



The sustainable and responsible investment policies of Italian Banking Foundations

Second edition – 2021
Abstract

The second edition

In 2020 the Italian Sustainable Investment Forum (ItaSIF) started – in collaboration with Acri and MondoInstitutional – a survey of Italian Banking Foundations, with a view to monitoring the integration of sustainability in their investment policies and asset management processes.

The first edition of the survey was presented during the 2020 Sustainable and Responsible Investment Week (SRI Week¹) and is available on the ItaSIF website².

The second edition methodology is consistent with the previous one. The structure of the questionnaire has remained unchanged, except for two additions: a focus on the theme of inequalities and an analysis of the impact of the COVID-19 pandemic on the sustainable investments of Banking Foundations.

Methodology: survey sample and questionnaire administered

The sample has remained unaltered as compared to the first edition of the survey and includes the **83** Acri-member Banking Foundations³ (with a combined AUM of approximately €3.3 billion⁴).

The survey was conducted between March and July 2021. Acri-member Foundations received the link to the **online questionnaire** (on the SurveyHero platform).

Some sections of the questionnaire, focusing on asset management policies in terms of asset classes and financial instruments, addressed all Foundations, regardless of whether or not they had adopted sustainable investment strategies.

In the other sections, the questionnaire varied depending on the adoption of sustainable investments, i.e.: Foundations that still have not integrated ESG criteria in asset management were asked to give reasons for this, whereas the Foundations that started considering such integration were asked to specify the main criticalities/opportunities identified and the expected decision-making time horizon.

The Foundations that have already made sustainable investments were asked **questions for an in depth view into the following themes**: reasons for making sustainable investments; who is responsible for adopting sustainable investment strategies; sources of information on ESG themes; how often the Board of Directors assesses performances, including from the viewpoint of the sustainability of investments; ESG advisor retained, if any; sustainable investments coverage rate; SRI strategies put in place; focus on impact and mission-related investments; type of information provided on the criteria, strategies and results of the SRI policies adopted.

As mentioned above, the second edition of the survey included an in-focus section on the theme of inequalities and on the integration of this theme in investment choices (addressing all Foundations) as well as an analysis of the impact of the COVID-19 pandemic on sustainable investments (addressing the Foundations that are active in terms of SRI and those that have started considering ESG investments).

1. www.settimanasri.it

2. The 2020 edition is available at the following link: <https://bit.ly/3usD8NB>

3. Existing Banking Foundations total 86.

4. MondoInstitutional data as at December 31, 2020, total balance sheet assets.

Findings of the survey

The survey shows that **an increasing number of Banking Foundations integrate ESG criteria in the management of their assets (61% of respondents, or 20 out of 33)**. The main reason is the alignment of sustainable investments **with the core purpose of Foundations**, i.e. social utility and the promotion of economic development, particularly at a local level.

Still, **the adoption of SRI strategies remains limited to a minority share of the AUM**: out of 20 Foundations that are active in terms of SRI, 14 apply this approach to 0- 25% of their AUM only

The most-widespread **SRI strategies** remain **exclusions** (among the most popular criteria: landmines manufacturing and trade; pornography) and **impact investing** (above all in the field of social housing), implemented primarily in alternative investments. Instead, few adopt engagement as a strategy.

Besides the European regulatory framework, that is rapidly evolving for sustainable investments, also the **economic and social crisis linked to the COVID-19 pandemic** increased the proportion of assets invested according to ESG criteria: the second edition of the survey shows that most Foundations (60% of those that are active in terms of SRI, or 12 out of 20) have planned on increasing their share of sustainable investments on the back of the healthcare emergency (as the latter has clearly shown the financial relevance of sustainability risks).

The social and economic consequences of the COVID-19 pandemic increased **inequalities** both globally and domestically: reducing inequalities is crucial in terms of financial stability and economic recovery. The survey has found a limited integration of the theme of inequalities in asset management, despite it being central in the core activity of Foundations. However, over half of respondents (55% or 18 out of 33) started considering this topic in their investment policy.

In the wake of the healthcare emergency and the resulting economic and social crisis, Banking Foundations will play an increasingly important role for the country, including from the viewpoint of **public-private partnerships (PPPs)**: indeed, this instrument will be key in the post-COVID-19 recovery, as outlined in the National Recovery and Resilience Plan (Piano Nazionale di Ripresa e Resilienza – PNRR)⁵.

5. The National Recovery and Resilience Plan (Piano Nazionale di Ripresa e Resilienza – PNRR) outlines the priorities for kick-starting society and the economy and provides details on the use of European resources as part of the Next Generation EU package (in particular, within the framework of the Recovery and Resilience Facility and of ReactEU).

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