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Good morning,

thanks to Paolo Garonna for coordinating the work of this conference and thanks above all to the distinguished participants, including Lord Grimstone, UK Minister for Investment, and the British Ambassador for their very significant contribution to reflections on a crucial issue for the future of humanity. It is up to me to make some considerations of the many topics interesting for the banking and financial sector.

I apologize if for reasons of time I will not be able to give due weight to each of the positions expressed.

We have heard how banks are already committed in Italy, UK, Europe and the world to supporting the transition to a more sustainable economy. And not only from an environmental point of view, but also on the other axes of sustainability, those of governance and social issues. We also read the conclusions, published by the ECB, of the stress tests carried out on climate variables which show that in a particularly severe scenario of disorderly transition there are also significant physical and transition risks for banks, from this point of view.

However, we are also convinced there are opportunities in Sustainable Finance and Transition Finance.

With respect to this framework, I believe the following considerations can be made:

- **Role of the banks**

Banks (and the finance sector, in general) must and are ready to play their part in the transition to a more sustainable economy starting from environmental issues, but a disproportionate responsibility cannot be placed on their shoulders with respect to choices so important as these, that primarily are the responsability of public institutions.

The context in which we find ourselves is such as to require strong coordination by public institutions, because the speed of its implementation and the effects it will determine will depend on the impetus of the economic and industrial policies that the policy makers will give to the transition. Effects that will be positive for the purpose of preserving the environment but which, in the short term, may have "collateral" effects in terms of greater economic and social costs.

Institutions must therefore quickly prepare themselves to manage the two phases that require their fundamental intervention: the initial one of designing and implementing

the interventions in an organic context of industrial policy and the ex-post one of managing the short-term impacts that may be produced on the economy. .
In the case of ESG factors, the application of rules on the banking and financial sector that will result in a redirection of financial flows according to the classification of a sector or a company with respect to ESG variables determines economic and social consequences that must be evaluated in advance. This should be done by public institutions also in relation to the measures to be taken to manage and reduce these consequences in the transition phase.

- **Availability of data**

A particular call was made to the Institutions to take into account the strong lack of data available today on these issues: we have a data gap issue to overcome - the situation is already evident in relation to the environment factor but it seems to us that the expansion to the social issue that the Platform on Sustainable Finance is dealing with is, also subject to the same problems, perhaps even higher.
Data collection will have to be carried out on the basis of information standards which will have to be defined at the European level, but also at the global level. It would be good if non-financial standards on a global level take into account the European experience, which represents a cutting-edge model. We are delighted that this direction will be supported during COP 26 which the Italian and UK partnership will give impetus to achieve the goals of the Net Zero Alliance.

With respect to the work of the Network for Greening the Financial System and the IMF, banks, in addition to the data on the ESG profile of the counterparties, need additional forward-looking information to assess the financial risk connected, for example, to the climate. Obviously we agree that the results of the climatic STs cannot at least for now give indications on quantitative capital requirements but can only be useful to improve certain processes.

- **Proportionality of the regulatory framework**

On the subject of the rules and required data, the element of proportionality takes on particular importance: it is important that the taxonomies are immediately understandable and easy to apply for businesses, for banks and investors in financial products, inspired by a principle of proportionality both in terms of technical thresholds and required reporting.
Therefore decisive rules, proportional, but also such that they can be respected through a significant, but reasonable, commitment on the part of businesses and banks, which must work side by side to achieve the common goal.

- **Role of the capital market**

The achievement of the challenging objectives of environmental and social sustainability in Europe is based on the ability of the capital market to provide the necessary resources by private investors, to complement the public ones. Therefore, the transition to a sustainable economy requires the support of a robust capital market. From this point of view ECB and the Bank of England can do a lot by defining the characteristics of the investments that respond, in their opinion, to the principles of sustainability and, therefore, providing an authoritative direction and important to the whole world of investors. The setting of market standards at European level will contribute to the further development of this market in Europe, in Italy and obviously in the UK. We hope that the ECB and Bank of England will introduce subsidized treatments for sustainable assets that are more incisive than just eligibility for funding, in particular if there is evidence of their actual greater degree of liquidity and satisfaction with markets.

 To these issues concerning the environment, we will now quickly add those relating to the other two axes of the ESG, namely **social sustainability** and the **sustainability of governance models**. And here, too, a fundamental role is played by taxonomy, of course.
As a sector, we therefore expect a balanced, ambitious and robust framework that clearly defines what can be considered socially sustainable in doing business, for example by enhancing circular economy initiatives. It is important that there is an extended taxonomy that highlights the efforts of those who will never be able to make a significant contribution but still improve their performance also by solving any problems related to creating significant damage to the objectives that Europe has given itself.

. Finally, it seems to me important to emphasize that **technological innovation** can and must also act as a lever for sustainable development.
In the years of the twin transformation, it is increasingly necessary to promote the centrality of sustainability and technological innovation as enabling factors to determine a new corporate strategy and a new way of doing business. This can lead to determining a new way to position oneself in a digital ecosystem and in a market that is increasingly sensitive to social and environmental issues.
Our goal, as banks, as a financial sector, but as a business world in general, must be to ensure prosperity through innovation oriented towards sustainability principles, where sustainability is accelerated by the driving force of innovation itself.

Thank you for listening to me.