

EQUITA AND ALTIS PRESENT THEIR STUDY ON SUSTAINABILITY AND ESG RATINGS FROM SMALL AND MEDIUM ENTERPRISES

- EQUITA AND ALTIS UNIVERSITÀ CATTOLICA JOINED FORCES TO IDENTIFY A NEW NON-FINANCIAL RATING METHODOLOGY FOR SMES
- THE RESULTS OF THE STUDY “SUSTAINABILITY: AN AD-HOC ASSESSMENT FOR SMES” WERE PRESENTED TODAY AT THE CATTOLICA UNIVERSITY OF MILAN

Milan, 9th September 2019

Equita, the leading Italian independent investment bank, **and Altis**, the Graduate Business School and Society of the Università Cattolica del Sacro Cuore, **today hosted an event to present the results of their study on ESG ratings for SMEs and to foster the dialogue on sustainability between corporates, institutions and investors.**

Nowadays well-established methodologies are often used to assess the company’s ability to create value, generate opportunities and limit risk exposure. Those methodologies should not consider only economic and financial metrics but also ESG performances (environmental, social, governance).

The study “**Sustainability: an ad-hoc assessment for SMEs**” presented today at the Cattolica University of Milan **investigated how ESG rating methodologies could improve the rating process for small and medium enterprises, also encouraging SMEs to value their strengths from an ESG perspective.**

The study was conducted through a questionnaire prepared by Equita and Altis Università Cattolica. The questionnaire was drafted based on evidences collected following a series of interviews with the managements of companies that are already object of ESG rating assessment and was submitted to more than 30 companies with a market capitalization between Euro 250 million and Euro 4 billion.

The study highlighted some of the issues that occur during the ESG assessment of small and medium enterprises: from the difficulties to interact with rating agencies (whose ratings are often perceived by assessed companies as not reflecting what has been done in terms of sustainability) to the lack of SMEs’ formal and public policies on sustainability matters, which are the only ones taken into consideration by large rating agencies.

The results of the study were key to estimate the valuation gap resulting from a lack of formal oversight by SMEs of ESG data and policies. The results also urge the introduction a “social premium” metric in the rating process to value the social impact that small and medium enterprises have on the communities in which they operate.

The presentation of the study was followed by a round table on sustainability with **Marcello Bianchi** (Deputy-Head, Assonime), **Roberto Celot** (CFO, Zignago Vetro), **Simone Chelini** (Head of Corporate Governance, Sustainability and Activists Strategies, Eurizon), **Maria Laura Garofalo** (CEO, Garofalo Health Care) and **Barbara Lunghi** (Head of Primary Markets, Borsa Italiana). **Paolo Ciocca** (Consob Commissioner) and **Patrizia Grieco** (Chairman of the Corporate Governance Committee and Chairman of ENEL) followed with their closing remarks.

Based on the findings highlighted in the study, Equita is planning to launch a set of initiatives to collect information about sustainability of SMEs, support its asset management activities and best inform investors’ decisions.

Equita will extend the questionnaire used in the study to the companies covered by its Research Team and will **build a database to help investors better understand how these companies face ESG challenges**. Equita will also promote the **questionnaire as a key tool to help corporates**, especially small and mid-companies, **identifying best practices to be adopted in their ESG strategies**. Equita itself committed to fill out the questionnaire and publish the results. Thanks to the close collaboration between Equita and Altis Università Cattolica, the **data gathered will enrich the information available on SMEs' management of ESG topics**, in addition to **define new rating models**.

Finally, **ESG factors will become increasingly important in the investment decisions of Equita's portfolio management, private debt and private equity teams**. As a consequence, the companies that complete the ESG questionnaire provided by Equita will be in a better position to be selected as potential investments by Equita, having already supplied their information about sustainability.

Andrea Vismara, Chief Executive Officer of Equita, commented: *"We are firmly convinced of the key and growing importance of sustainability in the financial domain. The relevance of sustainability is threefold for Equita: first of all, as we are among the Italian leaders in research on listed companies, we need to fully understand how the different ESG factors affect the valuation of a company to best support investors' investment decisions; secondly, with our alternative asset management activities we need to invest the financial resources of our clients in companies that conduct their business paying attention to sustainability; thirdly, we are a listed company too and we need to be attentive to ESG factors, promoting a sustainable business model that remunerates our shareholders"*. Vismara also added: *"Combining our competences with an academic institution like Altis made possible the realization of the study presented today and the definition of a questionnaire to be used by companies as a supportive tool to identify the best practices to be implemented in their ESG strategies. We are really satisfied for the close collaboration we have had with Altis and we are proud of continuing such journey together"*.

Vito Moramarco, Director at ALTIS Università Cattolica, declared *"At ALTIS we think that to make a transition towards sustainable development, the financial world must take responsibility too. This is so important that, being an academic institution, we decided to design specific courses in partnership with the leaders in the financial field, and aimed at training professionals designated to promote such values to companies and investors. It is of uttermost importance that a variety of organisations and institutions are involved in this process, in order to disseminate the best practices in sustainable finance within the entire Italian ecosystem. The research developed with Equita is therefore highly valuable to the School, for it brings together diverse expertise with the purpose of making a real impact on the structured development of sustainable finance and guiding the investors towards a more sustainable future. The high attendance at today's event and the outcomes of the debate, tell us that we are on the right path."*

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Equita is the **leading Italian independent investment bank**, reference partner of Italian companies and institutional investors. Thanks to its 45 years of experience, Equita can offer a clear and focused business model: **Global Markets**, with its **Sales & Trading** and **Proprietary Trading** business lines, offers brokerage on equities, bonds, derivatives and ETFs for domestic and international institutional customers, market making, specialist and liquidity provider services. To such activities, Equita offers a high profile **Investment Banking** platform, dedicated to advisory to companies and financial institutions. The **Alternative Asset Management** division, which provides traditional portfolio management along with innovative private debt and private equity portfolio management, such as the special acquisition vehicle (SPAC), completes the range of special and synergic services offered. Then, all business lines are continuously supported by a **Research team** recognized for its excellence. **Independent advice** and **deep knowledge of capital markets** grant Equita credibility among domestic and international institutional investors, ensuring a unique positioning in the Italian market, with a focus on mid & small caps.

ALTIS is the Graduate School Business and Society of **Università Cattolica del Sacro Cuore** that focuses on **management and entrepreneurship for sustainable development**. Since 2005, its foundation year, ALTIS has been researching and promoting new knowledge on entrepreneurship and management aimed at the creation of shared value. Research is the basis and driver of the School's activities. ALTIS supports professionals, managers and entrepreneurs with training courses designed to provide them with essential skills for the development of their businesses and the capability to make impactful decisions with positive outcomes on their company and society as a whole. In 2017, ALTIS launched a Master's Degree in Finance with a focus on sustainable finance, the first of its kind in Italy. This Master responds to the growing demand of new professionals who are able to evaluate both investments and the economic and financial management of companies and institutions.