COUNTRY EVALUATION | AS OF MAY 2019

Italy

TRANSPARENCY & DISCLOSURE (Dimension)
Common disclosure framework (Sub-dimension)

1. Disclosure on governance **SCORE 7/10**

Article 2428 of the Italian Civil Code Implements Directive 2003/51/EU on the annual and consolidated accounts of certain types of companies and other financial intermediaries. It requires Italian joint stock companies to include in the company's Management Report a fair, balanced and exhaustive review of the company's condition. Such a review should also contain non-financial indicators, including information (mostly of a qualitative nature) relating to the environment and employees.
Reporting on climate change related governance is partially covered by the Decree on Disclosure of Non-Financial Information (DNF) (Legislative decree No. 254/2016) that implements the EU Non-financial Reporting Directive (EU Directive 2014/95) into Italian law. The Decree requires the disclosure of, among others, environmental data and the publication of a non-financial statement with respect to which a “reasonable assurance or a “limited assurance by an external accountant must be provided. Climate change is not explicitly mentioned in the original Directive and the DNF reports for 2017 and 2018 on this specific matter have been mostly deemed inadequate due to lack of consistency and insufficient quality and quantity. This issue has been addressed by the Commission in its non-binding guidelines (NBGs) on reporting climate-related information published, in furtherance of the EU Commission Action Plan, in June 2019. The NBGs indicate how companies should report on climate related risk. It is expected that, over the next few years, companies will report qualitative data when they will be unable to produce comparable and understandable information.
The Italian Corporate Governance Code (Code) published by Borsa Italiana S.p.A. (the privately-owned company managing the Italian Stock Exchange) has a significant impact on the internal governance of Italian companies listed on the main segment of the stock exchange, with an adoption rate of over 90%. The main segment of the Italian Stock Exchange (“MTA) is divided in 3 segments which include companies with market capitalization higher than €1 billion, and companies with a market capitalization between €40 millions and €1 billion (such latter companies being on one of two segments depending on the company's liquidity, transparency and corporate governance. The Code is a set of recommendations and principles implementing international best practices that companies with shares listed on the Italian Stock Exchange may choose to adopt on a voluntary basis.
The Italian Financial Act requires the board of listed companies to state in the Management Report (or in an ad hoc report to be attached thereto) whether they adopted the Code, to motivate the disapplication of any of its provisions and to illustrate any corporate governance practice applied by the company. The Code follows a comply-or-explain approach and its adoption triggers legal obligations and potential sanctions for the relevant company. Since 2016, the Code requires the board of directors of companies included in the FTSEMIB Index to determine whether to set up an ad hoc committee supervising a company's sustainability issues or to allocate such duties to other committees. The current version of the Code does not refer to climate change. Amendments

are, however, expected to be made in the course of 2019 or 2020 (thus becoming applicable starting with boards appointed in 2021 onwards). Sustainability will become one of the key duties of a board. In such context, a definition of the term "sustainability" should be included and explicitly cover environmental and social issues.

Italian companies whose shares are not listed on the MTA, companies whose shares are traded on an unregulated segment or companies traded on a multilateral trading facility, are not subject to the Code. However, in order to boost the attractiveness of Italian SMEs for investors, the possibility for SMEs to adopt a limited set of governance provisions of the Code - should they decide to apply for listing - is currently being discussed by Borsa Italiana. The timing of such extension is currently unclear.

In 2014, Nedcommunity, the Italian association of non executive and independent directors, published a Corporate Governance Code for unlisted Small and Medium Size Companies on the basis of the corresponding guidelines issued in 2010 by the European Confederation of Directors' Associations. The document set forth best practices that unlisted SMEs could and may adopt with respect to corporate governance and tailor to their own organizations. The document provides a very practical approach and is organized in Values, Principles, Reasons to adopt the Principles and Answers to (hypothetical) objections to adopt the Principles (e.g., excessive costs of disclosure).

In 2017, the Italian Association of family-owned companies (AIdAF) published a code for family-owned businesses, which elaborates certain provisions of the Code for listed companies by adjusting them to the different needs of family-owned companies. Along the lines of the Code, article 2 of the AIdAF code indicates that board members must operate and take decisions in order to pursue a company's main goal, which is the creation of economic and social value on the medium-long term. The board is also competent to identify the key points of the company's medium-long term strategy. Both Nedcommunity's and AIdAF's codes are adhered to on a voluntary basis and adopt a comply-or-explain approach.

2. Disclosure on strategy **SCORE 4/10**

Disclosure on strategy is partially covered by the Decree on Disclosure of Non-Financial Information (Legislative decree No. 254/2016) that implements the EU non-financial reporting Directive (EU Directive 2014/95) into Italian law. It requires companies to disclose non-financial information in a manner adequate to provide an understanding of the company's activities by covering, among others, environmental, social, human resources, human rights and anti-bribery issues. The information must at least describe the business model adopted to manage and organize the business activities, the policies adopted by the company, their outcome and the connected non-financial key performance indicators. This does not necessarily imply climate change considerations. According to the Decree, companies must also disclose any organizational and management model adopted to prevent crimes, including environmental offences (Decree 231/2001 concerning the liability of corporations for selected criminal offences). The EU non-binding guidelines (NBGs) on reporting climate-related information will foster disclosure on the impact of climate related risks and opportunities on the company's business model and strategy.

CONSOB whilst confirming in public venues that the NBGs are non-binding, it provided in its Regulation No. 20267 governing the communication of non-financial declarations that it will verify compliance with the provisions of the Decree on Disclosure of Non-Financial Information consistently with the NBGs. Thus indirectly implying that the NBGs (although non-binding) should be taken into account and followed by reporting companies. It is envisaged that over the next couple of years most Italian reporting companies will provide qualitative climate-related data where they are not able to produce, due to the absence of a taxonomy or the granularity of the data required, the quantitative data envisaged by the NBGs.

The Corporate Governance Code (Code) defines the creation of value for shareholders on a medium to long term basis as priority for board members. They should also approve a strategic plan for the company and its group. Climate change is not explicitly mentioned in the Code yet. Future changes to the Code will clarify duties of boards with respect to sustainability of the company's business and the interests of material stakeholders (expected to become effective starting 2021).

Disclosure on climate-related risk management is only implicitly covered by the Decree on Disclosure of Non-Financial Information (Legislative decree No. 254/2016) that translates the EU non-financial reporting Directive (EU Directive 2014/95) into Italian law. Climate change related risks are indirectly covered through disclosure obligations on environmental risk and on how such risk is managed, including inside-out and outside-in risks as well as products and supply chain risks. In medium term scenarios (prepared by the company), the impact of environmental risks must be identified and disclosed. A long-term perspective of environmental and climate risk is not expressly encouraged. The EU non-binding guidelines on reporting climate-related information (NBGs) explicitly encourage companies to identify climate-related risks and disclose how they are managed. A long-term perspective is also encouraged in the NBGs.
The Corporate Governance Code (Code) requires listed company's Board of Directors to define "the nature and level of risk that is aligned with [its] strategic goals. Future changes to the Code will clarify duties of the board to consider any risk that may be relevant with respect to the long term sustainability of the issuer's business (expected to become effective starting in 2021).

3. Disclosure on metrics & targets **SCORE 3/10**

The disclosure of metrics and targets to assess climate-related risk and the company's contribution to climate change remains voluntary for companies not subject to the Non-financial Reporting Directive. No other guidelines or mandatory metrics exist in Italy.
Pursuant to Article 3.2 of the Decree on Disclosure of Non-Financial Information (Legislative Decree No. 254/2016) implementing in Italy the Non-financial reporting Directive (EU Directive 2014/95), companies must indicate with respect to the areas with respect to which reporting is mandated (e.g., environmental, social and employees matters, respect for human rights), among other things: a) the use of energy resources (indicating those deriving from renewable and/or non-renewable energy) and water use; b) the GHG and air pollution emissions; c) the impact, on the basis of medium term scenarios and assumptions, on the environment, health and safety connected to the main in-out and/or out-in risks deriving from the company's business, products, services and commercial relationships, including, where relevant, supply chains. Such information must be reported in accordance with the methodologies and the principles set forth under the adopted reporting standard (or under the independent methodologies adopted by the company) and, where appropriate, must contain cross references to the items and amounts set forth in the financial report.
The EU non-binding guidelines on reporting climate-related information outline a set of KPIs for target setting.

4. Adapt accounting standards **SCORE 0/10**

Article 2428 of the Italian Civil Code (which implements Directive 2003/51/EU on the annual and consolidated accounts of certain types of companies, and other Financial intermediaries) requires Italian joint stock companies to include in the company's Management Report a fair, balanced and exhaustive review of the company's condition. Such review, which must be a balanced and

comprehensive analysis of the company's business consistent with the size and the business of the company, must contain, to the extent necessary to assess the company's condition and the results of the management activity, also non financial indicators, including information (mostly of a qualitative nature) relating to the environment and employees.
Article 2426 n.3 of the Italian Civil Code with respect to movable and immovable assets requires that historical cost is the valuation criteria according to which they must be valued. However, it also requires that once such value has been depurated by the relevant amortizations, such value also needs to be net of "any durable value losses". Italian GAAP do not specify the process that companies must adopt to assess the loss in value of the assets; however, it is generally accepted that the general criteria for impairment testing provided under International Accounting Standard 36 may also apply to Italian enterprises that adopt Italian GAAP. Impairment tests and the relevant procedure to be applied to carry out such activity (as well as parties to be involved) have been widely debated over the last years in Italy and Italian authorities have been focusing on them on a recurring basis to ensure that companies' balance sheets represent in a clear and complete manner the risks that companies' face and the uncertainties that they may face. The debate on how climate could impact accounting principles, however, has become a topic of widespread interest only recently possibly due to its potential (negative) impact on the balance sheets of all companies.
It must be noted that supervised entities such as banks, insurance companies and asset managers must draft their balance sheets in accordance with IAS-IFRS principles. Therefore, the outcome of discussions concerning the impact of climate risk on IAS-IFRS accounting principles pending at international level would automatically need to be implemented in Italy by companies applying such principles.
Members of the Italian financial market (one bank, on energy listed company and one analyst) are currently participating in the Project Task Force on Climate-related Reporting set up by the European Reporting Lab @EFRAG, which is finalizing a public consultation document to be published before the end of the year. Although specific climate-related considerations are not present in Italian GAAP, there are discussions taking place at the level of civil associations (e.g., the Italian Accounting Board, EFRAG) as to how climate change could impact accounting.

5. Accounting for stranded asset risk — SCORE 0/10

In 2010 Bank of Italy, CONSOB and IVASS issued a paper recommending that board members adequately assess all indicators that suggest the loss in value of the companies' assets. Banks, insurance companies, asset managers and listed companies are, in fact, required to draft their balance sheets in accordance with IAS-IFRS principles issued by the International Accounting Standards Board. As a consequence, the accounting for stranded assets risks due to climate change risk would need to follow any principle that IASB may issue in the future.

TRANSPARENCY & DISCLOSURE (Dimension)
Investors' fiduciary duties (Sub-dimension)

1. Investment evaluation transparency — SCORE 6/10

The Shareholder Rights Directive II (EU Directive 2017/828) is implemented in Italy through Legislative Decree No. 49 of 2019 by introducing changes to the Italian Financial Act. The provisions concerning "Transparency of institutional investors, asset managers and proxy advisors" shall enter into force on June 10, 2020.

Article 124-quinquies will require institutional investors (insurance and reinsurance companies and pension funds with more than 100 participants) and asset managers to draw up and publish a Shareholder Engagement Policy. The policy must comply with transparency requirements on ESG factors. No explicit reference to climate-related risks are included.
Article 117-ter of the Italian Financial Act and its implementing intermediaries' regulation (CONSOB Regulation No. 20307/2018) provide for additional disclosure requirements applicable to financial intermediaries distributing products or services that qualify as "ethical" or socially responsible. The disclosure provisions require financial intermediaries to inform clients, among other things, about their voting policy, goals pursued when exercising such voting rights, and if such rights have actually been exercised.

2. Shareholder responsibility for governance and strategy **SCORE 5/10**

The Shareholder Rights Directive II (EU Directive 2017/828) is implemented in Italy through Legislative Decree No. 49 of 2019 by introducing a new section in the Italian Financial Act. These provisions shall enter into force on June 10, 2020. SRD II does refer to ESG considerations (on a comply-or-explain basis) but does not explicitly mention climate change.
SRD II should foster shareholder activism. Article 124-quinquies of the Italian Financial Act will require institutional investors (i.e., insurance companies and occupational pension funds will less than 100 participants) and asset managers to adopt and publish an engagement policy setting forth how they integrate their engagement as shareholders in their investment strategy. The engagement policy shall describe how the institutional investor or the asset manager monitor the investee with respect to material issues such as strategy, financial and non-financial results, risks, capital structure, ESG impact. The dialogue with the investees and the exercise of voting rights shall be described. Furthermore, the management process of potential and actual conflict of interests should also be disclosed.
Institutional investors will be required to publicly disclose on a yearly basis how the main elements of their equity strategy are consistent with the profile and duration of their liabilities (long term liabilities, in particular) and how such elements contribute to the medium and long term performance of their assets.

3. Asset manager responsibility **SCORE 7/10**

The Shareholder Rights Directive II (EU Directive 2017/828) is implemented in Italy through Legislative Decree No. 49 of 2019 by adding, among other things, a new section in the Italian Financial Act. The provisions in such new section shall enter into force on June 10, 2020. The new section does refer to ESG considerations (on a comply-or-explain basis) but does not explicitly mention climate change.
According to the Italian Financial Act, asset managers will have to implement an engagement policy with respect to voting rights held on behalf of institutional investors (insurance and certain occupational pension funds). Asset managers will also have to inform institutional investors with whom they have a management arrangement in place about the investment strategy and its contribution to medium to long-term performance. Such disclosure must include information on any investment decision that considers medium and long term results of the investee (including its non-financial results).
The Italian Stewardship Code adopted in 2013 (lastly updated in 2016) by Assogestioni (the Italian market association of asset managers) and applied on a voluntary basis by a part of Italian asset managers is going to be aligned to the new provisions in the Italian Financial Act. According

to the Stewardship Code, regular engagement with investees may help protecting and guarding companies' long term value. No reference to ESG matter or climate risk is currently provided.

4. Executive remuneration policy **SCORE 5/10**

The Italian Financial Act requires listed companies to issue an annual report on executive remuneration. Following the Shareholder Rights Directive II (EU Directive 2017/828), Article 123-ter requires them to establish a remuneration policy that will have to be resolved upon for the first time by the AGM approving the 2019 balance sheet. The policy should contribute to the company's business strategy, the achievement of its long term interests and its sustainability. The mechanism to achieve these goals should be descripted. No explicit references to climate-related issues or risk are made. These provisions partially apply to unlisted SMEs as well.

The Corporate Governance Code (Code) stipulates that executive remuneration should be linked to medium term value creation and the achievement of specific targets, including non-financial targets. The structure of executives' compensation should promote the sustainability of the issuer in the medium and long term. Amendments to the Code (to become effective in 2021) are expected to clarify that remunerations must be aligned with the company's strategy and take into account the long term sustainability of the business.

Article 40 of IVASS Regulation No. 38 also provides that insurance companies must adopt remuneration policies that are consistent with the company's strategic targets, its performance and long term balance/equilibrium and, conversely, must not adopt short term remuneration policies incentivizing excessive risk taking. To this end, the variable part of executives' remuneration must be linked to (financial and non-financial) KPIs that are to be assessed over a plurality of years.

Pursuant to Decree 147/2018, pension funds must establish a remuneration policy that, among other things, must be defined and implemented consistently with the company's risk profile and long term goals and interests as well as with the risk profile and the long term interests of the participant in the fund and its beneficiaries. No explicit reference is made to climate-related criteria.

5. Climate change related risk management **SCORE 6/10**

Insurance: Article 4 of Regulation No. 38 of 2018 by the Italian Institute for the Supervision of Insurance (IVASS) takes a clear position on the inclusion of environmental and social risks in the risk management system (as part of the corporate governance system). In the public consultation leading up to the approval of Regulation No. 38, IVASS clarified that climate risk is within the range of risks to be covered and managed under Article 4.

Pension funds: Legislative Decree No. 147 of 2018 implements IORP II Directive (EU Directive 2016/2341) in Italy. According to the Decree, an assessment of climate-related risks is specifically and explicitly required to pension funds. ESG risks, more in general, must be taken into account by a pension fund's risk management system, where relevant to its investments/activities. The Decree also stipulates that the risk management system of a fund must be integrated in its organizational structure and its decision processes.

6. Customer/beneficiary centricity **SCORE 2/10**

ESMA is in the process of updating MIFID II and IDD to integrate sustainability risks into risk assessment and management as well as governance structures and consumer preferences. The

Italian market does not expect such changes to take place at local level before 2021.
With respect to insurance contracts, IVASS Regulation No. 41 on Transparency, Disclosure and design of insurance products requires in Article 36 that insurance companies include information on products labelled as "ethical" or "sustainable" on their website.
With respect to pension funds, Legislative Decree No. 147 of 2018, which implements the IORPII Directive in the Italian legal framework, introduced new obligations with respect to the pre-contractual information to be provided to potential participants. Such information must include, among other things, details as to "if and how" ESG factors are taken into account in the fund investment policy and risk management. Given that the provisions governing governance and risk management clearly require ESG factors and issues to be taken into account by pension funds, the apparent possibility ("if") that the information provided to clients on a pension fund do not actually contain details on ESG matters, is not regarded by COVIP as practicable.
Prior to the enactment of the IORPII Directive and without this being a requirement under IORP I Directive, the standard information document to be delivered to investors upon subscribing or adhering to a pension fund (so called "Schema di nota Informativa") already contained references to the need for the fund to clarify whether its investment policy included any ESG factor.

TRANSPARENCY & DISCLOSURE **(Dimension)**
Consumer transparency (Sub-dimension)

1. Packaged Retail and Insurance-based Investment Products (PRIIPs) **SCORE 2/10**

EU Regulation 1286/2014 as modified by EU Regulation 2340/2016 and supplemented by EU Regulation 2017/653 (Regulation), concerning packaged retail and insurance-based investment products (PRIIPs) has been enacted in Italy. Climate-related considerations are not explicitly mentioned yet. In line with the Action Plan on financing sustainable growth, prospectus requirements should be adjusted by the end of 2019 to include climate and sustainability aspects.
Article 4-sexies and 4-septies of the Italian Financial Act identify CONSOB and IVASS, as applicable, authorities in charge of supervising compliance with the provision of the Regulation and intervene in case of breach. CONSOB is the authority appointed to receive KIDs before the relevant PRIIPs are distributed in Italy (Article 4-decies of the Italian Financial Act and art. 34-bis of CONSOB Intermediaries Regulation).

2. Investment advisor duties **SCORE 2/10**

Currently, explicit obligations on financial/insurance advisors to enquire on and assess the interest of clients on climate change related matters are not in place. Enquiries are generally made by the advisors only where the ESG products are made available for distribution.
A database of approx. 5000 exam questions for qualification as investment advisors already contains questions concerning ESG products. According to informal positions by ANASF (the Italian market association of independent advisors), investment advisors should be able to understand if there is an interest for ESG matters by clients and propose to adjust investment strategies accordingly.
The Italian Association of Financial Advisors and Private Bankers has announced the organization of the first ESG certification for private bankers and financial advisors. The first edition of the course, managed by a Professor of Siena University, will take place in the first half of 2020 and

will include 5 days of lessons and a final exam.
Occupational pension funds that are subscribed for at the employer's premises or that are adhered to through third party networks of advisors do not impose specific duties on employers or investment advisors to collect ESG participants' preferences. However, pre-contractual (and contractual) documentation to be delivered to potential and actual participants must contain information on the manner in which ESG factors are taken into consideration in the pension fund's investment strategy.

3. Retail fund transparency **SCORE 1/10**

Article 117-ter of the Italian Financial Act concerns "ethical" finance and attributes to CONSOB the power to regulate the disclosure requirements applicable to financial intermediaries and insurance undertakings distributing products or services that qualify as ethical or socially responsible (where such term also covers environment-related products and services). Climate change related products are not explicitly covered.
The prospectus' scheme to be used for purposes of the retail offering of ethical or socially responsible funds is the same that must be used for the offering of traditional retail funds. No deviation from the scheme attached to CONSOB Issuers Regulation is currently provided.
With respect to pension funds, Legislative Decree No. 147 of 2018, which implements the IORPII Directive in the Italian legal framework, introduced new obligations with respect to the pre-contractual information to be provided (even) to potential participants. Such information must include, among other things, details as to "if and how" ESG factors are taken into account in the fund investment policy and risk management. Given that the provisions governing governance and risk management clearly require ESG factors and issues to be taken into account by pension funds, the apparent possibility ("if") that the information provided to clients on a pension fund does not actually contain details on ESG matters, is not deemed actually applicable.
Prior to the enactment of the IORPII Directive, the standard information document to be delivered to investors upon subscribing or adhering to a pension fund (so called "Schema di nota Informativa") already contained references to the need for the fund to clarify whether its investment policy included any ESG factor.

4. Green labels/standards **SCORE 2/10**

No public green labels and standards could be identified by the 3fP-Tracker assessment. Application of private initiatives remains a niche market. The creation of green labels in Italy has been considered in the past but in light of the initiatives taken at EU level in the same field, the local projects have been set aside.
Borsa Italiana S.p.A. created a segment for green and social bonds on one of its regulated markets (MOT) and on one of its multilateral trading facilities (ExtraMOT). According to Borsa Italiana's Rules, in order to be added to the list of green and/or social bonds, the environmental and/or social nature of the bonds must be certified by an independent third party. Issuers must also publish a yearly communication confirming the use of proceeds in environmental and/or social projects.

1. Awareness creation to climate change related risk incl. systemic risk

SCORE 8/10

One of the first government-sponsored initiatives concerning sustainable finance in Italy was led by the Ministry of the Environment and the Protection of Land and Sea (which is also a key player in the implementation of the Italian Strategy for Sustainable Development) with the support of UNEP in 2016. This initiative led to the publication of the Report of the Italian National Dialogue on Sustainable Finance in 2017. The report identified 18 different actions to promote sustainable finance. Actions related to four areas: a) putting in place supportive policy frameworks; b) stimulating financial innovation in priority areas; c) improving market infrastructure in terms of governance and disclosure; and d) building capacity, awareness and knowledge.

As a follow up to this initiative, the Ministry of the Environment established the Italian Observatory for Sustainable Finance in 2018. The Observatory, among other things, created a working group tasked with assessing (i) the position of Italian financial intermediaries with respect to disclosure and management of climate-related financial risk; and (ii) how the peculiarities of the Italian financial market must be taken into account in the future discussions concerning these topics. The working group issued its first report "Climate Risk for Italian Finance" in March 2019. Its results rely, among other things, on a questionnaire organized along the four areas with respect to which the Task Force on Climate related Financial Disclosure recommends that data concerning climate-related financial risk data be disclosed. The results highlighted a difficulty of the Italian financial sector in understanding and analyzing the different avenues through which climate risk can impact financial markets and real economy. Such difficulty is mostly due to the lack of comparable data and shared methodologies to identify, assess and manage climate risk.

Various regulatory authorities published official positions with respect to climate risk are made public by the various regulatory authorities (Bank of Italy, CONSOB with respect to financial markets and intermediaries, IVASS with respect to insurance companies, COVIP with respect to pension funds) by way of speeches, publications and conferences. These activities aim at raising the awareness of the supervised entities and the public but it may not be denied that the production of legal provisions and rules by financial authorities with respect to climate change (and sustainability issues more in general) is currently heavily influenced by the adoption of initiatives and pieces of legislation at EU level.

In its strategic plan for the years 2019-2021, CONSOB listed as one of its top strategic objectives the provision of support to companies in the application of the Non-Financial Information legislation by fostering the discussion concerning ESG matters (see also, for 2018, report published on Non-Financial information as driver of transformation). More in general, CONSOB created an internal Steering Committee to monitor and research sustainable finance and ESG matters as well as track relevant regulatory developments at EU level.

In a recent speech, the Governor of the Bank of Italy pointed out that climate change is going to have a significant impact in particular on Southern European countries such as Italy and stressed the fact that such changes create new risks for the real economy and the stability of the financial sector as a whole. Mr. Visco, in particular, referred to and illustrated "physical" and "transition" risks. Also, on 3 July 2019, the Bank of Italy organized its first conference on climate change. On such occasion, the Bank of Italy indicated that it had created an internal working group on sustainable finance comprising employees from the Banking and Financial Supervision, Economy and Statistics, Markets and Payment System Departments.

As to the insurance sector, the Italian Supervisory Authority for Insurance Undertaking asked insurance companies to reply to questionnaires focused on climate risk in 2016 and 2018, in the context of its quarterly monitoring of the insurance sector's vulnerabilities. In its end-of-year 2018 quarterly questionnaire IVASS indicated that it deemed necessary to repeat the information gathering exercise carried out in 2016 due to a) the potential impact of climate change on the insurance sector, b) the approval of its Regulation No. 38 (which explicitly refers to the management of ESG risks) and, where applicable, c) the exercise that companies had to carry out in 2017 to comply with the Non-Financial Information Decree. The results of these quarterly questionnaires are not public. However, its output is used by IVASS to monitor the sector, gather data to share with EIOPA and guide its supervisory activity. IVASS also published a working paper on July 30, 2019 under the heading "Natural disaster and insurance cover: risk assessment and policy options for Italy".

As to market led initiatives, the main Italian financial market associations signed already in 2012 the "Charter of Sustainable and Responsible Investment of Italian Finance" aimed at promoting a more responsible behavior and increased awareness in the financial intermediaries as to the impact that their business decisions had on the society and the environment.

In 2013, the Italian National Statistics Institute has developed a unique system (comprising 12 domains, one of which is Environment) in order to complement economic and financial information with new measures to assess the equitable and sustainable well-being of Italian citizens. Selected indicators of "Equitable and sustainable well-being" have become part, since 2016, of the annual financial planning of the Italian Government. The annual Economic and Financial Document prepared by the Government must include recent trends of such indicators and an impact assessment of proposed new policies.

2. Provision of data, standard scenarios and methods

SCORE 5/10

The Bank of Italy participates, at various levels, in numerous committees and technical bodies at the level of the main European institutions, contributing to their work with statistics, technical analyses, research, and opinions and proposals on economic and financial matters. The Bank of Italy publishes on its website the Eurosystem harmonized statistics that comprise data received from national authorities with respect to key indicators. In the context of its participation in the Network of Central Banks and Supervisors for Greening the Financial System, the Bank of Italy is actively participating in the production of a handbook on climate and environment-related risk management for supervisory authorities and financial institutions and of guidelines on scenario-based risk analysis by researching, defining and delivering specific scenario-based risk analysis. The Bank of Italy produced in October 2018 an Occasional Paper on "Natural catastrophes and bank lending: the case of flood risk in Italy" which investigates the relationship between the risk of natural catastrophes - exacerbated by climate change - and lending decisions.

SUPERVISION, RISK MANAGEMENT & SYSTEM STABILITY **(Dimension)**
Regulation/Supervision of banks (Sub-dimension)

1. Requirements for bank governance/strategy

SCORE 4/10

The Single Banking Act and the Guidelines for Banks' Supervision issued by the Bank of Italy cover the supervision of bank governance. The general principles supporting a sound governance system require, among other things, the identification and management of all risks that may

affect the business. There is no explicit reference to climate change or environmental risk.
The Bank of Italy Guidelines for Banks' Supervision (Guidelines) require banks to choose their governance system (e.g., on-tier system, two tier system system) also on the basis of their medium to long term strategic targets.
The Guidelines are regularly subject to review and integrations. In October 2018, they have been supplemented with respect to banks' remuneration policies and practices to align the Italian legal framework to EBA's 2016 Guidelines on the same matter.
As a first case in Europe, in 2016 the Italian Banking Act has been amended to include a new article 111-bis concerning Responsible (ethical) and Sustainable Finance. According to this provision, banks that in their business comply with a set of principles can qualify as "responsible (ethical) and sustainable finance operators". These banks qualifying as "responsible and sustainable finance operators" may benefit from tax advantages in the form of a reduced part of the bank's annual profits being part of the taxable income when such income is destined to a reserve that may not be distributed in the same year in which the profits have been generated. The decree of the Ministry of Finance that should have implemented Article 111-bis of the Italian Banking Act has yet to be issued; however, a draft has been recently published for consultation. The public consultation on the draft decree is still pending; therefore, at present, it is unclear when the decree will be actually issued and the degree of the changes that the proposed text will undergo.

2. Minimum requirements for bank risk management **SCORE 4/10**

Supervision of bank risk management is governed by the Single Banking Act and the Guidelines for Banks' Supervision issued by the Bank of Italy. The identification and management of all risks that may affect the business is required. There is no explicit reference to climate change or environmental risk at present.
During a conference held by the Bank of Italy on 3 July 2019, the Deputy Governor of the Bank of Italy stated that it is debatable whether ESG risks are a separate and specific type of risk and that it is more interested in understanding the impact of such factors on the "traditional" types of risks (eg., credit risk). The Bank of Italy indicated, however, that in the future financial intermediaries will be expected to have in place governance, organizational and internal controls systems able to determine the impact of environmental and climate risks on their portfolios and their business strategies. Banks will also need to be able to analyze and assess long-term scenarios. Currently, however, climate risk is mentioned neither in the Single Banking Act nor in the Bank of Italy's Guidelines.

3. Bank stress tests **SCORE 4/10**

No reference to climate change related risk in the EBA EU-wide stress test for 2018. Climate related risk may play a role in the next biannual stress test in 2020, although the Bank of Italy suggested in a speech of its Deputy Governor in July 2019 the need to review methods and goals of the exercise.

4. Bank capital requirements **SCORE 5/10**

Capital requirements for banks currently do not include an explicit reference to climate change related risks and thus a distinction of "brown" or "green" assets. An appropriate long-term perspective is not encouraged with the exception of selected areas (e.g. liquidity risk, funding, exe-

cutives' remuneration).
There are discussions in the context of implementing action item 8 (prudential requirements) of the Commission's Action Plan with regard to "calibration" of banks' capital requirements to take into account climate change-related risks while safeguarding financial stability and ensuring consistency with the EU taxonomy. The recently agreed new banking package CRD V/CRR II mandates EBA to prepare a report on the prudential treatment of assets associated with environmental or social objectives.
The Bank of Italy expressed its concern on the introduction of a "green supporting factor" - applicable to exposures connected to the achievement of environmental and/or social objectives. The Bank of Italy affirmed that any favorable prudential treatment that may be introduced will need to be grounded on strong evidence confirming that green sector assets embed a reduced level of risk. In fact, the introduction of a "green" supporting factor would not have a neutral effect on banks' capital. The authority does not view the calibration of prudential requirements as the appropriate means by way of which governments should try to achieve their objectives.

SUPERVISION, RISK MANAGEMENT & SYSTEM STABILITY **(Dimension)**
Regulation/Supervision of insurance companies (Sub-dimension)

1. Requirements for insurance governance/strategy **SCORE 10/10**

IVASS Regulation No. 38 provides, under Article 4, that the governance system of an insurance undertaking must, among other things, identify, assess and manage any risk affecting the company. Moreover, the provision requires that the structure of the governance system must be such that any type of risk, including environmental and social risks, affecting the company and triggered by the company must be identified, assessed and managed. In the public consultation leading up to the approval of Regulation No. 38, IVASS clarified that climate risk is within the range of risks to be covered and managed under Article 4.2. IVASS explains that such provision is meant to "steer insurance companies towards sustainability by taking decisions aimed at increasing medium to long-term value and by paying close attention to the management of matters that are not profit-oriented".
Furthermore, Article 40 of IVASS Regulation No. 38 also provides that insurance companies must adopt remuneration policies that are consistent with the company's strategic targets, its performance and long term balance/equilibrium and, conversely, must not adopt short term remuneration policies incentivizing excessive risk taking. To this end, the variable part of executives' remuneration must be linked to (financial and non-financial) KPIs that are to be assessed over a plurality of years.

2. Minimum requirements for insurance risk management include ESG/climate risks and a long-term perspective **SCORE 7/10**

According to IVASS Regulation No.38 of 2018, insurance undertakings must ensure through their risk management system that risks are identified and managed consistently with the company's strategy and risk appetite also on the medium-long term. The regulation's provisions specifically governing risk management do not explicitly refer to climate and social risk. However, since article 4.2 of the Regulation requires that the structure of an undertaking's corporate governance must ensure that climate risk is covered and that the risk management function is part of such structure, it can be inferred that risk management needs to include climate risk.

3. Insurance company stress tests **SCORE 10/10**

Italian insurance undertakings regularly participate in the European wide stress tests carried out by EIOPA with the support of IVASS in Italy. The European 2018 stress test included one natural catastrophe (cat nap) scenario which "reflects the risk of an increasing frequency in natural disasters, partly triggered by extreme weather events due to climate change, a key emerging risk for insurers. Consequently, the 12 Italian insurers that participated in the exercise had to consider climate risk in a stress test scenario. EIOPA pointed out that the stress test is meant to address the key vulnerabilities of the European insurance industry and the prevailing sources of systemic risk for the European financial system.

4. Insurance capital requirements **SCORE 10/10**

There is currently neither an explicit reference to brown or green assets in Solvency II nor Delegated Regulation 2015/35/EU. According to the opinion expressed by EIOPA on 30 September 2019, the valuation principles of Solvency II are neutral to different types of risks, including sustainability risk which materializes through existing risk categories. Therefore, with respect to the valuation of assets and liabilities, insurance legislation is deemed to be risk sensitive and flexible enough to integrate sustainability risk. However, in particular with respect to climate risk, improvements in the valuation of both assets and liabilities are required. A common EU taxonomy will, among other things, foster and provide the basis for such improvements.

SUPERVISION, RISK MANAGEMENT & SYSTEM STABILITY (Dimension)
Regulation of pension funds (Sub-dimension)

1. Requirements for pension fund governance/strategy **SCORE 8/10**

The Italian government transposed the so-called IORPII Directive by way of Legislative Decree No. 147 of 2018. Further to its implementation, the supervisory tasks entrusted to COVIP have been significantly extended. In order to properly staff COVIP and enable it to acquire new and more specific competences and resources, the authority has been provided with a budget to spend starting from 2019.
Pension funds are required to adopt an effective governance system that must take into account, with respect to investment decisions, the connected ESG factors. The document setting forth the governance system must be published on a yearly basis together with the annual report.
In the Consultation Document published in March 2019 following the enactment of Legislative Decree No. 147/2018, COVIP expressly stated that the legal framework applicable to pension funds intends to promote the adoption of a strategic and long-term approach for the integration of ESG factors in particular in the management of risks and investment strategies.
Climate change is specifically referred to as one of the factors to be taken into account in the description of a pension fund investment strategy. Such description must be included within the pre-contractual information and in the on-going annual report to be provided to future and actual (as applicable) participants in a pension fund.

2. Minimum requirements for pension fund risk management

SCORE 8/10

Legislative Decree No. 147 of 2018, which implements IORP II in Italy, refers to ESG risks as one of the areas, where relevant, that must be considered by the risk management system of a pension fund to its investments/activities. The Decree also stipulates that the risk management system of a fund must be integrated in its organizational structure and its decision processes. Furthermore, the Decree has supplemented the legislation concerning occupational pension funds imposing on them the obligation to carry out every three years (or every time the risk profile of a fund is significantly modified) an internal assessment of all the risks that are relevant for them. An assessment of environmental and climate change related risks is explicitly required. The outcome of the internal assessment must be taken into account in the strategic decisions concerning the fund. Pension funds must disclose to their participants their investment choices and the manner in which their investment policy takes into account ESG factors (but no explicit reference is included in this respect to climate change). Consistently with the provisions of the IORP II Directive, Decree 147 states that occupational pension funds may take into account any long-term impact of their investment decisions on ESG matters.

3. Pension fund stress tests

SCORE 6/10

Italian pension funds regularly participate in the European wide stress tests carried out by EIOPA (2015, 2017, 2019) with the support of COVIP in Italy. In 2018 EIOPA created a project group (which COVIP joined) tasked with the definition of the techniques to be adopted to carry out the 2019 stress test. The 2019 stress test requires the analysis of the investment decisions of pension funds in adverse market scenarios as well as the impact of such scenarios on financial stability and real economy. For the first time and in line with the attention dedicated by IORP II to ESG issues, the integration of ESG factors in investment policies and risk management policies is to be assessed. Furthermore, pension funds are required to provide quantitative data with respect to the sectors in which they invest for purposes to assess the significance of the investments with a carbon footprint. The results of the 2019 stress test are due to be published in December 2019.
Further to the implementation of IORP II Directive, under law 252/2005, as amended and supplemented by Legislative Decree No. 147/2018, governing the activity of pension funds, COVIP has been provided with the powers to adopt any instrument, including stress tests, that may enable it to detect the deterioration of the financial conditions of an occupational pension fund.

4. Pension fund capital requirements

SCORE 4/10

Without prejudice to the supervisory competences of the Bank of Italy or IVASS with respect to the managers subject to their supervision, COVIP carries out the prudential supervision on occupational pension funds with the goal to ensure their transparency, fairness, sound and prudent management. COVIP may also issue guidelines for pension funds insofar as they ensure a forward looking and risk-based approach.
With respect to assets to be held by pension funds, Article 7-bis of Legislative Decree 252/2005 mandates pension funds that cover biometric risks, which guarantee a return on the investment or a certain amount of payment, to own assets in a proportion that is adequate to cover all pending financial commitments. By way of Decree No.259 of 7 December 2012, the Italian Ministry of Finance issued a Regulation that identifies the principles to be applied in calculating the level

of assets that is deemed adequate.
In the event a pension fund (that makes direct payments to beneficiaries) incurs in financial difficulties, the rules of the fund and of the payments to be made to participants may be restated. The proposal must be submitted to COVIP for its review and approval and must aim at providing a fair attribution of risks and benefits among generations.

SUPERVISION, RISK MANAGEMENT & SYSTEM STABILITY (Dimension)
Regulation/Supervision of asset managers and investment funds (Sub-dimension)

1. Requirements for governance **SCORE 4-5/10**

Organizational and risk management requirement applicable to Italian asset managers refer back to those set forth under Directive 2011/61/UE (AIFMD) and Regulation 231/2013.
According to the Italian association of asset managers, the inclusion of ESG factors in the risk assessment of investments has become standard market practice. Similarly, many asset managers and investors consider the impact on the environment and the public of their investments.

2. Requirements for risk management **SCORE 4-5/10**

Italian asset managers do not have any explicit rules on how to consider the risks related to their investments. In terms of risks run by the funds, investment managers are only obliged to follow the investment policy and the investment restrictions set forth in the fund's rules. Italian legislation does not contain specific rules or guidelines with respect to risks that are necessarily to be taken into consideration regardless of the content of the investment policy.

ENABLING ENVIRONMENT (Dimension)
Common green taxonomy (Sub-dimension)

1. Common green taxonomy **SCORE 0/10**

The research was not able identify any source about an existing or planned taxonomy in Italy.

ENABLING ENVIRONMENT (Dimension)
Supporting green finance with public incentives (Sub-dimension)

1. Risk reduction support for green finance **SCORE 7/10**

The Italian Code for Public Procurement (Legislative Decree No. 50 of 2016) (Code) sets forth the rules applicable to public procurements. It provides, with respect to the guarantees that must be posted to participate in, be awarded and carry out public procurements, for risk reduction support provisions if the entities participating in the process or the supplies to be procured hold certain "green certifications.
Article 93 of the Code provides that the amount of the performance bond required to be eligible

to participate in the tender process is reduced by 50% in the event the relevant provider received the UNI CEI ISO 9000 certification; and/or by 30% in the event the supplier(s) hold(s) an EMAS registration for procurement processes concerning works, services or supplies (or by 20%, if the provider holds a ISO EN 14001 certification). With respect to procurement of services or supplies, the amount of the performance bond is reduced by 20% (applicable on top of the 50% reduction, if applicable) if the tendering supplier can show with respect to at least 50% of the (value of the) services or products to be supplied that they hold the EU Ecolabel. Furthermore, in connection with contracts for works, supplies or services, the amount of the performance bond may be reduced by 15% in the event that the provider developed a GHG inventory pursuant to UN EN 14064-1 or a product carbon footprint pursuant to UNI ISO/TS 14067. Similar reductions are provided in case the supplier holds other types of certification (e.g. social accountability 8000, or UNI CEI 50001 with respect to energy management).
In private projects and ventures, risk reduction support may be offered to enterprises by local administrations (e.g., Regions), banks or typical Italian supervised intermediaries called "Confidi", which is an acronym for consorzio di garanzia collettiva dei fidi, or "guarantee cooperatives and credit consortia". These consortia, which are guarantees institutions originally created by market associations for mutualistic purposes, are frequently sector-specific and are subject to the prudential supervision of the Bank of Italy.
In June 2019, Cassa Depositi e Prestiti S.p.A. signed an agreement with Assoconfidi (the central association of the 7 Italian national mutual guarantee federations) in order to enhance the possibility of SMEs and microcredit institutions to have access to financing.

2. Government incentives for green finance **SCORE 6/10**

The Italian Government over the last few years has attempted to foster a "green" economy mainly through three channels: a) tax levers with respect to energy and environmental areas; b) public green procurement; and c) the ex-ante assessment of new legislation by comparing alternative ways to achieve the legislation's purpose and, among other things, for each of them, evaluate their ESG impacts (costs/benefits).
A variety of subsidies and funds is currently offered by the Italian government to local authorities (e.g., municipalities) or to Italian residents in areas ranging from energetic requalification of buildings, investments for renewable energies plants or purchases of "green" vehicles. Moreover, the government provides tax benefits to enterprises, professionals and private individuals when investing in wind and solar energy installations. The Budget Act of 2008 also gave municipalities the opportunity to grant a reduction in real estate tax with respect to buildings equipped with renewable energy installations.
In 2008, the Ministry for Environment adopted the National Action Plan on Green Public Procurement, which requires public administrations to contribute towards the achievement of the relevant environmental targets by including in the tender documentation concerning a public procurement at least the technical requirements and contractual clauses identified in ad hoc sector-specific ministerial decrees.
For purposes of the 2030 Italian Integrated Plan for Energy and Climate defined in March 2019 (the Integrated Plan) in order to achieve the target set for the production of renewable energies, the Ministry of Economic Development issued in August a decree to boost the production of electricity via on shore wind farms, solar energy farms and other renewable sources. The decree provides incentives with respect to the electricity produced by the new, enhanced or requalified plants and input in the National Electric Network.
Further incentives are contemplated by the so-called "Climate Decree", which came into force on 15 October 2019 and has been referred to as the first act of the new Italian Green Deal announced

by the Italian Government in September. The Decree, which needs to be converted into law within 60 days of its entry into force, requires the Government to pass a Strategic National Plan for the fight against climate change and the improvement of air quality. The Climate Decree does not contain provisions concerning specifically green finance as its focus is on incentives for green mobility in large cities and urban re-qualification. The Climate Decree should be the first of a series of "green" measures to be taken over the next months also in the context of the preparation of the next Budget Law.
In 2019, the Italian government created the "Italian Innovation Fund" (to be managed by Cassa Depositi e Prestiti S.p.A.) that will adopt venture capital criteria to fund start up, innovative SMEs and projects in areas such as EcoIndustries, New Materials, Mobility, Social Impact. The Fund has an initial budget of €1 billion.

ENABLING ENVIRONMENT **(Dimension)**
2-Degree Consistency of Public sector acting (Sub-dimension)

1. Government investment strategy **SCORE 3/10**

The Italian Prime Minister, Mr. Conte, proposed the creation of a Green New Deal along the lines of the positions taken by the incoming EU Commission's President. The Deal would include the incorporation of a reference to the protection of the environment in the Italian Constitution. The Green New Deal should cover four main areas: i) energy conversion towards renewable energies and stop to any new oil drilling concession; ii) hydrogeological instability prevention; iii) fight against climate change; and iv) circular economy. Mr. Conte indicated in his speech that he also intends to steer the Italian production system towards socially responsible practices in order to render more effective the environmental transition to a circular economy. The first measure taken by the Government in order to implement its "green deal" was the so-called "Climate Decree", entered into force on 15 October. The Climate Decree, which in the Government's intention should be the first building block of a wider array of "green" measures, does not contain "green finance" provisions.
Italy has created in July the Control Room for Italian Welfare, which is a scientific body whose mission is to support the Italian government in the implementation of welfare policies and monitor the quality of life of Italian citizens by coordinating and supervising the activities of the various Ministries. The Control Room is tasked with the support, enhancement and coordination of the Italian Strategy for Sustainable Development in the context of the commitments undertaken by the Italian Government towards to the UN 2030 Agenda. The powers of the Control Room could be adjusted or reviewed to accommodate the activities provided for under the Green New Deal announced by the Italian Government in September 2019.
In 2008, the Ministry for Environment adopted the National Action Plan on Green Public Procurement, which requires public administrations to contribute towards the achievement of the relevant environmental targets by including in the tender documentation concerning a public procurement at least the technical requirements and contractual clauses identified in ad hoc sector-specific ministerial decrees. So far, minimum environmental criteria ("CAM") have been identified for 17 procurement sectors (e.g., paper supplies, office IT devices, real estate, waste disposal). In 2015, public administrations were mandated to incorporate (in whole or in part) the CAMs in certain procurement tender processes. Such obligation was extended in 2017 when the application of CAMs became mandatory for any kind (from a quantitative perspective) of procurements.

2. Government agencies issued Green Bonds **SCORE 3/10**

On 4 October 2019, the Italian government publicly announced its intention to issue its first green bond to finance sustainable investments. The timeframe and the features of such issuance have yet to be defined.
CDP drafted a new Green, Social and Sustainability Bond Framework (the CDP Framework) in accordance with the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines, published by the International Capital Market Association (ICMA) in June 2018.
The first public sector deal came with state-owned Italian railway company Ferrovie dello Stato Italiane that issued a EUR600m green bond. However, no green bonds from governmental agencies have been issued so far.
Two major Italian energy and utility companies, whose reference direct or indirect shareholder is the Italian Treasury, have made strong commitments towards de-carbonization and sustainability over the last few years. The Italian energy company Enel is the largest Italian issuer of green bonds. One of the last green issuances that the company carried out this year was described as "the world's first bond linked to the achievement of a sustainable objective" as Enel undertook to pay investors higher returns as a penalty if it fails to raise its renewables capacity fast enough.

3. Green public financial institution **SCORE 4/10**

Cassa Depositi e Prestiti S.p.A. ("CDP") is a joint-stock company under the control of the Italian Ministry of Economy and Finance. CDP supports Italy's social and economic growth, facilitating the achievement of the 17 Sustainable Development Goals, integrating the concept of sustainability into business activities.
At the end of 2018, CDP presented its 2019-2021 Strategic Plan in which it announced its plan to dedicate over €110 billion to new lending for economic growth and sustainable development in Italy over the three-year period. According to the new plan, "sustainability will be integrated into CDP's choices through a gradual increase in lending to initiatives whose social and environmental impacts are clear and measurable". CDP also pledged to adopt "new assessment criteria for investments bringing together the traditional economic and financial parameters with social and environmental aspects in order to minimize the Environmental Social and Governance (ESG) risk". The Strategic Plan envisages the extension of CDP's investment areas to sectors related to sustainability issues also by entering into agreements with several industrial participated companies in order to fight climate change (e.g., investing in inertial sea wave energy, production of bio-fuel from urban waste). In addition, the Plan include the commitment to create systems for measuring and reporting the social and environmental impact, in addition to the economic impact of individual activities.
In May 2019 CDP signed the Operating Principles for Impact Management, developed by the International Finance Corporation to establish a market standard for impact investing.

4. Central banks disclosure on climate-related risks **SCORE 4/10**

The Bank of Italy announced the integration of ESG factors in its (equity) investment policy in order to achieve a better environmental impact of its financial investments since Q1. The Bank plans to regularly disclose the performance of the investments and the activities undertaken to increase the ESG profile of the portfolio so that its experience and methodology may be useful for other investors.
The Bank's portfolio has improved significantly in terms of environmental footprint since the

integration of the policy by end of Q2 2019. The Bank's Governor provided details as to the investment strategy and indicated that the new portfolio, would have provided in a ten-year backward test, a better average annual performance in terms of lower risk and higher return. The Bank of Italy seems to also be considering integrating ESG factors also in the management of its debt portfolio.
In his September 2019 speech, the Governor also referred to the role of Central Banks in helping the financial system in transitioning to a low emissions economy. According to Mr. Visco, the role of central banks, besides leading private investors by example through the adoption of suitable policies for managing resources and risks. With respect to methodology, central banks can help raise awareness and create a better understanding of the risks related to sustainability factors and the channels through which they are transmitted to the financial system. Hence, "financial intermediaries can move from a backward-looking approach to a forward-looking one, prompting them to evaluate the return on their assets over a longer horizon, which entails making assumptions and building scenarios". Furthermore, central banks can promote the dissemination of more and better information to bridge the current gaps in the quality, consistency and comparability of available data" and "limit the risk of green washing".
The Bank of Italy also published since 2010 an annual Environmental Report which describes the environmental impact of the Bank of Italy's activities in the previous year and includes the environmental policy of the bank, data on its CO2 footprint and its green procurement principles.

ENABLING ENVIRONMENT **(Dimension)**
Public capacity building and awareness raising on green finance (Sub-dimension)

1. Consumer education on green finance **SCORE 2/10**

In 2017, the Ministry of Economy and Finance and the Ministry of Education, Research and University and the Ministry of Economic Development established a Committee for the planning and coordination of financial education activities. Purpose of the Committee is to foster and coordinate initiatives aimed at increasing the level of knowledge in financial, insurance and pension-related matters. Since April 2017, the Committee has set up an online portal where users are given advice, key information to invest and users' guides on different financial topics (e.g., how to plan one's retirement). In October 2019, the Committee promoted the second "Financial education month", which comprised a number of events, conferences and children workshops. One of the final events of the financial education month was a conference organized by the Ministry of Economy and Finance and the Italian Alliance for Sustainable Development that focused on investments in sustainable projects as a way to fund the transition to a Paris-aligned economy.
Financial authorities usually offer a website section dedicated to information, regulations and, in some cases, users' manuals concerning issues or products that are regulated by the relevant authority. At present, no specific education material on green finance is present in such sections but the close attention paid by the Italian government to consumer education on green finance is demonstrated by the declarations made by Mr Fioravanti, Italy's Education Minister, with respect to his intention to make compulsory for school children to study sustainable development and climate change starting from September of next year. According to Mr. Fioravanti, the Education Ministry is being changed in order to make sustainability and climate changes the focus of the school curriculum.

2. Curricula on green finance (schools, universities, general public education) **SCORE 6/10**

No green finance education is generally included in curricula. However, Italian public and private universities are increasingly offering courses and master degrees in Sustainable Finance, Sustainable Business, Green Finance Markets and Sustainability (e.g., Altis Graduate School – Università Cattolica, Master in Responsible Finance – Università Federico II, Bologna Business School, Business School of Sole 24 Ore).
Additionally, private foundations contribute to enhance the level of public and private awareness concerning sustainable development. Fondazione Eni Enrico Mattei, for instance, a non profit, policy-oriented, international research center and think-tank provides scientifically based research on sustainable development.
Furthermore, in 2015, the Annual Meeting of the Deans of Italian Universities launched the Italian University Network for Sustainable Development (RUS) whose goal is to foster the culture of sustainability inside and outside Universities. The RUS has the ambition to be a model of best practice in the field of sustainability with the aim of extending its policies to other public sectors such as education and territory.
Since 2015, the Italian Forum for Sustainable Finance (ItaSIF) coordinates the Italian Academy for Sustainable Finance. The Academy is a network of university professors and research assistants whose activity is focused on Sustainable Finance and corporate social responsibility. ItaSIF facilitates exchange of information and the presentation of research papers. It also sponsors on an annual basis an event dedicated to universities in the context of the Sustainable Finance Week.
The Centro Euro-Mediterranean sui Cambiamenti Climatici (CMCC) was established in 2005 with the support of the Italian Ministry of Education, University and Research and the Ministry of Environment, Land and Sea. CMCC's mission is to investigate and model the climate and its impact on society by providing scientific data that may support and stimulate the transition to sustainable growth and science-driven adaptation and mitigation policies based on quantitative analysis. On October 19, researchers of CMCC and other academics published a paper on how climate-related damages impact the stability of the global banking system. In particular, the paper indicates that climate change will significantly increase the number of bank crises (from +26% up to 148%) and that the public rescuing of insolvent banks will increase the fiscal burden by about 5-15% of GDP on an annual basis. According to the results of the research "leaving the financial system out of climate–economy integrated assessment may lead to an underestimation of climate impacts and "financial regulation can play a role in mitigating them.
The Italian Alliance for Sustainable Development (ASviS) was created in 2016 and its mission is "to raise the awareness of the Italian society, economic stakeholders and institutions on the importance of the Global Agenda for sustainable development, bringing together actors who already deal with specific aspects related to the Sustainable Development Goals (SDGs). The important role played by ASviS in raising awareness at all levels in Italy with respect to the 2030 Agenda is confirmed, among other things, by the fact that certain proposals made by ASviS in the past have been included in the program of the new Italian Government (e.g., inclusion of the principle of sustainable development in the Constitution, creation of an Urban Agenda for sustainable development, use of the 2030 Agenda to redraw the country's socioeconomic system). Given the focus of ASviS on the 2030 Agenda, climate change connected activities are discussed, researched and monitored by ASviS in connection with SDG 13 Fight against Climate Change.

1. Green public-private initiatives of financial centres **SCORE 3/10**

In 2018, the Italian Ministry of Environment created the Italian Observatory for Sustainable Finance, a public-private partnership co-chaired by a representative of the Ministry and a representative of the Italian financial industry. It operates through four working groups. The first working group should promote the creation of an Italian financial center for sustainability. This project is part of the International Network of Financial Centres for Sustainability (FC4S) conceived under the Italian Presidency of G7 in 2017 and Milan has been identified as the Italian Center for Sustainability. The FC4S network has the goal to exchange experiences and take common action on shared priorities in order to accelerate the expansion of green and sustainable finance.