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ADDED VALUE FOR (WO)MAN AND NATURE: Sustainable investments for a better tomorrow

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The coronavirus pandemic is currently a challenge to the entire world, but the climate crisis has not lost any of its urgency either. The world is at the edge of historic upheaval – the science is clear: the pressure we exert on Earth is bigger than ever. With a climate that is not in equilibrium, contaminated rivers and oceans, and empty forests, (wo)man has no future. The corona crisis shows us daily how important decisive, pre-emptive action is. Timely investments in the conservation of our livelihood, i.e. nature, protect our health and make the economy more resilient vis-à-vis future threats, among which the climate crisis is one of the most pressing ones.

It is therefore time to wake up to this urgency. The global community has to act, and individual measures are not sufficient any longer. We need a clear change of direction in order to avert the drastic effects of the climate crisis and species extinction. By ratifying the global goals of the United Nations for sustainable development and the climate agreement of Paris, the international community has already set itself an ambitious agenda. The implementation of the climate and energy goals of the EU require EUR 180bn annually.

In order to be able to fund these necessary investments, the economy and particularly the financial sector play a crucial role as drivers of sustainable development. WWF Austria therefore calls on all financial market participants to take responsibility and establish a sustainable and faire balance between environmental, social, and economic interests. By pursuing sustainable and intergenerational corporate strategies, following ecological and social standards in the core business, and engaging with green products and services, financial institutes create not only monetary value, but also value for society and nature.

The creation of transparency and comparability is an important first step. The current lack of standards, incomplete impact communication, and insufficient transparency are detrimental also in the field sustainable investments. As a result, customers cannot compare the sustainable effects of the various products, and it becomes difficult to steer funds towards sustainable areas.

The expansion of sustainable products has to be supported, and “niche” has to turn “mainstream”. It helps when experts are part of the product development in order to take into account ESG factors and to facilitate sustainable product innovation.

Education and information for customers is also important. Customer advisers in the field of saving and investment should inform customers about the sustainable effects of ESG and the risks and opportunities in relation to their products. The information gained from this process can be systematised and used for the development of sustainable products in line with the findings.

In addition to the increase in demand from retail and institutional investors, new regulatory measures also constitute a crucial element for the rising momentum on the market. The political measures and initiatives in the areas of disclosure, standardisation/comparability (EU Taxonomy), internationally acknowledged standards (green bonds standards), and client advisory (MiFID II Amendment) are an integral basis of effective transformation. However, the final version of the specifications and their implementation into practice are currently still unclear. Thus, it is even more up to the financial market participants to lead the way with innovative, pragmatic solutions and to define the direction towards sustainable transformation.

Both nature and the financial institute itself benefit from a systematically sustainable strategy of the core business. A better understanding of the possible risks makes them more easily controllable. It is then possible to calculate the influence of new business models and innovative technologies on the value created by investments and portfolios. At the same time, capital flows can be redirected, and solutions for a sustainable economy and society can be applied.

A clear win-win situation. Let us start using it for a future worth living.

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