2023

THE SUSTAINABLE AND RESPONSIBLE INVESTMENT POLICIES OF ITALIAN PENSION SCHEMES

NINTH EDITION - ABSTRACT

Forum per la Finanza Sostenibile

The Italian Sustainable Investment Forum (ItaSIF) has since 2015, in collaboration with Mefop and MondoInstitutional, conducted research on the **sustainable investment policies of Italian pension schemes**. The ninth edition of the study continues the work of the previous ones, sharing the **same methodology**. The structure of the questionnaire presents minimal changes, with the addition of some in-depth questions.
The survey monitored the following categories of pension schemes:

- » Private Pension Schemes (Casse di Previdenza);
- » Open Pension Funds (Fondi Pensione Aperti);
- » Contractual Pension Funds (Fondi Pensione Negoziali);
- » Pre-existing Pension Funds (Fondi Pensione Preesistenti), established prior to the 1993 reform;
- » Individual Pension Schemes (Piani Individuali Pensionistici).

In 2023, the **participation rate** in the study on the SRI policies of Italian pension schemes reached **83% of the sample** (95 schemes out of 114) – this represents an increase compared to the previous edition when it stood at 77%.
Concerning **corporate governance**, 25% of all respondents identify specific ESG-related responsibilities within the Board of Directors, while another 27% delegate these responsibilities to external figures. In addition, 84% of respondents declare they invest in **UCITS** with an average commitment of €944 million. Among the 80 pension schemes that invest in UCITS, more than half of them invest in **SFDR Article 8** products, but only one-third also invest in **SFDR Article 9** products.
Regarding the **remuneration policies**, 23% of the respondents assess the achievement of **ESG objectives** of their employees through qualitative and/or quantitative parameters; however, the percentage of remuneration linked to their achievement is still limited (less than 25%). In addition, this year the number of pension schemes gathering **beneficiaries' preferences** related to the inclusion of ESG criteria in their investment policies increased from 2 to 17.
Another positive trend, this year, concerns the **inclusion of ESG criteria in investment choices**: **80%** of respondents declare they make sustainable investments, rising from 68 in 2022 to 76 this year. The main reasons driving pension schemes to embrace SRI strategies include the **possibility to combine socio-environmental impact with a reasonable financial return** and the influence provided by the **regulatory framework**. Among the **76 schemes** that incorporate ESG criteria in their investment strategies, **63% extend sustainable investments to almost all their assets**, marking an increase compared to the previous edition of the study, where this percentage stood at 51%.
As for the **Board of Directors' role**, half of the pension plans are already adopting SRI; they define the investment approach in general terms, leaving the implementation of the principles to the asset managers. Furthermore, the frequency with which the Board assesses investments from a sustainability perspective is increasing. **For 53% of the schemes active, ESG performance is assessed more than once a year**.
The number of schemes that refer to the **SDGs** in their investment policy and include the goal of **climate neutrality** is also increasing, as well as the number of schemes that measure the **carbon footprint** of their investment portfolio.
The most popular **SRI strategy** among pension schemes remains that of **exclusions**, adopted by 87% of the respondents that include ESG criteria in their investment decisions. Similarly to the 2022 edition, the main sectors excluded from the investable universe are: weapons; major violations of the UN Global Compact; tobacco; gambling; and pornography. Other SRI strategies which are increasingly being adopted by pension schemes are: **best in class** (indicated by 48 schemes); **international conventions** (mentioned by 38 schemes); **thematic investments** and **engagement** (both applied by 37 schemes). Concerning thematic investments, most respondents focus on renewable energy and energy efficiency. Furthermore, among those who adopt engagement, 57% participate in **collective and collaborative initiatives**. Finally, 34% of the schemes that include ESG criteria adopt **impact investing** (26 respondents), primarily through green and social bonds. This year as well, impact investing focused on environmental aspects and, in particular, on **renewable energy and energy efficiency**.

Study realized by

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