



The sustainable and responsible investment policies of Italian pension schemes

Sixth edition – 2020



Forum per la
Finanza Sostenibile



ENPACL is an Italian first pillar pension Entity (mandatory contribution by law), with the purpose of providing pension treatment for professionals registered with the Labor Consultants' order. It was established in 1971 with the law n. 1100. From 1 January 1995, pursuant to legislative decree n. 509 of 1994, ENPACL transformed its legal status into a private association-type body. ENPACL as of 31/12/2019 could count on about 26.000 members. With regard to the social, ethical and environmental aspects in the management of its own assets, ENPACL has always paid the utmost attention to the principles of social sustainability, then conforming to the principles established by the United Nations, such as ESG best practices, in consideration of the social role and the welfare needs inherent in its activities. Since 2009, according to these characteristics, the Entity has participated in sustainable investments, and starting from 2013 it has had a Social Balance Sheet, initially independent of the Final Balance, but integrated into it starting from 2018. In this way, all the information relating to sustainability and ESG assessments were made public. Also, from 2018 the Entity has proceeded with the ESG assessment of its portfolio, has included ESG assessments as part of its strategic investment choices, has employed an external independent assessor consultant and registered to the Italian Sustainable Investment Forum. The management methods chosen by ENPACL favor ESG impact interventions, and operate to the advantage of instruments with a higher ESG rating. ENPACL then proceeded with investments in support of the real economy, favoring all those entities that operate on the national territory and in support and protection of the same. In 2020, following the pandemic crisis, ENPACL proceeded to support the income of its members, anticipating the disbursement of the "Reddito di Ultima Istanza"; it also encouraged the provision of subsidized loans to all members and rescheduled the payment of contributions, again with a view to protect the social fabric of the Labor Consultants' population.



HDI Assicurazioni carries out its business in the belief that compliance with ethical principles in the conduct of economic and social relations is a condition for success. The Company's strategy and operational conduct are aimed at achieving the primary purpose, represented by the creation of added value for the shareholder and for the other stakeholders; this purpose is pursued in compliance with the ethical principles of correctness, good faith, honesty, fairness, equality, impartiality, diligence, transparency, personal protection, environmental protection and health protection.

The primary purpose is to meet the needs and expectations of all of HDI's interlocutors through a high standard of professionalism and through the prohibition of any conduct that is in contrast with the provisions of the law and with the values that the Company intends to promote.

The Company commits to ensure that its corporate objectives are always focused on feasible, specific and concrete results. HDI Assicurazioni believes that the Company's presence on the market is based on its reputation and its sense of integrity. Integrity is the fundamental element for creating and maintaining professional relationships of trust, suitable for ensuring long-term success. Each one is responsible for the integrity of its work and the common one.

The Company's essential value is the protection of the person's safety, freedom and individual personality. It rejects any activity that may result in injury to the individual's safety. HDI Assicurazioni pursues its objectives with respect for the environment and for the relevant legislation in force. HDI promotes respect for the environment by identifying it as a qualifying and rewarding element for each type of project. The Company assumes every suitable instrument of caution in order to protect the ecosystem with particular attention to the regulations in force on waste disposal, protection of water, soil, subsoil and atmosphere.



For over thirty years it has been working with private and institutional clients to manage their assets with responsibility and passion. Sella SGR is the Asset Management Company of Sella group, a private group that has always stood out for its ability to combine innovation and prudence in a balanced way, respecting the values that are the basis of its corporate culture. Founded in 1983 Sella SGR is one of the first Italian Asset Management Companies to offer to savers Investment Funds. Responsibility, Passion, Integrity, Sustainability and Transparency are the values that always drive its actions. Sella SGR is constantly evolving because it believes in a responsible and sustainable growth. Sella SGR believes in sustainable and responsible investments, to make a concrete contribution to the sustainable development of environment and economy. Active management, fundamental analysis and constant risk control are the basis of a transparent and disciplined investment process. Sella SGR management team defines the asset allocation, starting from the analysis of the international financial context, with particular focus on domestic markets and integrating the selection with ESG variables.



Vigeo Eiris, a Moody's Affiliate since April 2019, is a global provider of environmental, social and governance solutions serving the investor and issuer communities. Target of Vigeo Eiris is to catalyse the global shift to a sustainable and responsible financial system, equipping market participants with the ESG insight they need to manage risks and better address their social and environmental impact. In a fast-paced and competitive industry, the group has established a dedicated Methodology, Innovation and Quality department to support the provision of new services to meet the needs of a rapidly evolving market. Almost 300 international clients are supported by a sales force of 20 managers and about 230 ESG analysts of 28 different nationalities. Vigeo Eiris has built its own approach to social responsibility, with the firm belief that it constitutes a performance factor and a driver of brand promotion and attractiveness. A member and key partner of organisations and local associations that promote SRI, the group contributes significantly to raising awareness on the challenges of responsible development and helps inform evolutions in practice. Through a global presence, the ESG rating agency promotes SRI all over the world and supports scientific research on social responsibility, building partnerships with academics through research agreements, enabling them to access and use the ESG database. The Group has offices in Paris, London, Bruxelles, Milan, Casablanca and Rabat, Santiago del Chile, New York and Hong Kong and partnership in Germany, Israel and Brasil.

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1. Introduction

1.1. THE SIXTH EDITION

The 2020 edition of the survey of the sustainable and responsible investments of Italian pension schemes was conducted by Forum per la Finanza Sostenibile (the Italian Sustainable Investment Forum – ItaSIF) on the sustainable and responsible investments (SRI) in collaboration with Mefop and Mondoinstitutional.

The previous editions of the survey are available at the website of ItaSIF¹. All of the editions were presented during the Settimana dell'Investimento Sostenibile e Responsabile (Sustainable and Responsible Investment Week – SRI Week²) promoted by ItaSIF and held every year in November.

1.2. SUSTAINABLE AND RESPONSIBLE INVESTMENT

Sustainable and Responsible Investment (SRI) means “**a long-term investment strategy which, when assessing companies and institutions, adds the environmental, social and governance (ESG) analysis to financial analysis, so as to create value for the investor and society as a whole**”³.

SRI can apply to all asset classes according to a variety of strategies, which may also be adopted at the same time for a given investment portfolio. Set out below are the most widespread strategies in the Italian market.



Exclusions

Approach that requires outright exclusion of individual issuers, sectors or Countries from the investable universe, based on specified criteria and values. The most commonly used criteria include, among others, weapons, pornography, tobacco and animal testing.



Norms-based screening

Investment selection based on compliance with international rules and standards such as those defined by the OECD, the UN and UN Agencies. Examples include the Global Compact, the OECD Guidelines on Multinationals and ILO Conventions.



Best in class

Approach that selects or weighs portfolio issuers based on environmental, social and governance criteria, favoring the best in a given universe, category or asset class.



Thematic investing

Approach that selects portfolio issuers based on environmental, social and governance criteria, focusing on one or more themes. Examples include: climate change; energy efficiency; health.

1. The 2015 edition is available at: <http://bit.ly/2xvt7lf>; the 2016 edition is available at: <http://bit.ly/2y2obHr>; the 2017 edition is available at: <https://bit.ly/2mFcMph>; the 2018 edition is available at: <http://bit.ly/2jV33xr>; the 2019 edition is available at: <http://bit.ly/30e6pNm>

2. www.settimanasri.it

3. As defined by Forum per la Finanza Sostenibile based on a process of consultation of its members and of the leading players of sustainable finance in Italy that resulted in the setting up of an ad hoc working group in 2013-2014.



Engagement

Investors discuss with investee companies issues of sustainability and exercise of the voting rights linked to the stakes held in the companies' capital. This is a long-term process aimed to beneficially influence the behavior of investee companies and improve their transparency.



Impact investing

Investments in companies, organizations or funds in view of generating a measurable impact on the environment and society while producing a financial return for investors.

Source: www.investiresponsabilmente.it

2. Methodology

2.1. SURVEY SAMPLE

The survey monitored the following categories of schemes:

- Private Pension Schemes;
- Open Pension Funds;
- Contractual Pension Funds;
- Pre-existing Pension Funds (established prior to the 1993 reform);
- Individual Pension Schemes.

As with the 2019 edition, the sample surveyed comprised all of the Private Pension Schemes (22)⁴ and all of the Contractual Pension Funds (33). As regards Open Pension Funds, Pre-Existing Pension Funds and Individual Pension Schemes, the top 20 schemes of each category were selected based on the size of AUM. As compared to 2019, the only change in the 2020 survey concerned Pre-Existing Pension Funds (with 2 schemes having been replaced). Relating to Open Pension Funds and Individual Pension Schemes, as any given company can set up multiple pension schemes, in some cases the same respondent was asked to fill out multiple questionnaires in respect of the products included in the reference sample⁵. Overall, **a total of 115 schemes were included in the sample, accounting for a total AUM of €236,139 million**⁶. The full list is shown on pages 22 and following.

Finally, for some of the products analyzed, the integration of Environmental, Social and Governance (ESG) criteria in investment decisions is the consequence of group-wide policies.

2.2. QUESTIONNAIRE ADMINISTERED

The questionnaire was essentially unaltered compared to the 2019 edition (except for the “Transparency” section – see §3.8.). Still, this year it was administered through the online platform SurveyHero and no scores were assigned to respondents.

The survey was conducted between March and July 2020. The respondents received the link to the **online questionnaire**, comprised of three sections, with 19 closed-answer questions and 10 deep-dive open-answer questions.

4. The sample includes all of the Privatized Pension Schemes except Fondazione Onaosi (Opera nazionale assistenza orfani sanitari italiani – Italian nonprofit organization providing support to the orphans of healthcare professionals).

5. Allianz, AXA, Cattolica Assicurazioni, Generali, Intesa Sanpaolo, Vita, Zurich and UnipolSai Assicurazioni.

6. Data as at December 31, 2019 for Open Pension Funds, Contractual Pension Funds and Individual Pension Schemes and as at December 2018 for Pre-Existing Pension Funds and Private Pension Schemes.

The themes analyzed were as follows:

1. Governance

reasons for adopting a sustainable investment policy; level of awareness of regulatory provisions on sustainable finance; process followed by the Board of Directors (BoD) when establishing investment policies; quality/completeness of information sources; how frequently the BoD assesses performances also from the point of view of investment sustainability; sustainability targets set, if any, for financial managers and employees of the functions that deal with asset allocation, selection and control of financial management; ESG advisor retained, if any;

2. Investment policy

SRI policy coverage rate; carbon footprint measurement and use of findings; SRI policy themes, fundamental principles and goals; SRI strategies implemented in the various asset classes and deep-dive on impact investments;

3. Transparency

type of information provided on the criteria, strategies and achievements of the SRI policies adopted; documents reporting information; promotion of initiatives on sustainable investments addressing participants/subscribers and media.

The entities that do not integrate ESG in their investment policies were asked to give reasons for this and state the main criticalities/opportunities that they have identified as well as the level of awareness of regulatory provisions that govern sustainable finance.

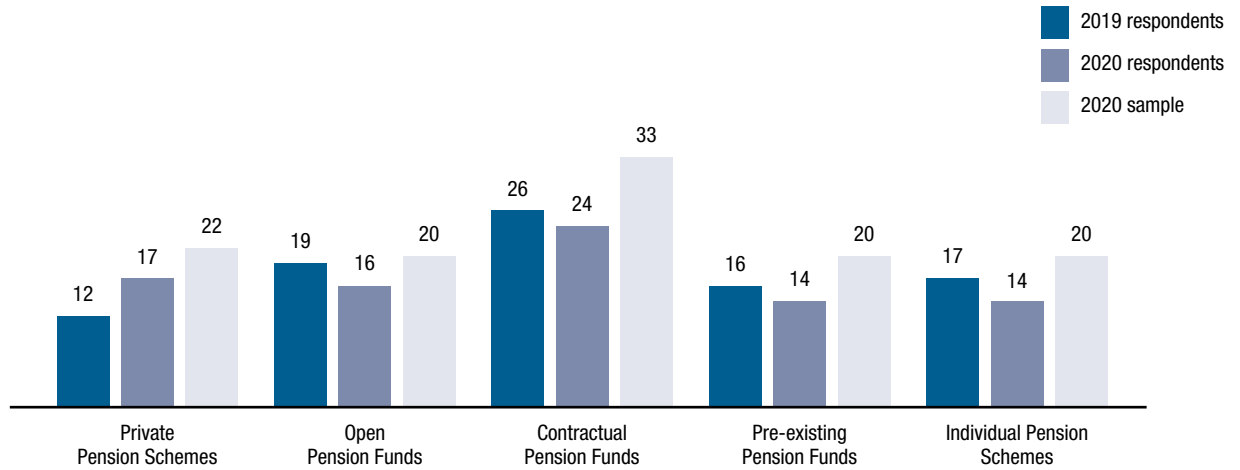
3. Data analysis

3.1. RESPONSE RATE

The response rate was **74%** (85 schemes in 115), broken down by type of respondents as shown in Figure 1. Respondents manage approximately €184,000 million or **80% of the sample's total assets**. The number of participants was slightly lower compared to 2019 (90 respondents) mainly due to issues related to COVID-19: in particular, this year one company with multiple pension schemes included in the sample was unable to fill out the questionnaire due to difficulties connected with internal reorganization.

As to the breakdown of respondents by the category monitored, the highest response rate is that of Open Pension Funds and Private Pension Schemes, followed by Contractual Pension Funds. Except for Private Pension Schemes (up from 12 to 17 respondents), the response rates of all other categories were moderately down compared to the previous edition.

FIGURE 1. Breakdown of respondents by category monitored

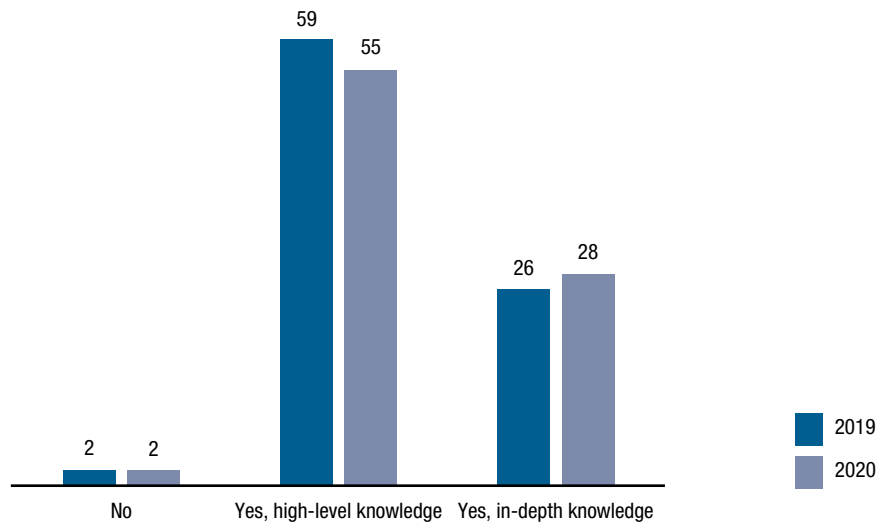


Source: Forum per la Finanza Sostenibile

Knowledge of the regulatory provisions that govern sustainable finance

As compared to the previous edition, the level of awareness of European regulations that govern sustainable finance⁷ has increased. Indeed, **33% of respondents reported that they have in-depth knowledge of these regulations** and most of these (19 in 28) adopted sustainable investment policies.

FIGURE 2. Knowledge of regulatory provisions on sustainable finance



Source: Forum per la Finanza Sostenibile⁸

7. We refer in particular to the IORP II Directive and the Shareholders Rights II Directive.

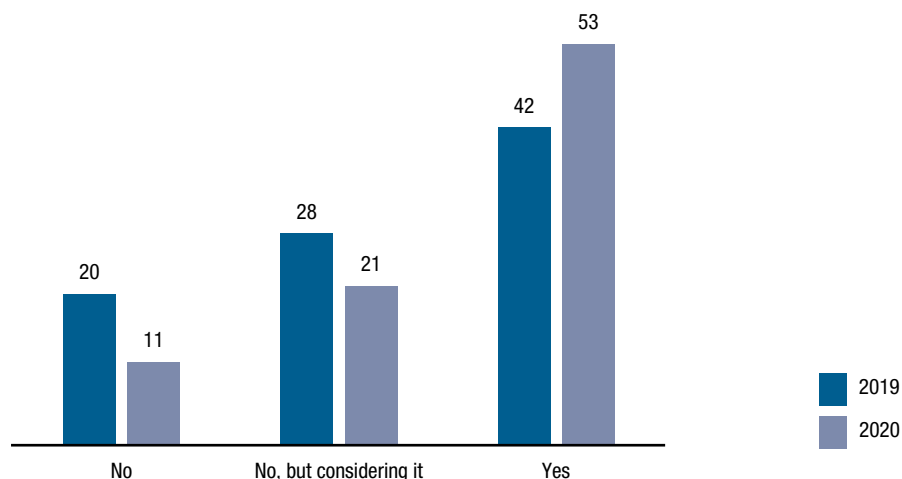
8. In 2020, 85 schemes answered this question compared to 87 (in 90 respondents) in 2019.

3.2. ADOPTION OF AN SRI POLICY

Over half of the respondents, **62%** (or 53 in 85) **reported that they apply a sustainable investment strategy** to the products monitored – up from 42 in 2019 (see Figure 3). The schemes that use SRI manage approximately €127,000 million or **70% of the respondents’ total assets**.

Conversely, 38% of respondents (32 in 85) apply no sustainable investment strategy. Still, it should be noted that 21 of these reported that they are considering doing so: in particular, 8 schemes that had participated in the 2019 edition as well changed their stance in this regard and shifted from “No” to “No, but considering it”.

FIGURE 3. Adoption of an SRI policy



Source: Forum per la Finanza Sostenibile

FIGURE 4. Key findings of the 2015-2020 editions

Edition	Sample	Respondents	SRI policy adoption (% of respondents)
2015	50	60%	40%
2016	50	72%	44%
2017	50	80%	43%
2018	50	86%	37%
2019	115	78%	47%
2020	115	74%	62%

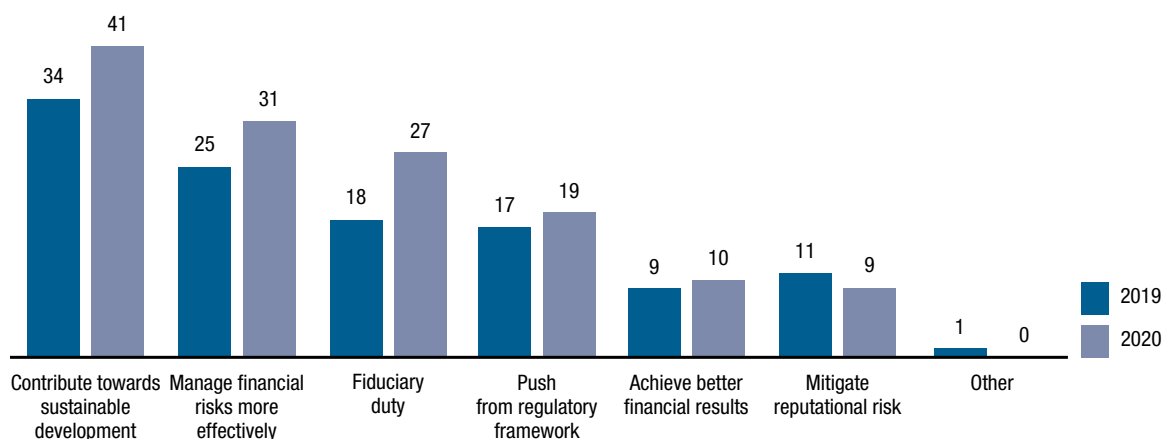
Source: Forum per la Finanza Sostenibile⁹

9. In absolute terms, the respondents of the previous editions that adopt an SRI policy were: 12 in 2015; 16 in 2016; 17 in 2017; 16 in 2018 and 42 in 2019.

Reasons for adopting an SRI policy

As to the reasons for adopting a sustainable investment policy, the questionnaire allowed for multiple answers (up to 3). As in 2019, the reasons were mainly related to a **willingness to contribute towards sustainable** (environmental, social and economic) **development and to manage financial risks more effectively**.

FIGURE 5. Reasons for adopting an SRI policy



Source: Forum per la Finanza Sostenibile¹⁰

Reasons for not adopting an SRI policy

The respondents that do not adopt SRI policies were asked to give reasons (up to 3 answers allowed). It turned out that **8 (73%) have not yet addressed this theme**. Conversely, no scheme reported the (assumed) riskiness, complexity or poor profitability of sustainable investments as a reason for not adopting an SRI strategy - which is encouraging, as it assumes that the prejudices relating to sustainable investing (already refuted by numerous academic studies and market research¹¹) have been overcome.

For the investors that are considering integrating ESG criteria in their investment policies, the main criticalities concern the absence of a shared taxonomy and difficulties in finding information. Conversely, they see opportunities in: the good risk/return profile of ESG products; portfolio risk mitigation; possibility to combine a lower social and environmental impact with an adequate economic return.

The 21 pension schemes that are considering the adoption of sustainable investment strategies were asked when they foresee to make their final decision; in most cases (86%), the evaluation process might be finalized by the end of 2020. Finally, one respondent pointed out that the delay in adopting SRI strategies is related to the crisis triggered by COVID-19.

10. Multiple-answer question.

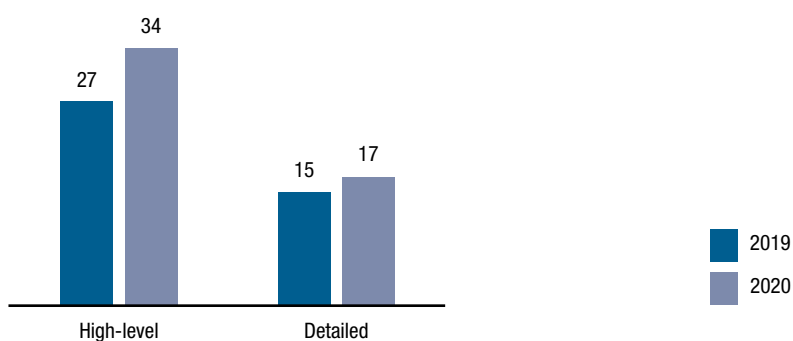
11. See for example: Becchetti, Leonardo, Ciciretti, Rocco, Dalo, Ambrogio e Herzel, Stefano 2014 *Socially Responsible and Conventional Investment Funds: Performance Comparison and the Global Financial Crisis*, CEIS Università di Roma "Tor Vergata": <https://bit.ly/3iLMPiA>; Eccles, Rober G., Ioannou, Ioannis e Serafeim, George 2011, *The Impact of Corporate Sustainability on Organizational Processes and Performance*, Harvard Business School: <https://hbs.me/2iDqVzU>; Clark, Gordon, Finer, Andreas e Vieh, Michael 2015, From the stockholder to the stakeholder, How Sustainability can drive financial outperformance, University of Oxford, Arabesque Partners, Smith School of Enterprise and the Environment, March 2015: <https://bit.ly/2BJ2sEL>; Friede, Gunnar, Busch, Timo, e Bassen, Alexander 2015, "ESG and financial performance: aggregated evidence from more than 2000 empirical studies", *Journal of Sustainable Finance & Investment*, Vol. 5, n. 4, pp. 210-233: <https://bit.ly/2MJeiFm>

3.3. ROLE OF THE BOARD OF DIRECTORS

As with the previous editions, the survey delved into the process used by the BoD for defining sustainable investment policies. **For 34 schemes that use SRI, the BoD defined a high-level investment approach** and entrusted the manager with translating the principles so laid down into operative practices: hence, the manager’s sustainable investing skills are particularly important. **In the remaining 17 schemes, the BoD gave more precise guidance on the investment strategy** (sectors, ESG criteria deemed to be important, etc.). In addition, **for 66% of the schemes that use SRI** (i.e., 35 in 53), **the BoD assesses performances from the point of view of the sustainability of investments at least once a year**: in 40% of the cases (or 21 in 53), ESG assessments are made more than once during the reference year. In particular, it is Pre-Existing Pension Funds that make ESG assessments more frequently.

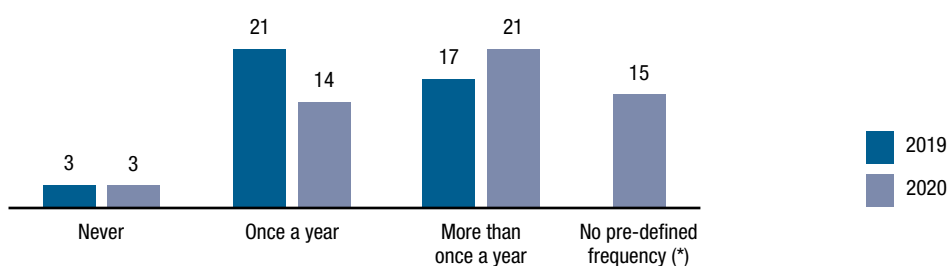
As regards the **sources of information** relating to sustainability themes, in most cases (24 answers) the BoD **retains an advisor and is supported by the manager**. In some cases (15 answers), the BoD uses information from other sources, mainly information providers. The activity of the ESG advisor mainly consists in: ESG rating or score in respect of individual stocks in the portfolio (16 answers); portfolio monitoring (15 answers); annual reporting (10 answers).

FIGURE 6. Definition of the SRI policy



Source: Forum per la Finanza Sostenibile¹²

FIGURE 7. Frequency of ESG assessments

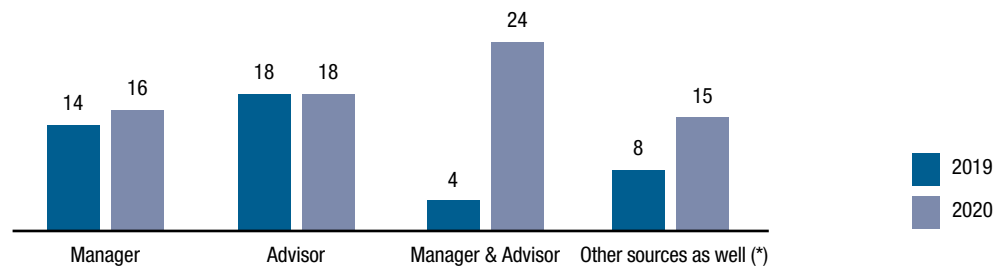


* The “No pre-defined frequency” option was added in the 2020 edition.

Source: Forum per la Finanza Sostenibile

12. As regards the 2020 questionnaire, 2 in 53 schemes that use SRI preferred to not answer this question for internal reasons. Therefore, in total 51 answers were given.

FIGURE 8. Sources of information on ESG



* Other sources: information providers; associations; fora; indirect sources.

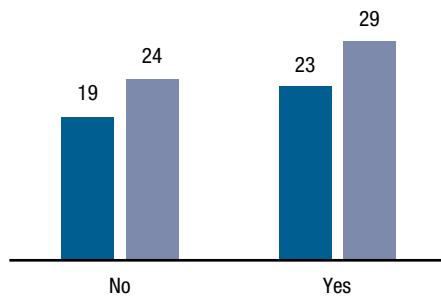
Source: Forum per la Finanza Sostenibile¹³

3.4. SUSTAINABILITY TARGETS ASSIGNED TO MANAGERS AND EMPLOYEES

As compared to the previous edition, **the number of schemes that include sustainability targets to be achieved by financial managers** was up from 23 to 29.

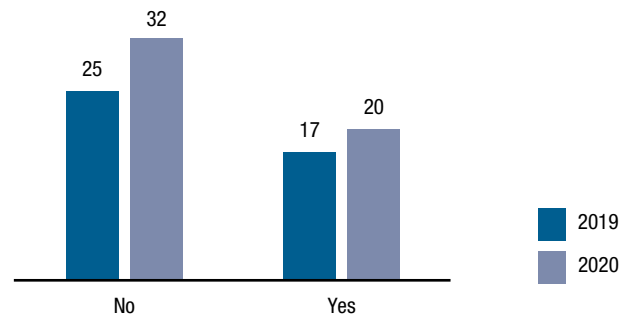
Though less frequent in absolute terms, also the assignment of sustainability targets to the employees of the asset allocation, selection and financial management control functions increased. The reference regulations could push further on this: indeed, Article 5 of EU Regulation 2019/2088¹⁴ requires that the remuneration policies of financial markets participants disclose information on their consistency with the integration of sustainability risks and that this information be published on their websites.

FIGURE 9. Identification of sustainability targets for managers



Source: Forum per la Finanza Sostenibile

FIGURE 10. Identification of sustainability targets for employees (*)



* The questionnaire referred to the employees of the asset allocation, selection and financial management control functions

Source: Forum per la Finanza Sostenibile¹⁵

13. Multiple answers were allowed for this question. 2 in 53 schemes that use SRI preferred to not answer this question for internal reasons.

14. EU Regulation 2019/2088 of the European Parliament and Council dated November 27, 2019 on sustainability-related disclosures in the financial services sector: <https://bit.ly/3ntnMDF>

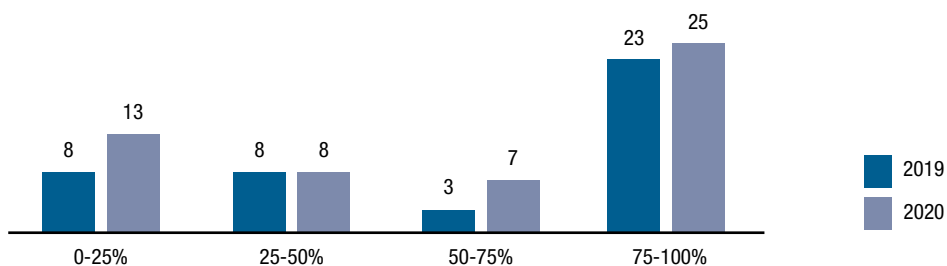
15. Multiple answers were allowed for this question. 2 in 53 schemes that use SRI preferred to not answer this question for internal reasons. Therefore, in total 52 answers were given.

3.5. SRI POLICY COVERAGE RATE

As compared to 2019, the SRI policy coverage rate increased in absolute terms: **the number of schemes that extend the adoption of sustainable investment policies to nearly all of the assets under management grew from 23 to 25** (mostly Pre-Existing Pension Funds and Contractual Pension Funds).

As mentioned earlier, this year the number of schemes that use SRI increased; out of the 13 schemes that recently introduced sustainable investment policies, 6 applied them to a limited share of assets (0-25%).

FIGURE 11. SRI policy coverage rate



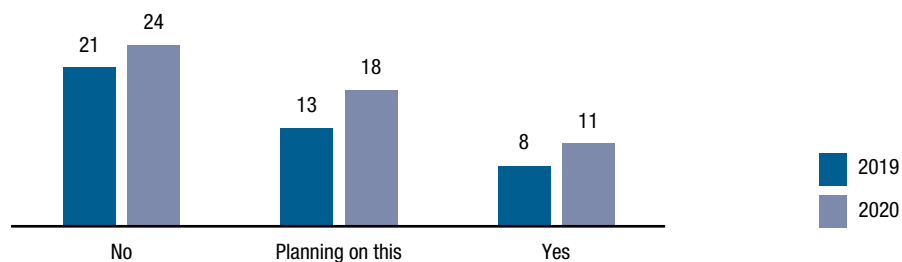
Source: Forum per la Finanza Sostenibile

3.6. CARBON FOOTPRINT MEASUREMENT

Pension schemes are increasingly interested in reporting the greenhouse gas (GHG) emissions of their investments: indeed, the survey showed that **over half of the schemes that use SRI introduced, or are planning on introducing, the calculation of the carbon footprint of the investment portfolio.**

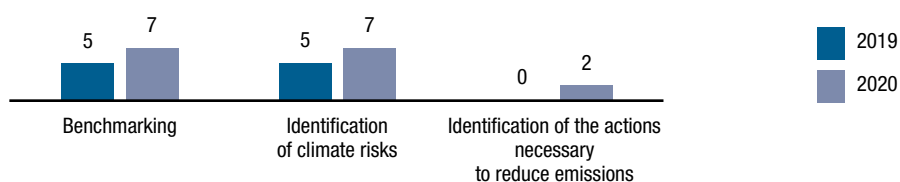
The findings are used mostly **for benchmarking** relative to the reference market and/or **to identify the risks** associated to climate change in the securities portfolio. A still limited percentage of respondents use the carbon footprint so measured in order to identify the actions needed to reduce investment-related emissions.

FIGURE 12. Carbon footprint measurement



Source: Forum per la Finanza Sostenibile

FIGURE 13. Use of the carbon footprint measurement results



Source: Forum per la Finanza Sostenibile¹⁶

3.7. THE SRI STRATEGIES ADOPTED

As regards the **SRI strategies adopted** (see Figure 14), we wish to repeat that they are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. As with the previous editions of the survey, the most widely-used strategy by pension funds is that of **exclusions** (of the following sectors: alcoholics, pornography; tobacco; betting and gambling; nuclear energy) followed by **best in class** (especially among Private Pension Schemes; Pre-Existing Pension Funds and Contractual Pension Funds) and **impact investing**.

Conversely, **engagement** and **stewardship** are still underused. Educational and information initiatives can be conducive towards adopting the strategy. In this regard, Mefop and ItaSIF have organized a working group on the Shareholders' Rights II Directive (SRD II) with a view to defining guidelines for pension funds on how to conduct stewardship activities. SRD II was transposed in Italian law in June 2019 and aims for greater activism of investors, requiring that they disclose – based on the comply or explain principle – their engagement policy, how they implement it and the related achievements. The Directive addresses pension funds (contractual, open and pre-existing pension funds) and is evidence of a renewed interest in the theme of engagement as a tool to encourage greater commitment of investors in investee companies and of the adoption of a mid- to long-term time horizon.

Reported good practices of engagement included: sending letters to the Chief Executive Officers (CEOs) of investee companies; meetings with the management; collective actions on ESG themes; voting policies that factor in ESG issues; initiatives promoted in collaboration with the relevant trade association.

Besides, three Private Pension Schemes (Inarcassa, ENPAM and Cassa Forense) at the beginning of 2020 established **ASSODIRE** (the association of responsible investors) with a view to “putting in practice and coordinating the members’ engagement policies in their investment choices so as to better qualify and represent the interests of professionals, to support the economy and the financial market”¹⁷.

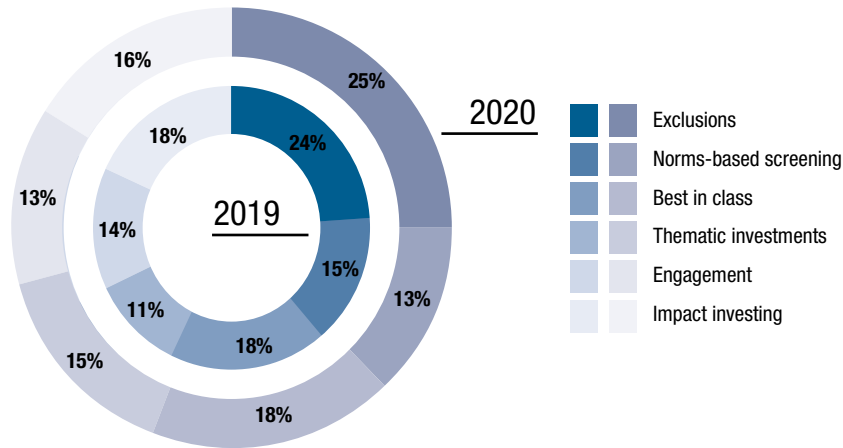
Another initiative worth mentioning in relation to engagement and stewardship is the **Center for the protection of the rights of institutional shareholders**, established in January 2020 by Assoprevidenza in collaboration with Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC – the Italian national board of business consultants and accounting experts). The Center is a nonprofit entity established in view of promoting and developing engagement of pension funds in the listed companies in which they invest, in close connection with the integration of ESG criteria.

As regards **norms-based screening**, those to which most of the schemes refer include: the UN Global Compact Principles; the Principles for Responsible Investment (PRI); international conventions on human rights, human resources and protection of the environment signed with the UN, OECD and ILO as well as other international conventions including the Basel Convention, the UNFCCC (United Nations Framework Conference on Climate Change); the Kyoto Protocol; the COP 21 Conference of Parties; the Convention for Biological Diversity; the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES); the Convention for the protection of the ozone layer; the Convention on control of transboundary movements and disposal of hazardous waste; the guidelines of the Interfaith Center on Corporate Responsibility (ICCR) and of the Global Reporting Initiative (GRI); the conventions on biotechnologies, GMOs, stem cells, animal testing, child labor, underpaid labor, slavery and polluting materials.

16. Only the schemes that measure the carbon footprint answered this question (see Figure 12). Multiple-answer question.

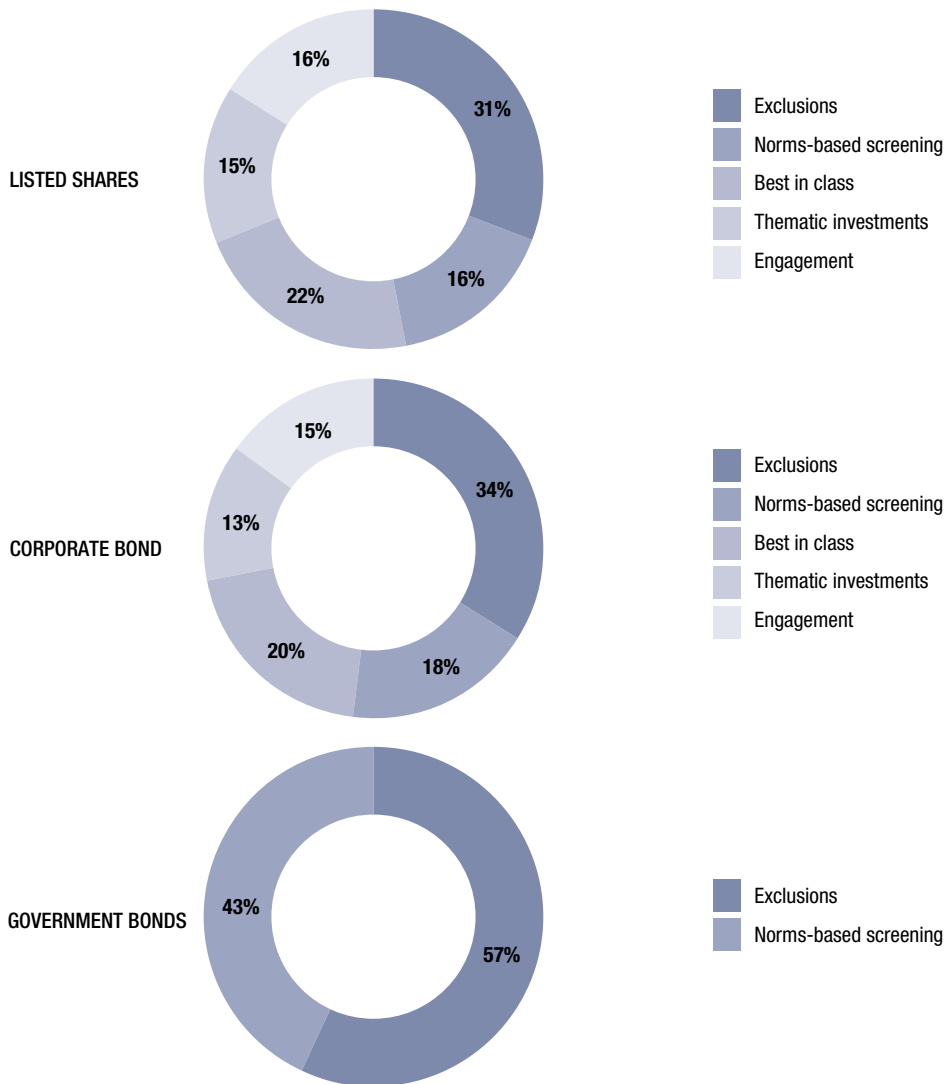
17. For more information: <http://www.assodire.com/>

FIGURE 14. Adoption of SRI strategies



Source: Forum per la Finanza Sostenibile¹⁸

FIGURE 15. Adoption of SRI strategies by asset class (2020)



Source: Forum per la Finanza Sostenibile¹⁹

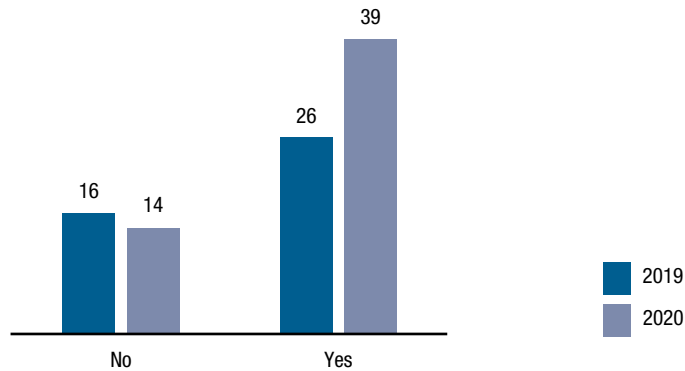
18. The SRI strategies adopted are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. Percentages are calculated on the total answers given by the schemes that use SRI (which, as said earlier, totaled 42 in 2019 and 53 in 2020).

19. The SRI strategies adopted are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. Percentages are calculated on the total answers given by the 53 schemes that use SRI.

Alternative investments

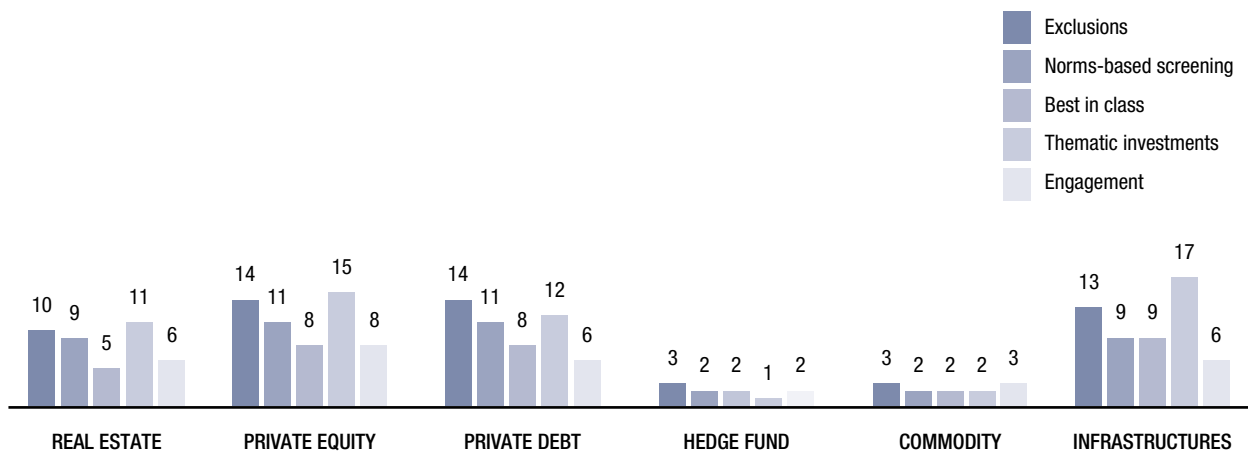
74% of the schemes that use SRI (39 in 53) make alternative investments, mainly Private Pension Schemes. **Most of them (25 in 39) adopt SRI strategies in this asset class as well**: the most widespread one is that of **thematic investments**, especially for private equity and infrastructures. The analysis of unlisted companies requires different instruments compared to the ones used for examining listed companies, for reasons relating to their organization (listed companies generally include a number of corporate functions and a more systematic organization) and information (listed companies being also subject to non-financial reporting requirements). Therefore, the analysis criteria are adjusted to the operational characteristics of companies and associated risks.

FIGURE 16. Schemes that use SRI and make alternative investments



Source: Forum per la Finanza Sostenibile

FIGURE 17. Adoption of SRI strategies in alternative investments (2020)



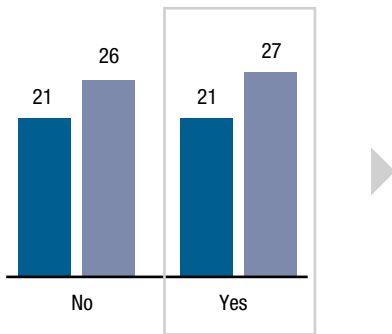
Source: Forum per la Finanza Sostenibile²⁰

20. The SRI strategies adopted are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. Multiple-answer question. Note that data is presented in absolute terms (differently from the charts of Figure 15) due to the limited number and varied nature of the schemes that invest in the different areas of the alternative investment asset class.

Impact investing

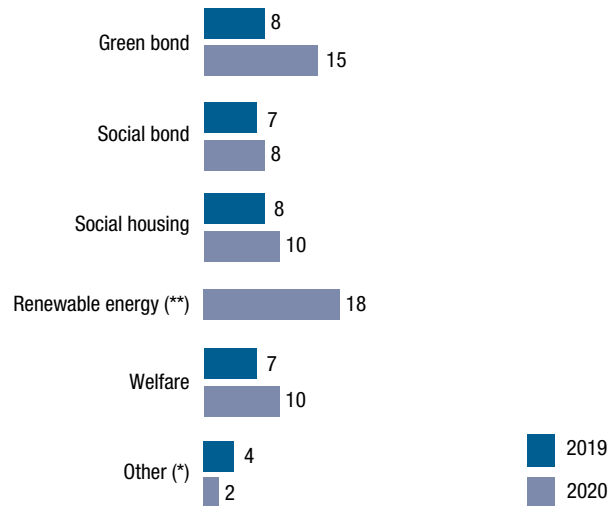
Over half of the schemes that use SRI adopt impact investing – a strategy that is particularly popular with Private Pension Schemes and Pre-Existing Pension Plans. Impact investments mainly focus on the environment and in particular on renewable energy and green bonds.

FIGURE 18. Adoption of impact investing



Source: Forum per la Finanza Sostenibile

FIGURE 19. Impact investing areas/products



* Other: climate change; microcredit.

** The "Renewable energy" option was added in the 2020 edition.

Source: Forum per la Finanza Sostenibile²¹

21. Only the schemes that adopt the impact investing strategy answered this question (see Figure 18). Multiple-answer question.

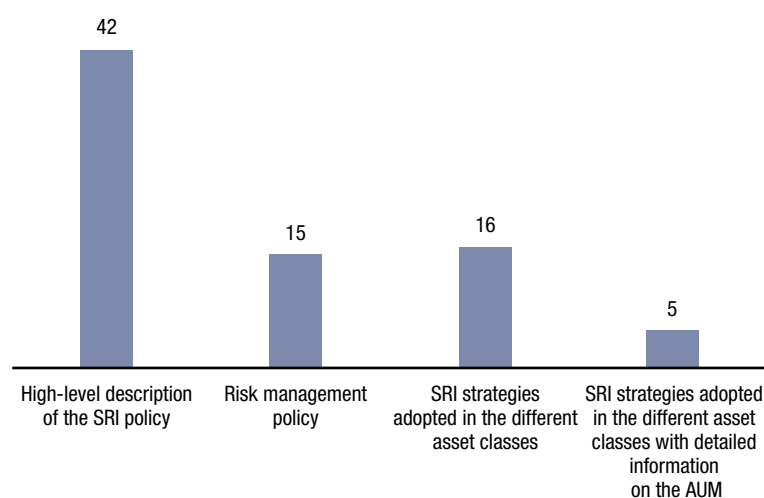
3.8. SRI POLICY DISCLOSURE

As regards the disclosure of information on investment-related sustainability themes, the questionnaire investigated three aspects: type of information disclosed, channels and documents used and addressees of the information flow. This theme is crucial for pension funds, especially in light of European directives on transparency: IORP provides that “all complementary pension schemes are required to disclose information to potential participants as to if and how they consider ESG factors, including climate-related ones, in their investment strategy”²².

Likewise, EU Regulation 2019/2088²³ and EU Regulation 2020/852²⁴ are particularly important in terms of ESG disclosure in the financial sector. Financial players, including pension funds, are required to align to the multiple disclosure requirements under these two Regulations, according to the timeline and in the manners set forth thereunder in respect of transparency on: sustainability risk policies; adverse effects on the sustainability of the entity and financial products; remuneration policies in respect of the integration of sustainability risks; integration of sustainability risks; promotion of the environmental or social characteristics in pre-contractual disclosure; sustainable investments in pre-contractual information; promotion of the environmental or social characteristics and of sustainable investments on their websites as well as in regular reporting. As said earlier (see §2.2.), the questions under this section were partially modified compared to the 2019 edition; therefore, it was decided to present 2020 data only (see Figures 20, 21 and 22). The analysis shows that pension schemes disclose mainly **high-level information on their sustainable investment policy**; only 9% (5 plans) provide a detailed description of the SRI strategies adopted and assets under management according to these criteria in the different asset classes.

Sustainable investments disclosure address, in the first place, their participants and beneficiaries (39 schemes in 53); the most widely used channels are **the document on investment policies and financial statements**. Only in 5 cases no information is made available on the aspects related to the sustainability of investments.

FIGURE 20. Type of disclosure on the SRI policy (2020)



Source: Forum per la Finanza Sostenibile²⁵

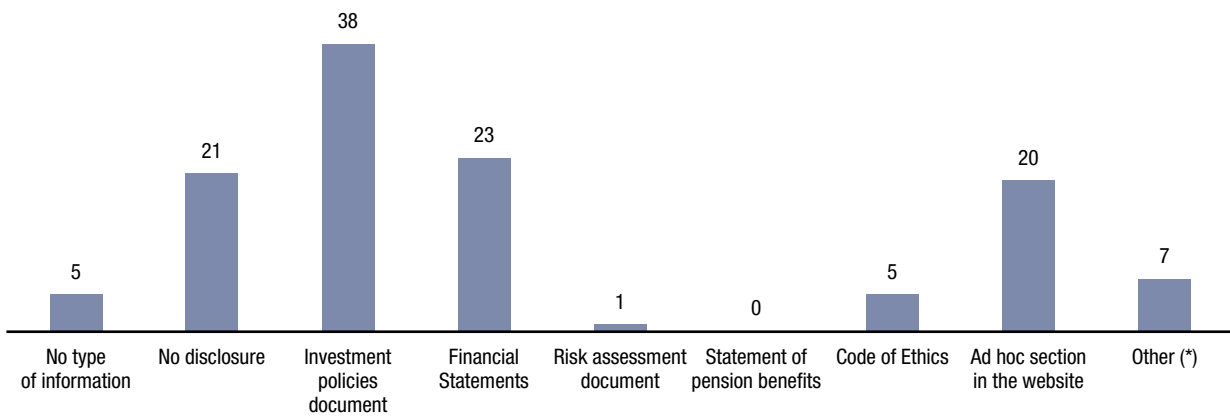
22. COVIP resolution dated July 29, 2020: <https://bit.ly/2Twt8kM>

23. EU Regulation 2019/2088 of the European Parliament and Council dated November 27, 2019 on sustainability-related disclosures in the financial services sector: <https://bit.ly/3ntnMDF>

24. EU Regulation 2020/852 of the European Parliament and Council dated July 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088: <https://bit.ly/36KuUVq>

25. Multiple-answer question.

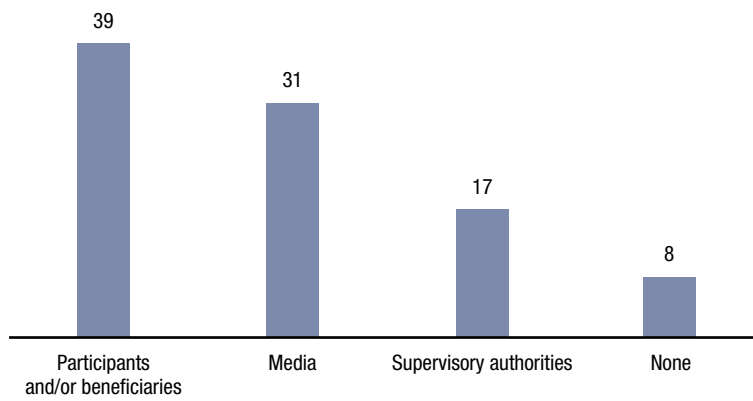
FIGURE 21. Documents used to communicate the SRI policy (2020)



* Other: integrated financial statements; social report; ad hoc press release; meetings of corporate bodies; periodical communication.

Source: Forum per la Finanza Sostenibile²⁶

FIGURE 22. Addressees of SRI policy disclosure (2020)



Source: Forum per la Finanza Sostenibile

26. Multiple-answer question.

4. Conclusions

The sixth edition of the survey confirmed that Italian pension funds are **more aware** of sustainable and responsible investment. As compared to 2019, the findings are encouraging and show that **more schemes adopt SRI policies** (up from **42 to 53**). Reasons for making sustainable investments include in the first place a willingness to **contribute towards sustainable development** and to **more effectively manage financial risks** – which suggests a growing awareness of the financial importance of ESG. In addition, there is a growing interest in measuring the carbon footprint of the investment portfolio.

It should also be pointed out that, out of the 32 schemes that do not apply any sustainable investment strategy, **21 reported that they are considering doing so**: in particular, 8 schemes that had also participated in the 2019 edition changed their stance in this regard. One can reasonably assume that the evolutions of the European regulatory framework, without imposing the adoption of ESG criteria, can push reluctant investors to consider the adoption of SRI strategies. Moreover, one can likely expect a greater commitment on social aspects, given the effects of the COVID-19 pandemic crisis on the most vulnerable groups of the population.

As with the previous editions of the survey, the most widespread SRI strategies among pension funds are: **exclusions, best in class and impact investing**. Conversely, **engagement and stewardship** are still underused and could be encouraged by the transposition of the **Shareholders Rights II Directive**. In order to overcome the complexities associated to the definition of the engagement policy, discussions are underway at a system level to encourage and promote soft law initiatives aimed to regulate investor engagement. These initiatives, already widespread globally, consist in the laying down of high-level principles or stewardship codes, are mostly voluntary and based on the comply or explain principle.

As mentioned above, **European regulations**, starting from the **transposition into Italian law of the IORP II Directive**, can push institutional investors, and hence also pension schemes, to increasingly adopt sustainable investment policies. Moreover, the EU environmental and climate targets were recently confirmed alongside the need to align the resources made available for the post-COVID-19 recovery to the need to decarbonize European economy in view of reducing adverse impacts on climate and of a greater resilience during crises.

Thanks to their social value and mid-to-long term time horizon, pension funds are the ideal protagonists of the integration of environmental, social and governance factors into investment processes. The purpose of this survey is to monitor this integration, hoping to contribute towards raising the awareness of the importance of sustainability in investment choices.

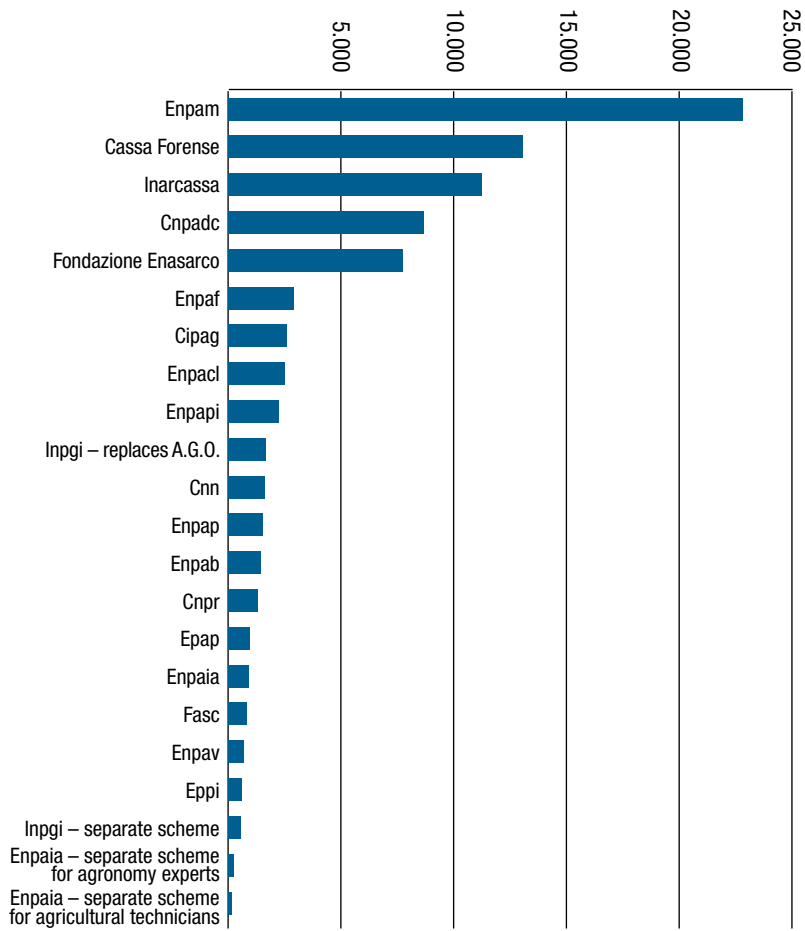
Appendix – The categories monitored

PRIVATE PENSION SCHEMES

FIGURE 23. Sample composition

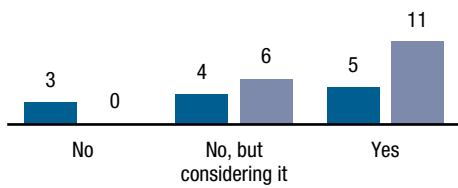
ENPAM - Ente nazionale di previdenza e assistenza dei medici e degli odontoiatri
CASSA FORENSE - Cassa nazionale di previdenza e assistenza forense
INARCASSA - Cassa nazionale di previdenza e assistenza per gli ingegneri ed architetti liberi professionisti
CNPADC - Cassa nazionale di previdenza e assistenza a favore dei dottori commercialisti
FONDAZIONE ENASARCO - Ente nazionale di assistenza degli agenti e rappresentanti di commercio
ENPAF - Ente nazionale di previdenza e di assistenza farmacisti
CIPAG - Cassa italiana di previdenza ed assistenza dei geometri liberi professionisti
ENPACL - Ente nazionale di previdenza e assistenza per i consulenti del lavoro
ENPAPI - Ente nazionale di previdenza e assistenza della professione infermieristica
INPGI - Istituto nazionale di previdenza dei giornalisti italiani "Giovanni Amendola" - Gestione sostitutiva dell'A.G.O
CNN - Cassa Nazionale del Notariato
ENPAP - Ente nazionale di previdenza e assistenza per gli psicologi
ENPAB - Ente nazionale di previdenza e assistenza a favore dei biologi
CNPR - Cassa nazionale di previdenza ed assistenza a favore dei ragionieri e periti commerciali
EPAP - Ente di previdenza e assistenza pluricategoriale
ENPAIA - Ente Nazionale di Previdenza per gli Addetti e per gli Impiegati in Agricoltura
FASC - Fondo nazionale di previdenza per i lavoratori delle imprese di spedizione corrieri e delle agenzie marittime raccomandatarie e mediatori marittimi
ENPAV - Ente nazionale di previdenza e assistenza dei veterinari
EPPI - Ente di previdenza dei periti industriali e dei periti industriali laureati
INPGI - Istituto nazionale di previdenza dei giornalisti italiani "Giovanni Amendola" - Gestione separata
ENPAIA - Ente nazionale di previdenza per gli addetti e per gli impiegati in agricoltura - Gestione separata periti agrari
ENPAIA - Ente nazionale di previdenza per gli addetti e per gli impiegati in agricoltura - Gestione separata agrotecnici

FIGURE 24. AUM of the Private Pension Schemes monitored (€ million)



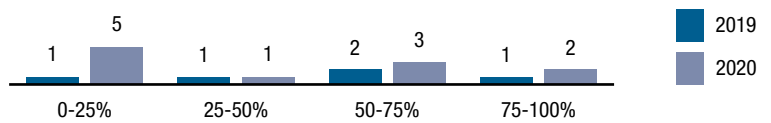
Source: Forum per la Finanza Sostenibile based on data provided by MondolInstitutional (as at December 31, 2018)

FIGURE 25. SRI policy adoption



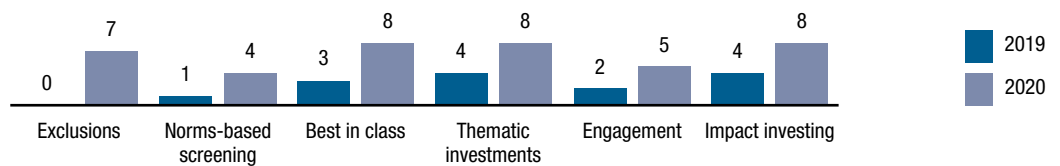
Source: Forum per la Finanza Sostenibile

FIGURE 26. SRI policy coverage rate



Source: Forum per la Finanza Sostenibile

FIGURE 27. SRI strategies adoption



Source: Forum per la Finanza Sostenibile²⁷

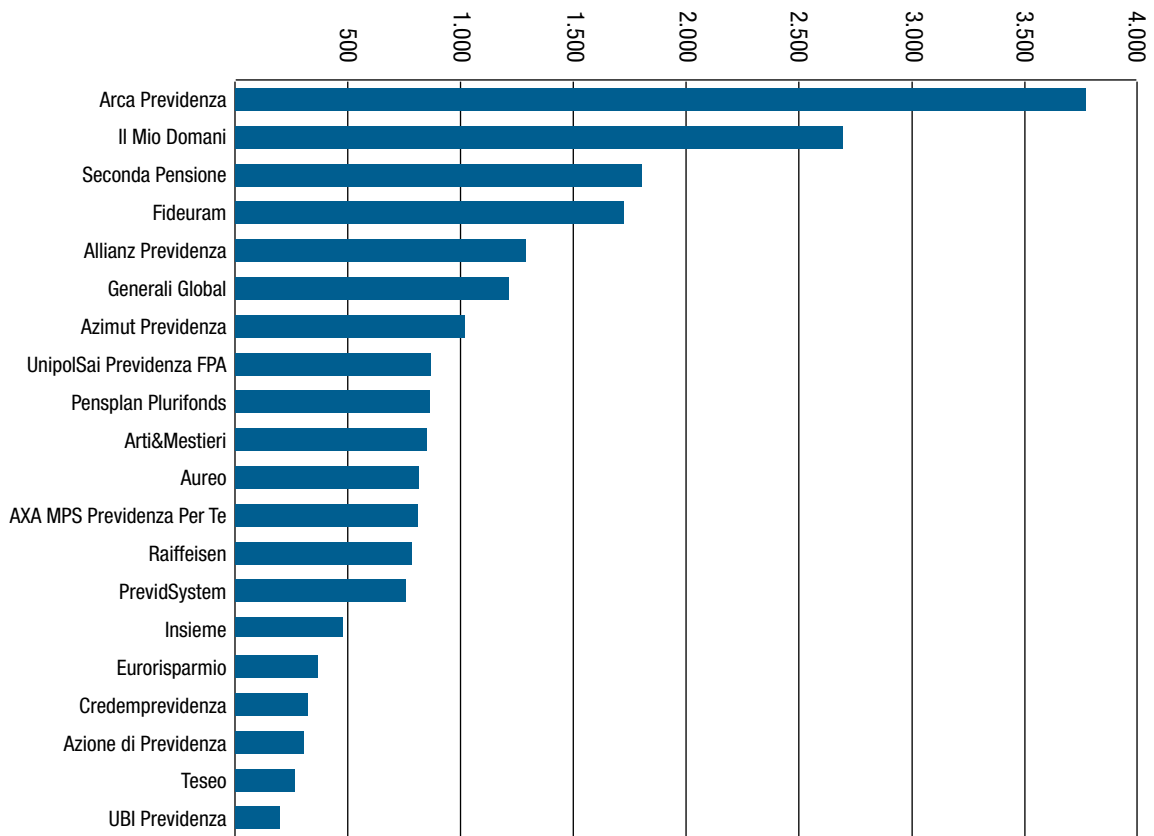
27. The SRI strategies adopted are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. Multiple-answer questions.

OPEN PENSION FUNDS

FIGURE 28. Sample composition

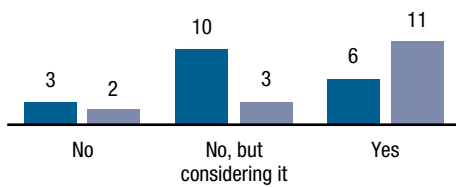
Arca Previdenza (Arca Fondi SGR S.p.A.)
Il Mio Domani (Intesa Sanpaolo Vita S.p.A.)
Seconda Pensione (Amundi SGR S.p.A.)
Fideuram (Fideuram Vita S.p.A.)
Allianz Previdenza (Allianz S.p.A.)
Generali Global (Gruppo Generali)
Azimet Previdenza (Azimet Capital Management SGR S.p.A.)
UnipolSai Previdenza FPA (UnipolSai Assicurazioni S.p.A.)
PensplanPlurifonds (ITAS Vita S.p.A.)
Arti & Mestieri (Anima SGR S.p.A.)
Aureo (BCC Risparmio&Previdenza SGR S.p.A.)
AXA MPS Previdenza Per Te (AXA MPS Assicurazioni Vita S.p.A.)
Raiffeisen (Cassa Centrale Raiffeisen dell'Alto Adige S.p.A.)
PrevidSystem (Intesa Sanpaolo Vita S.p.A.)
Insieme (Allianz S.p.A.)
Eurorisparmio (Sella SGR)
Credemp Previdenza (Credem Vita S.p.A.)
Azione di Previdenza (HDI Assicurazioni S.p.A.)
Teseo (Reale Mutua Assicurazioni)
UBI Previdenza (Aviva Vita S.p.A.)

FIGURE 29. AUM of the Open Pension Funds monitored (€ million)



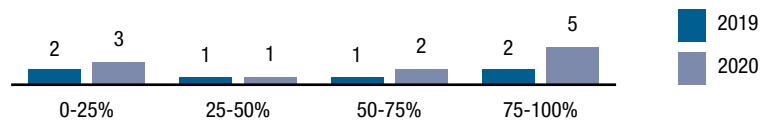
Source: Fondo per la Finanza Sostenibile based on data provided by Mefop (as at December 31, 2019)

FIGURE 30. SRI policy adoption



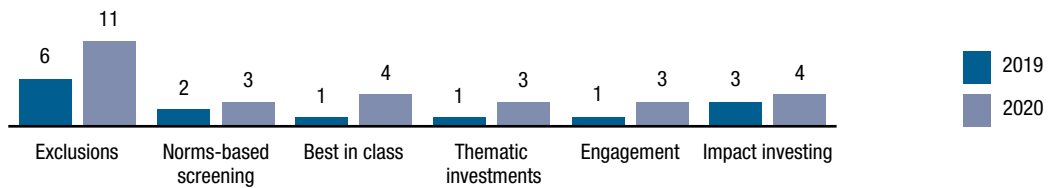
Source: Forum per la Finanza Sostenibile

FIGURE 31. SRI policy coverage rate



Source: Forum per la Finanza Sostenibile

FIGURE 32. SRI strategies adoption



Source: Forum per la Finanza Sostenibile²⁸

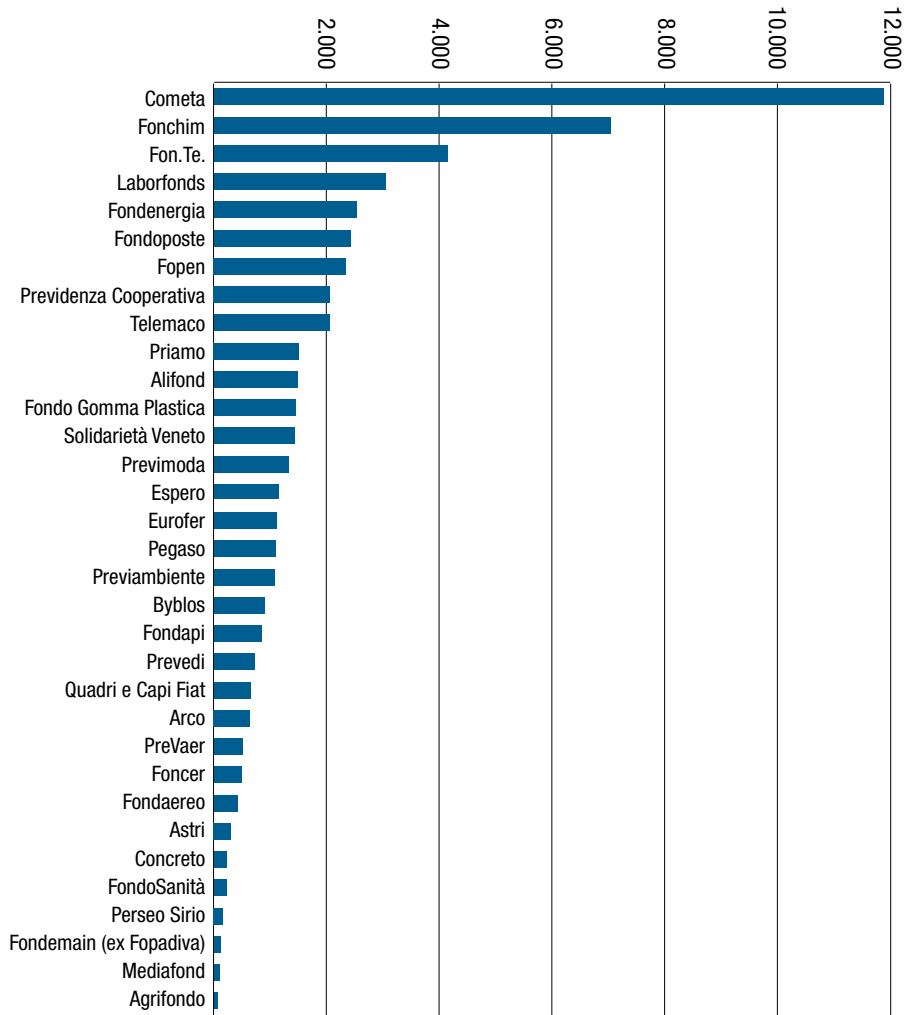
28. The SRI strategies adopted are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. Multiple-answer questions.

CONTRACTUAL PENSION FUNDS

FIGURE 33. Sample composition

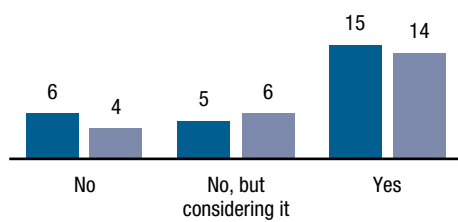
Cometa - Fondo Nazionale Pensione complementare per i lavoratori dell'industria metalmeccanica, della installazione di impianti e dei settori affini
Fonchim - Associazione Fondo Pensione complementare a capitalizzazione per i lavoratori dell'industria chimica e farmaceutica e dei settori affini
Fon.Te. - Fondo Pensione complementare per i dipendenti da aziende del terziario (commercio, turismo e servizi)
Laborfonds - Fondo Pensione complementare per i lavoratori dipendenti dai datori di lavoro operanti nel territorio del Trentino-Alto Adige
Fondenergia - Fondo Pensione complementare a capitalizzazione per i lavoratori del settore energia
Fondoposte - Fondo Nazionale Pensione complementare per il personale non dirigente di Poste Italiane S.p.A.
Fopen - Fondo Pensione dipendenti gruppo Enel
Previdenza Cooperativa - Fondo pensione negoziale dei Lavoratori, Soci e Dipendenti, delle Imprese Cooperative e dei lavoratori dipendenti addetti ai lavori di sistemazione idraulico-forestale ed idraulico-agraria
Telemaco - Fondo Nazionale Pensione complementare per i lavoratori delle aziende di telecomunicazione
Priamo - Fondo Pensione Nazionale di previdenza complementare per i lavoratori addetti ai servizi di trasporto pubblico e per i lavoratori dei settori affini
Alifond - Fondo Nazionale Pensione Complementare a capitalizzazione per i lavoratori dell'industria alimentare e dei settori affini
Fondo Gomma Plastica - Fondo Pensione complementare per i lavoratori e i familiari a carico dei lavoratori del settore gomma, cavi elettrici e affini e materie plastiche
Solidarietà Veneto - Fondo Pensione
Previmoda - Fondo Pensione complementare a capitalizzazione per i lavoratori dell'industria tessile abbigliamento, delle calzature e degli altri settori industriali del sistema moda
Fondo Espero - Fondo nazionale pensione complementare dei lavoratori della scuola
Eurofer - Fondo Pensione Nazionale a Capitalizzazione per i lavoratori delle Ferrovie dello Stato
Fondo Pegaso - Fondo Pensione Complementare per i dipendenti delle imprese di servizi di pubblica utilità
PreviAmbiente - Fondo Pensione rivolto a lavoratori dipendenti del settore pubblico o privato dell'igiene ambientale e ai familiari a carico sotto il profilo fiscale
Byblos - Fondo Pensione Complementare per i lavoratori dipendenti delle aziende Grafiche, Editoriali, della Carta e del cartone, Cartotecnici e Trasformatrici
Fondapi - Fondo Nazionale Pensione complementare per i lavoratori delle piccole e medie imprese
Prevedi - Fondo Pensione dei lavoratori delle imprese industriali ed artigiane edili ed affini
Fondo Pensione Quadri e Capi Fiat - Fondo pensione negoziale complementare per i lavoratori appartenenti alla categoria di impiegato o quadro in possesso della qualifica di Professional
Arco - Fondo Pensione Complementare per i lavoratori dei settori legno, sughero, mobile, arredamento e boschivi/forestali, laterizi e manufatti in cemento, lapidei, maniglie
PreVaer - Fondo Pensione Complementare Nazionale per i Lavoratori Quadri, Impiegati ed Operai delle Aziende aderenti ad Assaeroporti
Foncer - Fondo Pensione complementare, a contribuzione definita, istituito per i lavoratori dipendenti dell'industria della ceramica e di materiali refrattari, dotato di personalità giuridica
Fondaereo - Fondo Pensione complementare naviganti del trasporto aereo, piloti e assistenti di volo
Astri - Fondo nazionale di previdenza complementare per i lavoratori del settore autostrade, strade, trasporti e infrastrutture
Concreto - Fondo nazionale pensione complementare a capitalizzazione per i lavoratori dell'industria del cemento, della calce e suoi derivati, del gesso e relativi manufatti, delle malte e dei materiali di base per le costruzioni
FondoSanità - Fondo Pensione complementare per gli esercenti le professioni sanitarie
Perseo Sirio - Fondo Pensione Complementare dei lavoratori della Pubblica Amministrazione e della Sanità
Fondemain (ex Fopadiva) - Fondo Pensione Complementare per i Lavoratori operanti nel territorio della Regione autonoma Valle d'Aosta
Mediafond - Fondo Pensione Complementare a contribuzione definita per i lavoratori di imprese radio televisive e dello spettacolo
Agrifond - Fondo Pensione per i lavoratori del comparto agricolo

FIGURE 34. AUM of the Contractual Pension Funds monitored (€ million)



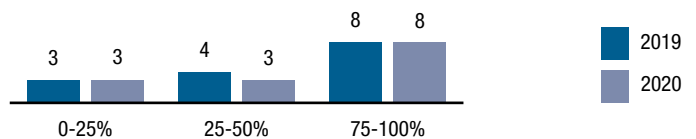
Source: Forum per la Finanza Sostenibile based on data provided by Mefop (as at December 31, 2019)

FIGURE 35. SRI policy adoption



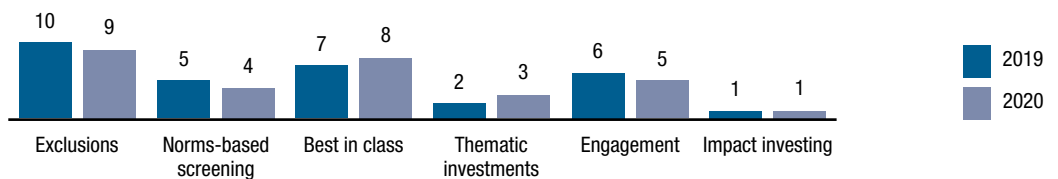
Source: Forum per la Finanza Sostenibile

FIGURE 36. SRI policy coverage rate



Source: Forum per la Finanza Sostenibile

FIGURE 37. SRI strategies adoption



Source: Forum per la Finanza Sostenibile²⁹

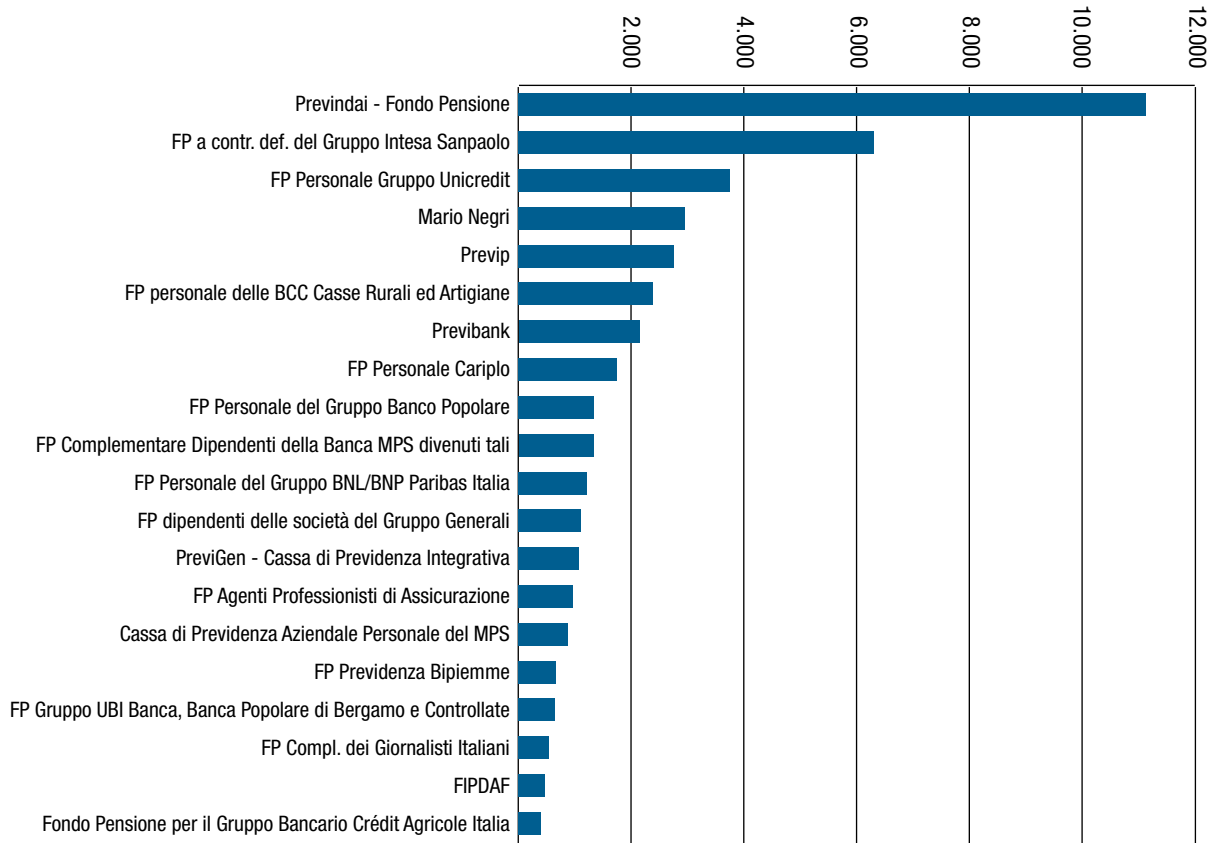
29. The SRI strategies adopted are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. Multiple-answer questions.

PRE-EXISTING PENSION FUNDS

FIGURE 38. Sample composition

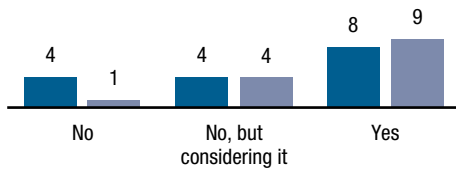
Previndai - Fondo di previdenza a capitalizzazione per i dirigenti di aziende industriali
Fondo Pensione a contribuzione definita del Gruppo Intesa Sanpaolo
Fondo Pensione per il Personale delle aziende del Gruppo Unicredit
Fondo di Previdenza "Mario Negri" - Fondo di Previdenza per i dirigenti di aziende commerciali e di spedizione e trasporto
Previp Fondo Pensione - Fondo per i dipendenti delle aziende associate e le società aderenti a vecchi fondi
Fondo Pensione Nazionale per il personale delle Banche di Credito Cooperativo Casse Rurali e Artigiane
Previbank - Fondo Pensione Complementare a capitalizzazione per i lavoratori dipendenti del settore bancario e delle società di riscossione tributi
Fondo Pensioni per il Personale Cariplo
Fondo Pensioni per il Personale del Gruppo Banco Popolare
Fondo Pensione Complementare per i Dipendenti della Banca Monte dei Paschi di Siena divenuti tali dall'1.1.1991
Fondo Pensioni del Personale del Gruppo BNL/BNP Paribas Italia
Fondo Pensione dei dipendenti delle società del Gruppo Generali
PreviGen, Cassa di Previdenza Integrativa per i Dipendenti delle Aziende Convenzionate - Fondo Pensione
Fondo Pensione Agenti Professionisti di Assicurazione
Cassa di Previdenza Aziendale per il Personale del Monte dei Paschi di Siena
Fondo Pensione di Previdenza Bipiemme
Fondo Pensione del Gruppo UBI Banca, della Banca Popolare di Bergamo e delle Altre Società Controllate
Fondo Pensione Complementare dei Giornalisti Italiani
FIPDAF - Fondo Pensione integrativo dirigenti dei Gruppi FIAT e FIAT Industrial
Fondo Pensione per il Gruppo Bancario Crédit Agricole Italia

FIGURE 39. AUM of Pre-Existing Pension Funds (€ million)



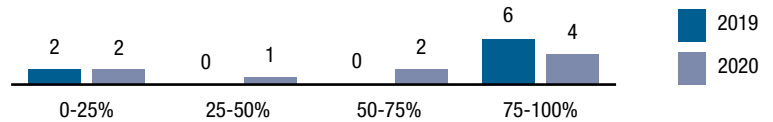
Source: Forum per la Finanza Sostenibile based on data provided by MondolInstitutional (as at December 31, 2018)

FIGURE 40. SRI policy adoption



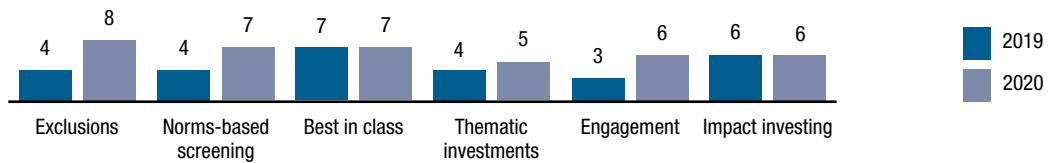
Source: Forum per la Finanza Sostenibile

FIGURE 41. SRI policy coverage rate



Source: Forum per la Finanza Sostenibile

FIGURE 42. SRI strategies adoption



Source: Forum per la Finanza Sostenibile³⁰

30. The SRI strategies adopted are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. Multiple-answer questions.

INDIVIDUAL PENSION SCHEMES

FIGURE 43. Sample composition

Postaprevidenza Valore (Poste Vita S.p.A.)

GeneraFuturo (Gruppo Generali)

Alleata Previdenza (Alleanza Assicurazioni S.p.A.)

TaxBenefit New (Mediolanum Vita S.p.A.)

UnipolSai Previdenza Futura (UnipolSai Assicurazioni S.p.A.)

Futuro Pensione (Zurich Investments Life S.p.A.)

Orizzonte Previdenza (Allianz S.p.A.)

BG Previdenza Attiva (Gruppo Generali)

AXA MPS Previdenza Attiva (AXA MPS Assicurazioni Vita S.p.A.)

Il mio futuro (Intesa Sanpaolo Vita S.p.A.)

Vera Vita Pensione Sicura (Gruppo Cattolica)

Mia Pensione (AXA Assicurazioni S.p.A.)

Eurovita Pensione Domani (Eurovita S.p.A.)

Cattolica Previdenza Per la Pensione (Gruppo Cattolica)

FATA Futuro Attivo (Gruppo Generali)

Cento Stelle Reale (Reale Mutua Assicurazioni)

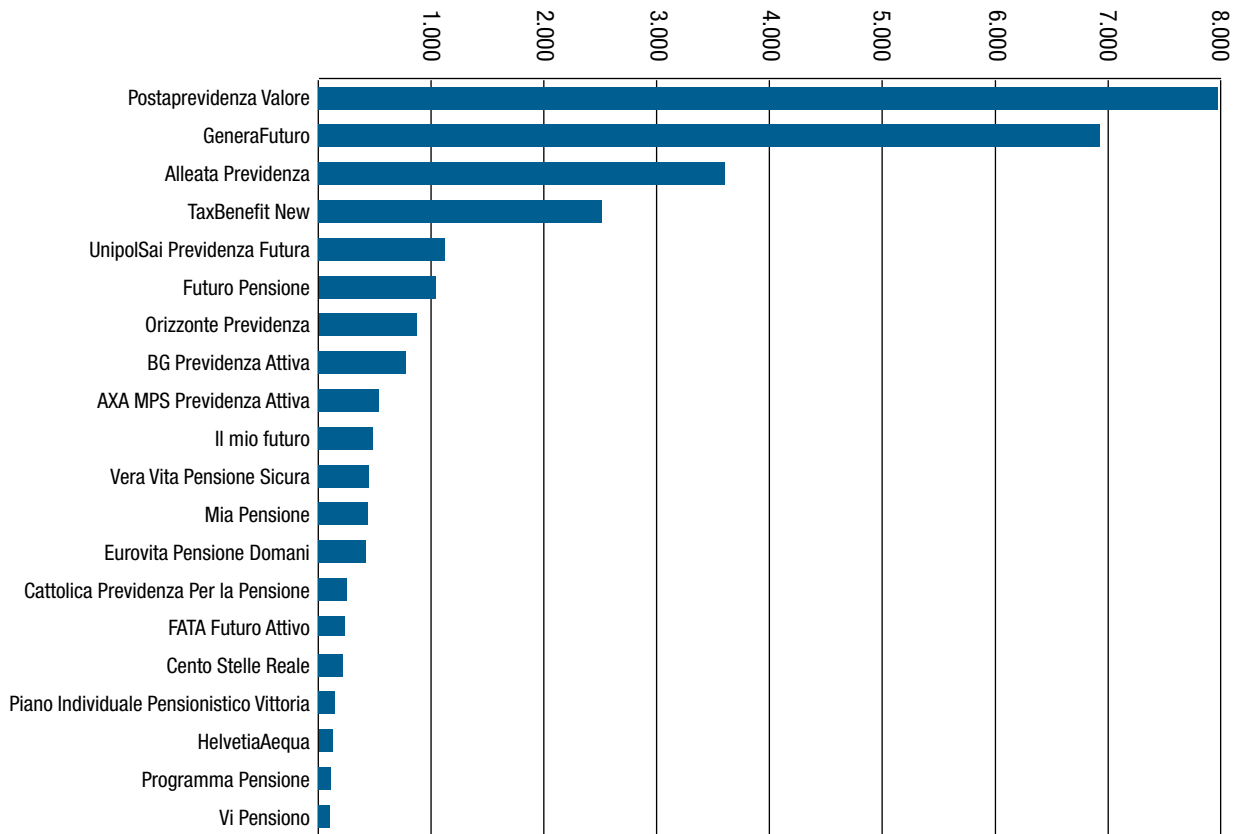
Piano Individuale Pensionistico Vittoria (Vittoria Assicurazioni S.p.A.)

HelvetiaAequa (Helvetia Vita S.p.A.)

Programma Pensione (Zurich Investments Life S.p.A.)

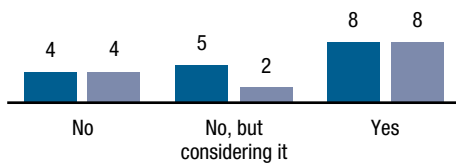
Vi Pensiono (Zurich Investments Life S.p.A.)

FIGURE 44. AUM of the Individual Pension Schemes monitored (€ million)



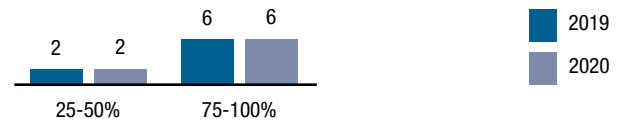
Source: Forum per la Finanza Sostenibile based on data provided by Mefop³¹

FIGURE 45. SRI policy adoption



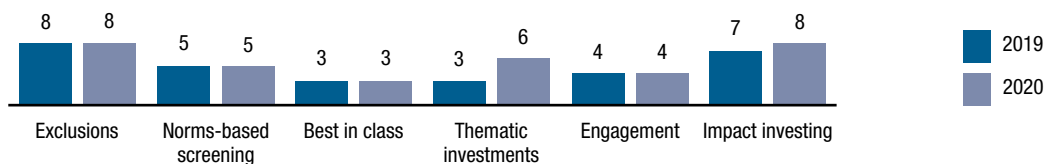
Source: Forum per la Finanza Sostenibile

FIGURE 46. SRI policy coverage rate



Source: Forum per la Finanza Sostenibile

FIGURE 47. SRI strategies adoption



Source: Forum per la Finanza Sostenibile³²

31. In view of selecting the sample, the assets under management of separate schemes/internal funds dedicated to complementary pensions were selected, in which the resources of multiple Pre-Existing Pension Schemes could be invested. The questionnaire was sent to one of the Pre-Existing Pension Schemes linked to the specific separate scheme / internal fund, favoring active funds versus those closed to new participants. AUM is shown as at December 31, 2019 but the sample was selected with data as at December 31, 2018 consistently with the timeline of the survey.

32. The SRI strategies adopted are not mutually exclusive: indeed, multiple strategies can be applied to a given investment portfolio. Multiple-answer question.

The Italian Sustainable Investment Forum (ItaSIF) is a not for profit association founded in 2001. Its membership base is multi-stakeholder: its members are financial actors and other organizations interested in the environmental and social impacts of financial activities. ItaSIF mission is to promote the awareness and the strategies linked to sustainable investments, with the aim to encourage the integration of environmental, social and governance criteria into financial products and processes. ItaSIF activities are divided into three main areas: research, projects and advocacy.

Within these sectors ItaSIF:

- runs research and education activities and facilitates working groups to promote best practice and contribute to the analysis and growth of sustainable investments;
- informs and advises the financial community, the media and society as a whole, on sustainable finance through the organisation of communication campaigns, conferences, seminars and cultural events;
- engages with Italian and European institutions to encourage the implementation of a regulatory framework promoting sustainable investments.

Since 2012, ItaSIF has organized the Italian SRI Week, one of the leading initiatives in Italy on sustainable and responsible investment. ItaSIF is a member of Eurosif, the association for the promotion of sustainable investment in the European market.

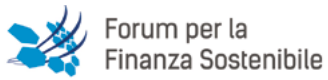


Since its beginning, Mefop has followed with great interest the issue of sustainability and the integration of ESG criteria in the policies of institutional investors. It has organized training courses; promoted active debate to discuss the topic of sustainability; participated in working groups supported by other associations; published many articles, in cooperation with the Italian Sustainable Investment Forum. It also set-up a permanent observatory on ESG policies of pension funds through a section of its database Previ|DATA. Recently, in cooperation with the Italian Sustainable Investment Forum, Mefop has promoted a working group on Shareholder Rights II Directive aimed to promote guidelines to support investors in engagement policy.



Mondoinstitutional is a financial data provider dedicated to institutional investors. It essentially provides a constantly updated database of relevant information on the different categories of institutional investors, with search engines that allow to create reports for quick analysis and comparisons. Mondoinstitutional organizes every year several events dedicated to Pension Funds, "Casse di Previdenza", Banking Foundations, Family Offices and Insurance Companies.

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