future it will be difficult to establish to what extent sustainability policies and the investment flows linked to them will impact a company’s performance”, observes Massimiliano Cagliero, founder and CEO of Banor SIM. “It’s important to recognise that a correlation does indeed exist and that this triggers a virtuous circle in the real economy, with a resulting impetus for listed companies to adapt to attract investors. In a world where we can no longer ignore investing that’s inspired by ESG criteria, fundamentals analysis and our value approach will remain crucial in creating value over time”.

POSITIVE CORRELATIONS

The results of the research, presented to institutional investors and a select group of private clients, leave no doubt as to the positive correlation between sustainability and yield performance. Investing in companies that follow ESG criteria is good for companies, good for society, good for the planet and good for investors’ portfolios. This was the first study in Europe to analyse the relationship between performance and ESG criteria in the markets using the same approach and methodology as applied in studies by Professor George Serafeim of Harvard Business School, one of the leading experts on social investing.


Luisa Russo





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L'impatto di Etica Sgr tra investimento e contributo delle attività di engagement*


*azionariato attivo e dialogo


 **-70%**
le emissioni medie per milione di euro di fatturato delle aziende presenti nei portafogli dei fondi di Etica Sgr rispetto al Benchmark

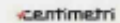
 **+49%**
il numero di società presenti nei portafogli dei fondi di Etica Sgr che hanno definito obiettivi di riduzione delle emissioni rispetto al Benchmark

 **1.689**
la media dei posti di lavoro creati dalle aziende presenti nei portafogli di Etica Sgr nell'ultimo anno

 **118**
il numero di risposte soddisfacenti da parte delle aziende in fase di engagement

 **Oltre 270**
le richieste avanzate da Etica Sgr alle aziende

 **109**
le attività di dialogo svolte da Etica Sgr con le aziende

 centimetri