

World Economic Forum: 3 Key Advances for Investors to Watch For

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The [51st World Economic Forum](#) took place between January 25-29 this year. The annual gathering usually takes place at the Davos ski resort in Switzerland, but this year, it was held virtually. Each year, global leaders from business, government, and civil society gather to discuss the issues of our day, global challenges that require global solutions and action. Aptly, this year's theme was, "A crucial year to rebuild trust."

As the week progressed, we expected the following three topics to take precedence on the world stage. Wrapped around these three topics is a need for governance, accountability, and reporting transparency.

1. **Climate change.** According to [Hotwire](#), protecting the environment topped the list of reasons consumers switched products or brand preferences, and 5% cited concerns about climate change. We expect issues such as environmental degradation, deforestation, and destruction of natural habitats to propel leaders to enforce a regulatory framework. Regulators can support the shift towards a more sustainable future by making ESG risk management and reporting a core regulatory requirement. Further, proactive and transparent ESG reporting and data help companies to raise capital.

2. **Corporate governance.** It's clear that sustainable investments - those focused on companies with strong environmental, social and corporate governance principles are filtering into public consciousness. We expect to see more business leaders commit to sustainable growth - growth that is repeatable, ethical, and responsible to, and for, current and future communities. Sustainability will become a dimension of corporate decision-making just like cost or growth.
3. **Diversity, equity, and inclusion.** From our own proprietary research, we've seen that firms with more gender diversity on Boards and higher social factor scores perform better as a standalone measurement. Given the rise of technological advances - particularly the use of AI technology - over the past few years, we expect an ongoing robust debate on both the opportunities and risks that technology represents for diversity, equity, and inclusion efforts. We expect companies to commit to reducing bias from recruitment processes, diversifying talent pools, and benchmarking diversity and inclusion across the Board.

Where the government has left gaps, consumers and investors expect companies to fill. COVID-19 is presenting the world with unprecedented challenges in modern times. We believe ESG investing will continue to be a priority among investors as the world's markets begin to recover from the impact. Given this prioritization, world leaders, global business executives, and civil servants will need to do their part to establish clearly defined ESG reporting standards and consistent aggregation of company data. Additionally, consumers and investors will need to hold governments and businesses accountable on ESG factors, reliable reporting, and data transparency.

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