



Investors begin to warm to the 6th Italy's SRI week

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From November 8th to 17th the sixth annual SRI Week is going to be held in Italy, promoted as usual by the Italian SIF, Forum per la Finanza sostenibile (FFS). Over the last year many signs have showed that also in the land of Dante, where the first SRI funds were marketed twenty years ago, the implementation of principles and criteria of sustainable and responsible investing is finally becoming widespread. Mostly among institutional investors, but increasingly within the wider audience composed by retail investors. Francesco Bicciato, Secretary General at FFS, kindly agreed to explain to mondosri what's going on in Italy's SRI industry, what can be expected from the next SRI week. And something even more, looking beyond Italy.

mondosri: What has changed most in Italy's SRI industry since 2012 when the first SRI Week took place? Which are the main topics the 6th Italian SRI Week will be focusing on?

F.B.: The most remarkable change is a moderate, but steady growth of the SRI Community. This is mirrored in the evolution of FFS' membership, which increased significantly throughout 5 years: nowadays we have about 70 members; in 2012 they were around 40.

SRI actors have become more active as well, especially with regard to some specific strategies: exclusions, norms-based screenings and engagement are the most popular SRI strategies; sustainability themed investments have experienced the fastest growth between 2013 and 2015. In addition to this, we are very glad to notice that our members are increasingly engaged in our initiatives. Finally, even if institutional investors continue leading the SRI market, the retail side is showing a growing interest towards sustainable investments.

The key topics of next SRI Week will be impact investing and the role of sustainable finance in supporting local development, which have been studied throughout the year in two working groups promoted by FFS. Moreover, we will illustrate the results of the third edition of our survey on the approach of Italian pension funds to SRI finance and the results of a research we conducted with Doxa on the retail public.

mondosri: The 2030 Agenda for Sustainable Development and namely the Sustainable Development Goals (SDGs) seem each day more the most robust and forward-looking framework of indicators around which the world's countries have finally a concrete chance to build more sustainable, equal and just societies. When it comes to the investment industry, how is it looking at the SDGs? Do you think time has come to start talking about SDGs investing, not anymore about SRI or ESG? In that respect, what should we expect along the next years?

F.B.: FFS usually plans its activities according to one or multiple SDGs. For example, in our working group on SRI & local development we focused on issues such as circular economy and sustainable mobility, which are all included in the broader concept of sustainable development and refer to specific SDGs like – to mention just a few – 7 (Affordable and clean energy), 11 (Sustainable Cities and Communities), and 17 (Partnerships for the Goals). In May we organised an SRI Breakfast dealing with innovative financial solutions for welfare programs, a theme which is connected to the SDGs 3 (Good Health and Well-Being) and 10 (Reduced Inequalities), etc.

Furthermore, the interest shown by financial investors towards many UN agencies, such as UNICEF or ILO, is producing innovative partnerships based on the international principles stated by the SDGs global strategy.

Time to stop talking about "SRI" or "ESG" and switch to "SDGs investing"? As a matter of fact, SRI finance means integrating ESG factors into investment strategies, so it is one of the main drivers to achieve the

sustainability goals of the UN agenda for 2030: this proves that the concepts of SRI and ESG are still valid and perfectly coherent to the SDGs.

mondosri: In mid-July the High Level Expert Group (HLEG) on Sustainable Finance published its interim report, with recommendations to the European Commission for the creation of a more sustainable financial system. In your opinion, which are the key points of the report? Do you believe those recommendations could put Europe at the forefront in the field of sustainable finance at a world level, even more than it is already? Are there some missed points that could be addressed in the next months, hopefully through the engagement of a wide range of stakeholders including civil society organizations, before the release of the final version expected by the end of the year?

F.B.: The HLEG Interim Report is a topic we will also shed lights on at the SRI week. As I see it, the HLEG initiative itself, established last December by the European Commission, is crucial, because it moves from the resolution of the European Union to develop a comprehensive strategy on sustainable finance in order to make it support the achievement of a sustainable economic growth.

The Interim Report identifies specific areas of intervention. Some of the most remarkable suggestions are:

- the inclusion of ESG criteria into the fiduciary duty of directors and investors,
- the agreement on an EU classification system of sustainable assets, as well as on product standards and labels,
- the introduction of a sustainability test for EU financial legislation.

Europe is already leading the SRI global market: 53% of total professionally managed assets in Europe now use responsible investment strategies; this makes about US\$12 trillion, half of the assets being professionally managed under responsible investment strategies globally. The establishment of the HLEG confirms this forefront position.

The Interim Report is open to public consultation (until September 20th, editor's note), so the engagement of the civil society is highly recommended. The FFS is working to widen the group of actors contributing to the final report.

Many thanks, Francesco.