

Plus: Ambienta's Nino Tronchetti Provera on the case for sustainable investing

Forbes Current Climate

Hello and welcome to this latest edition of **Current Climate**, the weekly newsletter that brings you a balanced view of sustainability news.

It was a **busy week for the U.K.**, the host country of the all-important COP26 climate change conference. The British government has finally published its long-awaited [net-zero strategy](#), as well as new [“sustainability disclosure requirements”](#) in a bid to tackle greenwashing, and announced a partnership with Bill Gates to [fund green technologies](#).

For **Climate Talks**, a brief Q&A with sustainability experts and business leaders, I spoke to asset manager Ambienta's founder and managing partner, Nino Tronchetti Provera, about his sustainable investment strategy and his views on Europe and greenwashing.

Next week, we're talking to Mauro Cozzi, cofounder of London-based startup Emitwise, about what companies can do to **track and reduce their emissions**. Do you have any burning questions about sustainability, climate change and biodiversity? [Submit them here and Current Climate will bring you answers](#). To share the word about Current Climate, [use this link](#).



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Biden's Climate Strategy Highlights Importance Of Physical Climate Risks

President Joe Biden's strategy to address climate change risk to financial stability focuses on physical risks, such as supply chain disruption, rather than the transition or policy risk that is the focus of many climate approaches.

[Why It Matters →](#)

The Progress

The U.K.'s newly released **Sustainability Disclosure Requirements** (SDR) will require pension schemes, investment products, and asset managers and owners to reveal [their asset's environmental impact](#), improving transparency and accountability in the sector.

Toyota is making its biggest bet ever on battery-powered vehicles with plans [to spend about \\$3.4 billion](#) through the end of the decade in the U.S. to speed up development and production of advanced batteries for electric cars and trucks.

Leading tech companies and consumer brands such as **Dell Technologies**, **HP Inc.**, and **IKEA** have committed to a framework that will see them buying [plastic collected by informal waste pickers](#), offering these communities better pay and access to benefits like healthcare, childcare and education.

Materials science and lifestyle brand PANGAIA unveiled a [new jeans collection partially made with nettle denim](#), procured from Himalayan farmers and manufactured by Italian fiber spinner Candiani Denim, offering an **example of social sustainability** throughout the supply chain.

The Challenges

When it comes to **decarbonizing transport**, the U.K.'s net zero strategy is [mostly concerned with promoting electric vehicles](#) rather than discouraging car use in favor of other modes of transport.

It's the Pinterest dream for many but **roaring log fires** are driving more than third of all the primary PM 2.5 pollution in the U.K., and emissions from wood-burning stoves have doubled from 2003 to 2019, but complaints about their environmental impact [are largely ignored](#).

California recorded its [driest year in nearly 100 years](#), with an average of 11.87 inches of rain or snow fall, amounting to half of the 23.58 inches average normally expected.

Africa's three glaciers—Mount Kenya massif in Kenya, the Rwenzori Mountains in Uganda and Mount Kilimanjaro in Tanzania—are expected to [disappear by the 2040s](#) due to human-induced climate change.



Corporate Restructuring Is Needed To Accelerate Europe's Energy Transition

Capital needed to fund the switch to renewable energy will have to come from large utility companies, many of which already own sizable portfolios of renewable energy assets. The problem is that these companies' high cost of capital makes it difficult to attract ESG investors. One solution: spin off the renewables' businesses from the integrated utilities and create listed standalone pure-play renewables companies.

[Here's Why →](#)

Climate Talks

In 1991, Nino Tronchetti Provera wanted to impress recruiters at McKinsey badly, so he chose to write his undergraduate thesis on a topic few people knew about: environmental business. The plan worked better than expected—not only did he get hired, but he would go on to launch his own asset management fund dedicated to sustainable investing, Ambienta, in 2007. The firm currently counts more than \$2 billion in assets under management.

You're based in Europe and you've only ever invested in Europe, why?

Europe is by far the most sustainable continent on planet Earth. That is not the result of the fact that we are better humans. God gave us a lot of stuff, but completely forgot about natural resources. Additionally, European governments basically finance all their budgets—the European welfare, pensions and and deficits—by taxing resources. So if you go to the gas station, the price of gasoline in Europe is 10 times the one in the U.S. If you make resources so expensive, you are kind of forcing the economy to become resource-efficient.

Given the European economy is based upon thousands and thousands of small and medium companies, there must be thousands of those companies which have been developing environmental technologies that have enabled Europe to be such a [sustainability] front runner. The big challenge for those small and medium companies is that they very often lack the process and the management to execute on that opportunity, which is what we're bringing on board. As a matter of fact, to make a long story short, if you look at the history of our companies, we bought 44 companies so far, of which 40 are what is technically called a primary deal. All of those companies are headquartered in Europe. We bought companies with our companies, but also those are all in Europe, with two or three exceptions in the U.S. Even without buying companies around the world, our companies in 2020 booked revenue in 139 countries.

What is your definition of sustainability?

We are focused on environmental trends. We look at [various economic sectors] and for each sector, we try to understand what is the real fundamental environmental issue. If you look at packaging, today, you look at plastic. If you look at buildings, let's start from energy efficiency. If you look at chemicals, please focus on pollution. If you look at agriculture, water is the first thing to look at, etcetera. The second thing we do is that once we have identified the real priority, the real problem, we try to provide a solution, which, in our mind, has to be actionable, measurable, scientifically approved and

economically sensible. My 30 years of experience will tell you that if you're able to find such solutions for such issues, you would be investing in trends, and therefore companies, which should be growing two to four times faster than the average growth of that specific sector.

Are you concerned about greenwashing and how do you tackle that?

Greenwashing is the result of the fact that a lot of people that haven't studied sustainability have the idea of jumping on this wagon, because they understand that this wagon is full of money. And it's the result of the fact that investors still have to be educated and that the real, authentic, educated sustainability asset managers are still too small to take on that demand. There is a big gap today between the supply and demand [in sustainable investing.] People like me, I'm not able to satisfy the demand. The big banks, the big insurers, the big pension funds, the big families, they want to invest hundreds of trillions, but they haven't got products. So don't be surprised if a piece of that gap [in supply] is covered by a big asset manager by overnight changing the name of a fund. Greenwashing will exist until there is enough supply of real sustainable products. That's a very simple equation.

Nino Tronchetti Provera's answers were condensed and edited for brevity and clarity.

Do you have any burning questions about sustainability, climate change and biodiversity? [Submit them here and Current Climate will bring you answers.](#)

On The Horizon

France will [ban the use of plastic packaging](#) for the sale of fruits and vegetables from **January 2022**—with some exceptions.

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