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Combating greenwashing protects not just consumers but competitors

ESG values often appear in marketing materials, but it's far harder to really put them into practice. Pavia e Ansaldo partner Mario Di Giulio talks to us about how, specifically, these values can be lived.

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Mario Di Giulio: We are often holding conferences and roundtables, often focused on Africa but also other topics. COVID has affected this adversely, but we are currently arranging for June a new conference along similar lines to the one you mention: it will be analysing the rights of asylum from children's perspective.

What we are trying to achieve is an agreement on certain kinds of issues. It's difficult to change government laws, but if we can create a new awareness of these kinds of issues, perhaps even the courts can be better informed of context when they face certain issues. Some time ago, a woman victim of domestic violence who was fleeing her country requested asylum right in the US. The US court denied this, saying that familial violence is not an asylum issue from the US perspective; it was not the "right reason" to grant her asylum. She was forced to return to her country and ended up being killed by her husband. What was achieved? Familial violence should be considered in the context of the country she's from: if that country can't protect its women from familial violence, that should be considered when granting asylum. Our intention is that through our conferences, essays and books, awareness and sensibilities of these issues are heightened, so when judges, politicians and the public have to confront these issues, the correct perspective is provided.

You mention reaching the public - to what extent can you get the general

public to engage?

Pavia e Ansaldo and the Thinking Watermill Society, which I founded with some friends, try to make all our roundtables and conferences public. We use social media, videos and podcasts, and make essays freely available on our websites. It's not easy to be known by the public, but through press releases and other methods, we have succeeded to some extent. Our last conference was part of the popular Festival dello sviluppo sostenibile [Festival of Sustainable Development], organised by the ASVIS [L'Alleanza Italiana per lo Sviluppo Sostenibile, or the Italian Alliance for Sustainable Development], an organization very well known at an Italian and European level.

Also, many companies' CSR [corporate social responsibility] officers were curious about our conferences, namely on human rights topics; four such officers requested further details.

You've mentioned how ESG values have long been dear to your heart. How have you put these into practice, in concrete terms?

As you know, I am a finance lawyer. Together with some local banks, Pavia e Ansaldo has structured financings where we aim to achieve certain kinds of goal - not the kinds of goal often being talked about. Many lawyers are working on green bonds and loans. This is good, but in the end, a green bond is just financing an activity that produces less CO2 than before. So you're still polluting, but polluting less - and you can be called green for this! What we've done with local banks such as Banche di Credito Cooperativo is create job opportunities for entrepreneurial families and young people who want to set up businesses and comply with SDGs [Sustainable Development Goals] such as certain minimums of young people or of women. Such banks try to benefit their local territory and the people who live there; they are not just chasing profits.

We're currently working on a project called "the new urbanism". I believe that because of the pandemic, our way of life will change. Many big corporations are allowing remote working for two or three days per week, and so many people currently living in big cities might decide to have a residence in smaller ones. We are studying this kind of issue from a multicultural approach. There are legal issues, but also issues from a social and philosophical point of view.

To this end, we're working on Project Guarcino 2025, trying to see how we can improve life in a small town of 1,500 people. We've already finalised a project whereby healthcare is administered at home by nurses, using technological devices to get temperature, blood pressure etc. that can then be sent to the doctor, who can then see if he/she needs to make a visit. We're also supporting and preparing contractual arrangements to create energy via *comunità energetiche rinnovabili* [renewable energy communities], creating public-private consortia that create energy renewably with help from Italian state incentives.

You are head of Pavia e Ansaldo's Africa desk. How do ESG considerations fit into your Africa-centric work?

For me, the Africa desk opened my eyes. Normally, when you speak to other lawyers or authorities, they say you must have a "holistic" approach, "holistic" being one of the biggest buzzwords of the last few years. My Africa experience taught me that you must prioritize; there are things of differing relative importance. Not everything can be solved in one go: in reality, if you're a poor country fighting starvation and disease, you have to decide whether you want to create jobs - and possibly end up polluting something - or be greener but less economically friendly.

I hear of companies that say they're green because they're offsetting CO2 - they produce CO2 but also plant trees in some other country. This is better than nothing, but in the Western countries, we are continuing to pollute. Then we expect eco-compliance from those same countries where all we're doing is planting trees. This should sound odd to our ears.

I noted a different approach in Africa. I was advising one East African designer on a commercial agreement for the international sale of his garments, and I asked him what his ESG priorities were. He said that it was very important for him to return part of his income to his old village, because if he was able to grow up to have a position where he could make money, it was because of his village. So for him, sustainability meant returning part of his wealth to his people.

Are there any areas of ESG where you think Pavia e Ansaldo might have

performed better? And looking ahead, what plans does the firm have to strengthen its ESG performance or credentials?

I joined Pavia e Ansaldo as a young adult, and I appreciated my colleagues' morality and ethics. This firm has always been very sensitive to female empowerment, diversity and inclusion, even when these arguments weren't so fashionable. We've always been very committed to these kinds of issues. We say the "*posta in palio*" - the wager at stake - is to have a future in which we can all live happily. I'm very happy with our commitments so far. But we will always try to do more.

Right now, many of the firm's lawyers are working on a project focused on how to approach sustainability from a legal perspective. Google "sustainability + [industry]" and you'll get plenty of hits, but most of it is hot air. You need legal frameworks, otherwise it's philosophical, or at least purely economic. Right now, there are so many conflicting opinions on issues such as nuclear energy.

What we are trying to do, partly with our competition team, is consider all issues relating to - and actively work with our clients on - the adoption of corporate policies, to ensure compliance with SDGs (including supply-chain checks) and combat greenwashing. Combatting greenwashing doesn't just protect consumers, but also competitors. We're trying to understand how much you can claim to be sustainable without infringing the protection of competitors or consumers. We also want a strict legal approach to all kinds of ESG matters through corporate policies and supply-chain checks, ensuring transparency and long-term vision.

In all ESG aspects, there's always a short-term approach and a long-term approach. The former often contrasts with the latter. The immediate effect of certain decisions might be very different depending on the horizon. If I decide to use renewable energies, in the short term I could affect my company's creditworthiness, because that energy is more costly. But long-term, I am making a difference. Obama once said that you cannot consider the financial viability of renewable energies just by looking at the price on the oil barrel. All companies taking ESG approaches are ultimately in a better position than the others, even if not in the short term. The European Central Bank is already asking banks to look at the climate change effects of their decisions, because things are changing fast - for example, with rising sea levels and melting ice caps, certain tourism industries will be decimated.

So we're focusing on specific priorities. Corporate policies and combatting greenwashing are the immediate ones, but we are also trying to think about long-term legalistic strategies.

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