



The Sustainable Investments of the Italian Banking Foundations

Third edition – 2022



Forum per la
Finanza Sostenibile



DPAM is an independent active asset management firm and manages investment funds as well as discretionary mandates on behalf of institutional clients, for a total amount of €50.7 billion, as of December 2021. DPAM is a sustainable investor, pioneer and innovative in responsible and sustainable investing. The firm integrates ESG across asset classes and themes and it is also an active owner. DPAM has a strong

focus on research with a proprietary in-house fundamental and quantitative analyst team, supporting the firm's asset management activities. DPAM is a leading independent institutional asset manager committed to offering active, sustainable and research-based investment solutions for more than 2 decades. Its sense of purpose, as an active manager, is combining financial objectives with its pioneering role as sustainable actor at the service of its clients, people and society. Its aim is to perform and to be best-in-class in its expertise and guardian of DPAM's shared values and culture. DPAM thrives on the conviction that actively managed, sustainable, research-based client solutions or portfolios offer the best opportunities for superior long-term investment results. The guiding principles supporting its purpose, are authenticity, conviction, transparency and connectivity. These enable DPAM to nurture a strong and long-lasting relationship with its clients. The firm helps them moving forward while delivering outstanding services and investment performances. Entrepreneurship is its engine, expertise is its fuel.



LGIM believes that ESG factors – such as climate change, social inequality and executive pay – are financially material. For this reason, it considers the responsible investing as the incorporation of ESG considerations into investment decisions. Responsible investing is essential to mitigate risks, unearth investment opportunities and strengthen long-term returns for clients. It is also core to LGIM'S approach: the real purpose is to create a better future through responsible investing. About ESG's field, LGIM: adopts a consistent approach, across the entire book, to voting and engagement in the fight against climate change,

from modelling the energy transition to targeted engagements; has wide range of responsible investment strategies, across different asset classes. Across both public and private assets, LGIM has established a fully integrated framework for responsible investing to strengthen long-term returns and raise market standards. This is based on investment stewardship with impact and collaborative, active research across asset classes. The world is facing a climate emergency, which could have drastic consequences for markets, companies and clients' assets. As a result, in 2016 LGIM has launched "Climate Impact Pledge", under which it assess, scores and engages with companies key to the energy transition, to help them address this era-defining challenge. *Investment Stewardship* team engages with companies to address company-specific and market-wide risks and opportunities. The team does so alongside LGIM's investment teams, as part of *Global Research & Engagement Platform*. Active ownership means working with companies, policymakers and other investors to create sustainable value. LGIM's annual report details how this result was achieved in 2021.



Natixis Investment Managers stands by advisors and investment professionals by providing them with solid portfolio construction expertise. With the experience of more than 20 specialised management companies, it is among the world's largest asset managers¹ (AuM €1,246 billion²). It's committed

to investing in accordance with the Principles for Responsible Investment (PRI) promoted by the United Nations, integrating ESG considerations into analysis and decision-making with conviction and attention. Aware of the role of shareholders, ESG issues are actively incorporated into participation policies and practices. Natixis IM is a Group-wide PRI signatory as are most of its management companies. Many of the Group's management companies are active in defining sustainable investment solutions that are also result-oriented in impact and based on high conviction ESG strategies. As part of ongoing efforts to promote responsible investment and focus on ESG, Natixis Investment Managers Solutions provides a portfolio risk analysis service based on non-financial ESG criteria. Natixis IM actively collaborates of several international initiatives such as: One Planet Sovereign Wealth Fund Initiative, Investor Leadership Network and PRI.

1. Cerulli Quantitative Update: Global Markets 2022 ranked Natixis Investment Managers as the 18th largest asset manager in the world based on assets under management as of Dec. 31, 2021.

2. Data as of 12/31/2021, source: Natixis IM.



Valeur Group is an independent group founded in 2010 specialised in asset management, investment advisory, research, trading, and real estate services active in Switzerland, the UK and Luxembourg. The Group consists of a team of professionals highly qualified in defining value-added investment solutions across different geographies, asset classes, management styles, and objectives. Valeur Group's success is also founded on the pursuit of high ethical standards: the Group's activities are conducted in line with the Principles for Responsible Investment and the CFA Institute's ethical and professional standards. Valeur Group believes that the investment process cannot

disregard considerations on sustainable themes and that this can be of fundamental help in recognising and differentiating the most vulnerable sectors and companies from the most resilient ones. Valeur Group has developed an in-house methodology for assessing the level of sustainability of portfolios and has set stringent criteria for integrating ESG factors into the investment process and for ongoing risk monitoring. In assessing the degree of sustainability of the portfolio, Valeur Group considers the scores of the main ESG providers setting a minimum target threshold for each asset class and comparing the portfolio with specific benchmarks. Integral to this process, the review of ESG indicators in the portfolio is considered by the Investment Committee in portfolio allocation decisions. In addition, the analysis of ESG indicators has been integrated into the risk management process to identify positions with particularly critical indicators that require in-depth analysis and review for retention in the portfolio. Valeur Group manages investment funds that promote environmental or social characteristics in accordance with the provisions of Article 8 of the SFDR.

The third edition

In 2020 the Italian Sustainable Investment Forum (ItaSIF) started a survey of the Italian Banking Foundations' Sustainable Investing – in collaboration with Acri and MondoInstitutional – with the aim of monitoring the inclusion of sustainability themes in the investment policies and asset management processes of the Foundations. The Foundations are by their very own nature particularly attentive to these themes in their core activity. The first two editions of the survey were presented during the Sustainable and Responsible Investment Weeks (SRI Weeks¹, an ItaSIF initiative which is held annually in November since 2012) and are available on the ItaSIF website². The third edition applies the same methodology and thus is consistent with the previous ones. The structure of the questionnaire has remained virtually unaltered, with the exception of last year's questions on inequalities and the impact of the COVID-19 pandemic which have been replaced by insights on the Foundations' support for the 6 missions of the National Recovery and Resilience Plan (NRRP) and the inclusion in investment decisions of the UN Sustainable Development Goals (SDGs) and the climate neutrality (net-zero) goal by 2050.

Methodology: reference sample and questionnaire

The sample has remained unaltered as compared to the previous editions of the survey and includes the **83** Acri-member Banking Foundations³ (with a combined AuM of approximately €44.5 billion⁴). The survey was conducted between March and July 2022. Foundations filled out a **questionnaire** created on the Survey Hero platform. The **first 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 sections following thereafter, **the questionnaire differed depending on the inclusion or non-inclusion of ESG themes** in asset management. Foundations that have not yet introduced sustainability criteria in their investments were asked to give reasons for this, whereas the entities that started considering this were asked to specify the main criticalities and opportunities identified, as well as the expected decision-making time horizon. The Foundations that have already made **sustainable investments** were asked questions aimed at deep-diving into the following themes: reasons for making sustainable investments; criticalities identified; governance and sustainable investing; sources of information on ESG themes; how often the Board of Directors assesses performances from the viewpoint of the sustainability of investments; if ESG advisors were retained; sustainable investments coverage rate; inclusion of SDGs and the goal of climate-neutrality (net-zero) by 2050 in sustainable investment policies; SRI strategies put in place; focus on impact investing and mission-related investments; type of information provided on the criteria, strategies and results of the SRI policies adopted.

Finally, the third edition included an in-depth study of **Foundations' support for the 6 missions identified by the NRRP**; this section of the questionnaire was addressed to all Foundations, regardless of whether they adopted SRI strategies or not.

1. www.settimanesri.it

2. <https://finanzasostenibile.it/tipo-attivita/ricerca/>

3. Existing Banking Foundations total 86.

4. MondoInstitutional data as at December 31, 2021, total balance sheet assets.

Key findings

More and more banking foundations are including ESG factors in asset management. Indeed, **institutions reporting that they invest with sustainability criteria**, especially in the equity and alternative investment asset classes, were **up by 84%** compared to the first edition in 2020.

The main reason remains the **alignment of sustainable investing with Foundations' core purpose**, i.e., social utility and the promotion of economic development, particularly at the local area where they operate. Despite these encouraging developments, the survey showed that **adoption of SRI strategies is still limited to a minority share of the AuM**: the Next Generation EU Funds and the NRRP, along with the SDGs which are gaining ground globally, will likely have a positive impact on the uptake of sustainable investments going forward. In fact, almost all Foundations that adopt SRI strategies are **planning to increase** the proportion of assets to be managed with ESG criteria. Among the sectors indicated by the **NRRP** as driving the country's economic and social recovery, the Foundations have committed to supporting through **investments** renewable energy and social housing; while they have focused their **grant-making** on research, services for non-self-sufficiency and culture.

In a context characterized by urgent environmental and social challenges, Foundations play a crucial role in supporting the necessary **ecological transition** which, in order to be effective and long-lasting, also needs to be just and inclusive. The adoption of sustainable investment strategies is a key driver to make the Foundations' action increasingly incisive for the local regions of reference and, more generally, for the achievement of the sustainable development goals.

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 inclusion 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.

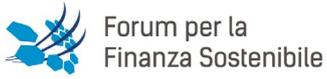
Since 2012, ItaSIF has organized the Italian SRI Weeks, one of the leading initiatives in Italy on sustainable and responsible investment.

ItaSIF is a member of Eurosif, the association for the promotion of sustainable investment in the European market.

Established in 1912, Acri is the organisation which represents Foundations of banking origin and Savings Banks. Acri is a voluntary, apolitical, non-profit organisation which has to represent and protect the general interests of the members, to co-ordinate their Members' activities and to promote the implementation of joint projects in areas of common interest, in Italy and abroad. The Foundations of banking origin are private, non-profit, autonomous organizations and born in the early 1990s from the reform of the credit system. Today we have 86 Foundations in Italy, differing in provenance, size and activities. They intervene in different fields: welfare, and culture, innovation, sustainability, primary education, scientific research. Their mission is to contribute to the sustainable and inclusive development of their communities and of the entire country. Since the year 2000 they have disbursed over €26 billion throughout more than 400 thousand projects and invested substantial resources to pursue the mission established by the Law: social utility and promotion of economic development. Each Foundation of banking origin operates in its territory, generally, the province or region in which it is based. However, there are also many national or international initiatives, carried out with the coordination of Acri. Above all: Fondazione Con il Sud (to promote the social infrastructure of the Southern Italy), Fondo per il contrasto della povertà educativa minorile (to tackle educational poverty through experimental projects), Fondo per la Repubblica Digitale (to support projects aimed at training and digital inclusion, to increase digital skills and develop the country's digital transition).

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.

Study realized by



In collaboration with



With the support of

