



Italian retail investors and the energy transition



Forum per la
Finanza Sostenibile

BPER: Banca

Sustainability is a driver of global development, capable of ensuring competitive edge and attracting financing. For BPER Banca, this means confirming our proximity to the local areas, with products and services that ensure greater social inclusion, concretely help companies handle the energy transition, protect the environment the Bank operates in and promote the value of our personnel. 2021 saw the important ongoing evolution of BPER Banca's ESG governance. BPER Banca established the "Sustainability Committee", created an ESG Strategy function reporting directly to the Board of Directors, became a signatory of the Principles for Responsible Banking and the Net-Zero Banking Alliance. Additionally, BPER Banca was included in the new MIB ESG index of Borsa Italiana. BPER Banca used the 99% renewable electricity and have doubled the capacity to generate renewable energy by building new plants for a total of 1.7 MWp installed. BPER Banca has made its properties more efficient, introduced the use of payment cards made from recycled plastic, and involved all employees in virtuous processes to reduce plastic and energy waste. New products have been created to support the customers in transitioning to a low-carbon economy. The same applies to positive social impact activities. In 2021, the economic value generated by the Group amounted to €2.8 billion, 96% of which was redistributed to stakeholders. Over 128 thousand young people were involved in financial education projects for schools; over the last few years, many scientific, welfare and social initiatives have benefited from its donation of funds. Examples of this are the not-for-profit trust "Uniti oltre le attese" (united beyond expectations), which involved donations in response to the health and social emergency, the Crowdfunding project for the Third Sector "Un passo verso il futuro" (a step towards the future), and "BPER Sostiene", in favour of numerous charity supermarkets. At the same time, BPER Banca numerous products with significant social impacts, such as Microcredit, a project supporting companies in creating company welfare services, loans for female entrepreneurship and for young people that want to remain in the South of Italy. The Group focuses significant attention on all of employees and gender equality: in this sense, BPER Banca is among Italy's "Top Employers" (2022).



Iccrea Banca is the Parent Company of Gruppo BCC Iccrea, the largest Italian cooperative banking group established on 4 March 2019 as part of the reform of Italian Cooperative Credit. Gruppo BCC Iccrea is the legacy of almost 60 years of history and now consists of 120 BCCs, present in over 1,700 Italian municipalities with almost 2,470 branches, and other banking, financial and operating Companies that are controlled by the Parent Company. The BCCs of the Group disbursed around €89 billion of net loans throughout Italy and a direct deposit from customers of about €120 billion, counting over 3 million customers and 845 thousand members (data updated to June, 30th 2022). Deeming sustainability to be an opportunity to reaffirm Cooperative Credit principles and values, care for communities, persons and local economies while respecting the environment and in pursuance of Article 2 of the Statute of BCCs, the Group confirmed and renewed its mission with the Charter of commitments on environmental and climate change and the Charter of commitments on human rights and it has invested, ever since it was set up, in the creation of a sustainability governance system with precise responsibility centers. Today, pursuing sustainability is a priority for the Group, a principle that guides strategic decisions according to the compliance requests of the regulatory bodies and which saw the activation of an intense project program - the so-called ESG Program - and the definition of a Plan of Sustainability integrated into the Group Strategic Plan. Furthermore, as an example of the forceful measures taken during the year, in order for ESG factors to be integrated into strategic, operational and risk management processes, in November 2021 the Parent Company placed the first Green, Social and Sustainability Bond and, in December of the same year, the Group obtained its first sustainability rating, equal to A2, from Moody's Agency.



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 engaging in the fight against climate change, from modelling the energy transition to targeted engagements. LGIM has a 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.



Sella SGR, Asset Management Company of Sella Group, has been working for over thirty years to manage private and institutional clients' wealth with responsibility and passion.

Sella's purpose is to increase the value of customers' wealth, managing investment solution in order to be consistent with their needs. Responsibility, Passion, Integrity, Sustainability and Transparency are the values that always drive their actions. Sella is oriented to a constant evolution and sustainable growth.

Sustainable and Responsible Investments lead Sella's strategic behaviour, in order to make a concrete contribution to the sustainable development of environment and economy. Sella SGR gives priority to integrate the Environmental, Social and Governance criteria (ESG) into the investment decision-making process. Sella SGR has been operating in SRI since 1999; today the company has a Sustainable Policy oriented to the integration of sustainability risks into decision-making process of investments made for the product's management. Active management, fundamental analysis and constant risk control are the basis of a transparent and disciplined investment process. The management team defines the asset allocation, starting from the international financial context's analysis, particularly focused on domestic markets, to the integration of ESG variables.

1. Foreword

Since 2013, the Italian Sustainable Investment Forum (ItaSIF), in collaboration with BVA Doxa, has been conducting surveys aimed at analyzing the **saving and investment attitudes and behaviors in Italy**, with an emphasis on **SRI** (Sustainable and Responsible Investment) **products**.

Each year the survey focuses on a specific theme and the findings are presented during the **SRI Weeks**¹, the main event in Italy dedicated to sustainable and responsible investment, promoted and coordinated by ItaSIF. This year's survey examined the retail investors' knowledge and perception of the **energy transition**, a topic with an increasing international importance.

The goals of the 2022 survey were:

- identify the views of Italian retail investors on **climate change** and the **energy transition**, as well as the **behaviors** they adopt (or intend to adopt in the future) to support environmental sustainability;
- investigate the **saving and investment habits** in the current situation and the **impact of climate change and the energy transition** on financial attitudes, as well as the investment sectors considered as most attractive;
- in line with the previous surveys, examine **the importance of ESG themes** in investment choices, as well as the **knowledge and sentiment regarding SRI products**.

2. Methodology

The survey was conducted in the period from **May to September 2022 in two stages**.

1) A first exploratory stage based on a **qualitative research involving 12 retail investors** with invested at least €20,000, 50% of whom deliberately subscribed SRI products. **Two video focus groups** were conducted (two hours each) to gain insights into:

- retail investors' opinions and best practices regarding environmental sustainability;
- opinions and attitudes with respect to the energy transition;
- the role of sustainable investments in the energy transition.

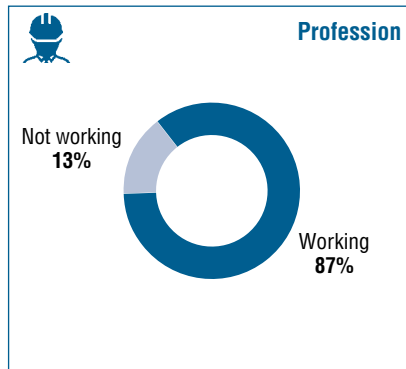
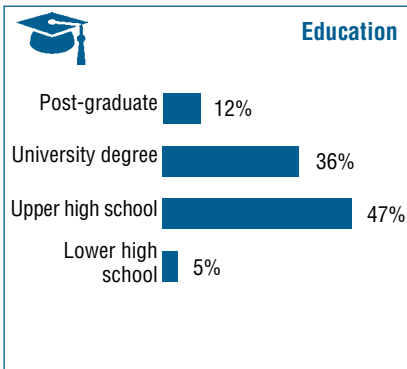
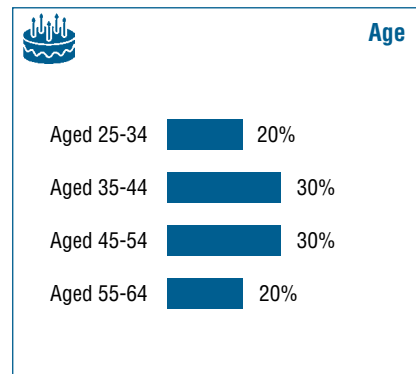
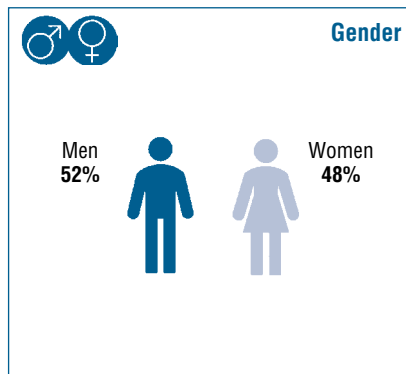
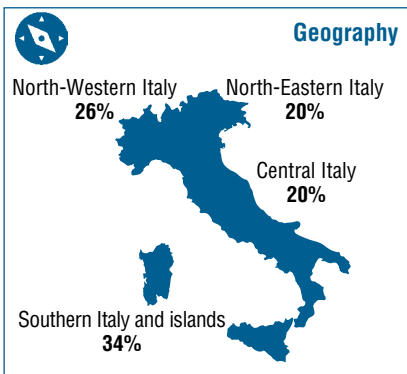
2) A second **quantitative stage** using the **CAWI** (Computer Assisted Web Interviewing) methodology on BVA Doxa's proprietary online panel. As with the previous years, the **interviews (1,002)** were collected from a national sample of retail investors (aged 25+) who have invested **at least €1,000** in the past year. Given the specific nature of the themes covered, the 2022 survey also delved into the orientations and attitudes of investors with **at least €20,000 invested**, 110 of whom from the national sample and additional 400 from a targeted oversampling, totaling **510 interviews**. The quantitative survey verified the findings from the first (qualitative) phase of the survey on the energy transition and provided an updated picture on the topics already examined in the past, including:

- the saving and investment habits in the new socio economic environment;
- the perception of ESG themes;
- the level of knowledge, interest and subscription of SRI products.

In light of recent developments in Italy, the **respondents of the quantitative stage were contacted again in the last week of September (after the general election)** to check if there were any changes in their perception of the main themes surveyed.

1. www.settimanesri.it; all research is available on the official ItaSIF website at the following link: <https://finanzasostenibile.it/tipo-attivita/research-publications/>

Quantitative stage: sample characteristics



1,002 interviews with retail investors (aged 25+) who invested **at least €1,000** in the past year.

Data: Total sample, July 2022 (n.1.002)

Source: ItaSIF and BVA Doxa

3. Key findings

Retail investors' attitudes toward the socio economic situation and climate change

After two years marked by the healthcare crisis, the financial markets seemed to be heading toward a return to normalcy; still, starting from the last months of 2021, a new phase of high uncertainty set in. Rising electricity and gas prices, the war between Russia and Ukraine, the fall of the Italian government led by Prime Minister Draghi and the subsequent general election on September 25 have intensified the debate on energy costs and the high cost of living. In September, **8 out of 10 retail investors reported being concerned** about both issues (with more than 30% being “very concerned”).

Among the main challenges in the current situation, 50% of respondents referred to the **energy crisis**². Interviewees also referred to **rising inflation and high cost of living** (40%+); **climate change** (30%+); and **the financial crisis and the effects of the international crisis** (20%+). Regarding the consequences of these events, 1 out of 2 retail investors believes that the focus of citizens, businesses and institutions on sustainability will increase; while at the same time the share of those who think that the focus on ESG issues might decrease is not marginal (2 out of 10 retail investors).

First among the environmental concerns – in line with the findings of the 2019 climate change survey³ – the greatest one to retail investors are **extreme weather events** (25% of respondents), with a sharp rise (to 42% of respondents) in the September survey, likely due to the floods, inundations and tornadoes that occurred in Italy between August and September.

In general, **the impact of climate change on daily life** is widely perceived: half of the respondents reported experiencing it “a lot” or “very much”, and only a marginal share of retail investors (11% in July and 13% in September) reported experiencing no consequences in their daily lives as a result of climate change. Widespread virtuous behaviors include scrupulous **waste recycling** (68% of respondents reported that they always recycle waste) and **waste reduction** (in September, 64% said they always pay attention to it). Also emerging as topics in the 2022 edition are **reuse** and **sustainable mobility**.

The energy transition: knowledge and perception

While energy transition has often hit the headlines in recent months, only 2 out of 10 retail investors reported being familiar with it (a share that reaches 30% among those with at least €20,000 invested); **55%** of interviewees, on the other hand, reported having **superficial knowledge** of this theme, and 22% have only heard about it.

First and foremost, the energy transition was perceived as **a necessary transformation, with benefits in the medium to long term** that will outweigh costs (1 out of 2 retail investors); more than 30% of retail investors (36% in July and 35% in September) associated the transition process with the possibility of achieving **energy self-sufficiency and savings on utility bills**. However, there are also fears: in the opinion of 1 out of 10 respondents, in fact, such a change is not without risk, and eventually benefits will equal disadvantages.

About **80%** of retail investors agree that the energy transition will bring with it investments and job **opportunities**, will add new skills and help limiting the damage resulting from climate change. In contrast, about **70%** believe that **the positive effects of the energy transition will only be seen in the future**, and 68% believe that the costs of conversion will burden households. The main uncertainties reported include the difficulty for people to adapt to change, the fragile international equilibrium, the environmental risks of new technologies, and increasing social inequalities.

Among the **priority areas of action** for the energy transition, retail investors reported: increased production from **renewable energy sources** (52% of respondents in July and 55% in September respectively) and the development of **technologies** linked to both renewables and energy efficiency (important for 4 out of 10 respondents). In addition, 35% of respondents mentioned **reducing energy dependence** on other countries.

For 8 out of 10 retail investors, the energy transition is already evident, particularly in areas and sectors such as research and development of renewable energy sources (37%), low environmental impact packaging and materials (31%), and waste disposal and recycling (27%). According to respondents, the main actors that should take charge

2. Except as otherwise specified, the data presented as findings of the 2022 survey relates to the July survey.

3. ItaSIF 2019, *Risparmatori italiani e cambiamento climatico*: <https://bit.ly/3eobehV>

of the energy transition are **national governments** (nearly 70%), **European institutions** and **local authorities** (both reported by about 4 out of 10 retail investors). In contrast, **the role of financial players** is perceived as **marginal**, being mentioned by only 10% of respondents.

Finally, for a large proportion of retail investors **the effects of the energy transition will be visible only in the long run** (50% with reference to their own city and 6 out of 10 respondents with reference to Italy). Only a marginal share (less than 10%) believe they are already visible, although 2 out of 5 respondents expect the transition to become noticeable, in both contexts, within a few years. There is also skepticism, albeit in a minority of respondents and mainly in Central and Southern Italy: for about 10% of respondents, the energy transition is not a priority.

The effects of the present situation on retail investors' attitudes

Starting from March 2022, there has been a marked and steady decline in consumer confidence⁴, mainly due to the negative perception of the Italian economic situation and the expected erosion of savings.

The vast majority of retail investors (86%) agree that many people have needed more liquidity due to current events⁵. However, compared to the previous year, 2022 is characterized by greater disorientation: nearly 4 out of 10 retail investors strongly believe that **people are more afraid to take risks**, including when it comes to financial choices (more so than in 2021). In addition, there's more **distrust** of domestic and international institutions, as well as banks and financial advisors. This trend became stronger in September, with nearly 8 out of 10 retail investors saying they trust them less. In contrast, **more than 60% of respondents believe that recent events are increasing spotlight on sustainable investments** (up from the survey conducted in 2021).

The effects of the current situation on saving and investment habits

Amid the growing uncertainty of the past year – exacerbated by rising inflation, which in September reached a level last seen in August 1983⁶ – **caution** and **prudence** seem to remain the main drivers of financial choices. Most retail investors prefer **low-risk** or moderate-risk **investments, basically with a longer time horizon compared to 2021**. Only 4% of respondents lean toward high-risk investments – a trend that is also widespread among respondents with at least €20,000 invested, among whom fewer than 10% reported investing in high-risk financial products.

The events of recent years (the COVID-19 pandemic, the war between Russia and Ukraine and the energy crisis) have changed the savings and investment choices of 68% of retail investors – a figure that has risen sharply since 2021, when it stood at 43%. Among those who have changed their financial habits, 33% reported the need to **set aside more savings** for their family's future (up from 40% in September) and 25%+ reported the need to **be better informed about market and economic trends**. In addition, for more than 20% of respondents, **the focus on SRI products increased** compared to 2021.

Finally, those who have turned or are turning to investments with a different risk profile are increasingly cautious, with 8 out of 10 retail investors preferring **less risky products**, a propensity that is on the rise compared to 2021 (when it was 60%) and also widespread among those with at least €20,000 invested (66%).

The relationship with the financial advisor and the knowledge of financial products

Despite the respondents' declining trust in financial intermediaries, **advisors' support remains central to investment choices**: 76% of respondents rely on an expert and 77% invest in recommended products – phenomena that has been gradually increasing over the past two years. This propensity to be guided was also found among those who invest at least €20,000.

In line with the findings of the 2021 survey, 7 out of 10 retail investors reported knowing the characteristics of the savings and investment products they have subscribed – an incidence that reached 80% among those with at least €20,000 invested. However, **the share of respondents with superficial knowledge of their investments remained constant and high** (31%). As already pointed out, some retail investors are getting more information on market trends and are paying more attention to SRI products; therefore, in the future they may develop more demanding expectations

4. ISTAT, "Clima di fiducia", September 28, 2022: <https://bit.ly/3fWb0IE>

5. The figure is in line with the findings of the 2021 survey on the COVID-19 pandemic: ItaSIF 2021, *Finanza sostenibile in tempo di crisi: la percezione dei risparmiatori*, pages 6 and 8: <https://bit.ly/3ytxRbO>

6. ISTAT, "Prezzi al consumo" October 17, 2022: <https://bit.ly/3EPu6Bs>

regarding financial advice, requiring an increasingly accurate and specialized type of support (especially investors with greater financial means).

The ESG themes and sustainable investments

In 2022, 28% of retail investors believed that **ESG themes play a very important role in investment choices** (considerably up from 21% of last year)⁷. In particular, 77% of respondents (compared to 72% last year) consider **climate change risks** to be very or fairly important, and 78% said that the **growing risk of environmental or healthcare emergencies** should be factored into financial decisions.

Sustainable investments: knowledge and information

In line with 2021, **79%** of retail investors know or, at least, **have heard of sustainable investments**: while 41% have a superficial knowledge of it, 9% consider themselves very well informed about it. Regarding media coverage, 16% of respondents believe that sustainable finance themes are adequately covered by **public information** (compared to 12% in 2021). However, again this year more than half of retail investors (52%) view the level of information on these issues in Italy as being deficient.

By contrast, **the number of those who have subscribed SRI products is trending upward (22%**, compared to 18% in 2021). This growth is probably also due to **increased proactivity of financial professionals**: 47% of those who know about SRI products received a subscription proposal (up by 6% from 2021), and 53% received more information on sustainable investments from their bank, insurance company, or financial advisor (up by 7% from last year). Most respondents also reported **increased expertise** in SRI products among financial professionals.

While this sounds a positive note, the importance of the **quality of information** should be emphasized, all the more so given the increased ESG focus of retail investors. Access to clear, detailed and transparent information on investment areas and product characteristics is one of the most important aspects in choosing sustainable investments and is reported by 1 out of 3 subscribers, with 25% of them stating that the presence of an **advisor** to guide investment choices is also crucial.

7. This figure is in line with the trend of increased interest in sustainable investments (see p. 6).

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.



BVA Doxa is the first market research company founded in Italy and has always been synonymous with quality and reliability. In 2019 joins the BVA Group, operating in Europe, USA and Asia, to create one of the most important market research companies at international level. In June 2022 it has become a Benefit Corporation, with a purpose to positively impact on staff and internal organization, as well as society and environment. The focus on innovation with the aim of adapting solutions to a constantly evolving market, together with scientific rigor, has always been the basis of BVA Doxa's activity. Domestic and international customers rely on BVA Doxa and on its experience in numerous market segments and industries such as Finance, Energy & Utilities, TLC & Mobility, Consumer Goods, Pharma, Retail, Media, Public Affairs and Social surveys. BVA Doxa has built over the years a wide portfolio of solutions, techniques, and analysis tools, constantly investing in innovation to provide data and recommendations to support business and strategic decisions of companies and organizations.

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