



SOCIAL IMPACT
AGENDA PER L'ITALIA

SFDR and impact investing, challenges and opportunities

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Social Impact Agenda per l'Italia

Social Impact Agenda per l'Italia (SIA) is the Italian network of impact finance.

Established in 2016, SIA has promoted the development and spread of impact finance in Italy, striving for an economy that integrates financial, environmental and social value.

- Advocacy
- Research dissemination
- Networking and market building



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The GSG community

Social Impact Agenda per l'Italia represents the Italian **National Advisory Board** within the **Global Steering Group for Impact Investment (GSG)**.

GSG is an independent organisation, active in 40+ countries and presided over by Sir Ronald Cohen.

GSG has incorporated the **G8 Social Impact Investment Task Force (SIIT)** into the promotion and acceleration of impact investment on a global basis, contributing to the growth of the impact market across the world.



GSG 
Driving real impact

The journey of impact investing



2013

The G8 Social Impact Investing Taskforce, chaired by Sir Ronald Cohen, catalyses the development of the social impact investment market



2015

The Global Steering Group for Impact Investment (GSG) stems from the taskforce and expands its work, comprising 34 countries plus the EU



2019

The SFDR (Regulation EU 2019/2088) to improve transparency in the market for sustainable investment products and prevent impact washing



2021

The G7 Impact Taskforce delivers policy recommendations on Impact Reporting & Policies to scale Impact Investment

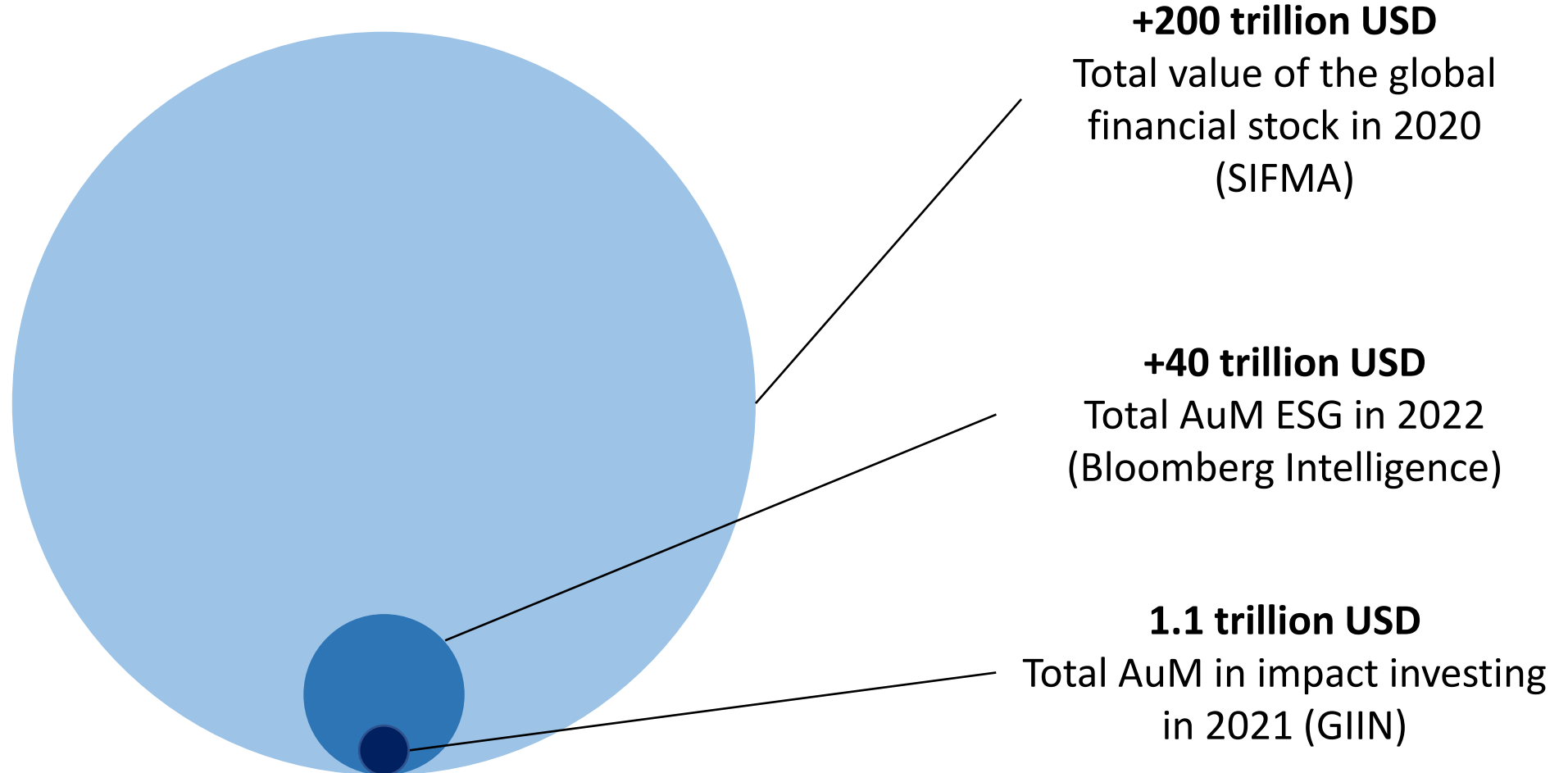


2022

The International Sustainability Standards Board (ISSB) delivers proposals to create comprehensive global baseline of sustainability disclosures



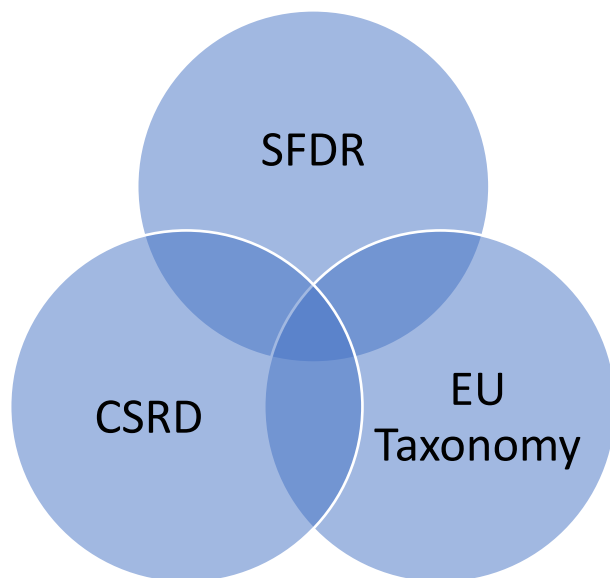
The growth of impact investing globally



The EU leadership

The EU has taken the lead in sustainable finance, by defining a comprehensive **policy** and **regulation** system.

Burden on competitiveness or strategic lever for **development and innovation?**



Main objective is improving the **transparency** with regards to sustainability claims.

SFDR – financial market participants

CSRD – large companies and SMEs listed on EU markets

Taxonomy – companies and financial institutions subject to SFDR e CSRD



SFDR-Article 9 Funds vs Impact Funds

- The **Article 9** category comprises investment products with varying levels of sustainability
- **20%** of Article 9 funds are consistent with an **impact-generating strategy**
- **40%** are consistent with an **impact-aligned strategy**
- **40%** fulfill the criteria of **ESG-related investments**

(Scheitza et Busch, University of Hamburg, 2023)

Key features of impact investing

1. **Intentionality**: intention to generate a positive social or environmental impact.
2. **Remuneration**: expectation of a financial return on/of capital.
3. **Additionality**: contribution of the investment to the impact
4. **Measurability** – measurement and reporting of the social and environmental performance, ensuring transparency and accountability

Our take on SFDR

- The SFDR has spurred **interest** among financial players in **sustainability** – more attention to **positive impact**
- **Transparency** has improved vis-à-vis investors – **comparability** is far to be achieved
- The implementation has been **cumbersome** – **Perfect is the enemy of good/learning by doing**
- The regulation does not provide a definition of **social impact** – the **social taxonomy** could help out
- The regulation does NOT recognize impact investing adequately – an **Article 9+** or alike
- **PAIs** contributed to **measurement standardisation** – materiality principle is key
- SFDR is disclosure regulation – product labels could better promote impact investing
- The **cost of SFDR implementation** is particularly heavy for **small impact investors** (15-50 million euros), which invest in micro and small enterprises – **capacity-building for impact measurement / materiality principle**



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