The sustainable and responsible investment policies of Italian pension schemes

Tenth edition

2024

ItaSIF Italian Sustainable Investment Forum

The Italian Sustainable Investment Forum (Ita-SIF) has since 2015, in collaboration with Mefop and MondoInstitutional, conducted research on **the sustainable investment policies of Italian pension schemes**. The **tenth 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 2024, the participation rate in the study on the SRI policies of Italian pension schemes reached **88% of the sample** (99 schemes out of 112) – this represents an increase compared to the previous edition when it stood at 83%.

Concerning **corporate governance**, 28% of all respondents identify specific ESG-related responsibilities within the Board of Directors, while another 30% delegate these responsibilities to external figures.

The number of respondents who report investing in **UCITS** has increased, reaching 91% (90 pension schemes, 10 more than the previous edition). Among these, 81% invest in Article 8 products, while 51% invest in Article 9 products.

Regarding the **remuneration policies**, 26% of the respondents assess the achievement of **ESG objectives** of their employees through qualitative and/or quantitative parameters. 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 17 to 21, while 19 plan to do so in the future.

Another positive trend concerns **the inclusion of ESG criteria in investment choices**: **80%** of respondents declare they make sustainable investments, rising from 68 in 2022 to 76 in 2023, and reaching 79 this year. The main reasons driving pension schemes to embrace SRI strategies include the **possibility of combining socio-environmental impact with a reasonable financial return** and the influence provided by the **regulatory framework**.

Regarding **asset manager selection**, the most highly considered factors are: the inclusion of ESG criteria in the investment policy, the ESG approaches adopted by the manager and the corresponding asset classes, the presence of a dedicated ESG team, the transparency of ESG reporting, and the metrics and providers used by the manager for ESG analysis.

Among the 79 schemes that incorporate ESG criteria in their investment strategies, an increasing number provide **specific guidance on the implementation of sustainable investment policies** (from 26 to 32). Additionally, 38 pension schemes report relying on the advice of an **ESG advisor** for activities such as assigning ESG ratings or scores to individual portfolio securities, monitoring and managing ESG risks, assigning ESG ratings or scores to the whole portfolio, and measuring the portfolio's carbon footprint.

As evidence of the growing awareness of the importance of ESG factors, 68% of the schemes that incorporate ESG criteria in their investment strategies **have already formalized a procedure for evaluating investments from a sustainability perspective**. The number of respondents extending **sustainable investments** to almost **all their assets under management** (between 75% and 100%) has also increased, rising from 48 to 53. Among these, 16 pension schemes (20%) state that they incorporate ESG criteria into all their investment strategies.

Further progress concerns the increase in the number of pension schemes that consider the net-zero target in their investment policy (rising from 16 to 19), as well as the increase in respondents measuring the carbon footprint of their investment portfolios (rising from 41 to 43).

The most popular **SRI strategy** among pension schemes remains that of **exclusions**, adopted by 89% of the respondents that include ESG criteria in their investment decisions. Other SRI strategies that are increasingly being adopted are **best in class** and **international conventions**.

Study realized by

ItaSIF Italian Sustainable Investment Forum

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Italian Institutional investors monitor

With the support of

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