



Standard Ethics Rating [SER]: **EE+**
Long Term Expected SER [4y to 5y] **EEE-**

Issuer: **FinecoBank S.p.A.**
Listing: Milan Stock Exchange
ISIN: IT0000072170
Market Capitalisation: 7,5 Bn EUR
Sector: *Financials*
Industry: Banking
Type of rating: Corporate Standard Ethics Rating [SER]
Date: 30 June 2020
Expiry Date: 15 June 2021
Last action: 1 July 2019
Previous SER: EE *Outlook Stable*
Type of document: Rating Report

Level of Compliance

EEE	EEE-	EE+	EE	EE-	E+	E	E-	F
Full	Excellent	Very strong	Strong	Adequate	Non-compliant	Low	Very Low	Lowest level

Investment Grade	Lower Investment Grade	Non-investment Grade
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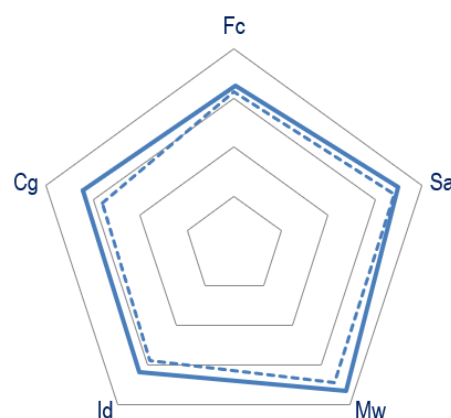
Summary

FinecoBank is a direct multichannel bank offering banking, credit, trading and investment services. Since May 2019, when it left the UniCredit Group, the Bank has accelerated the development of its long-term sustainability strategy. Consequently, ESG (Environmental, Social and Governance) issues in terms of Company governance, risks, compliance and reporting have been strengthened. As far as reporting is concerned, the Bank has adopted standard non-financial reporting in accordance with the best practices followed in its industry.

This process is the result of the application of internal skills that have also been enhanced by the experiences made within one of the main European banking groups.

Other significant issues such as technological innovation, tax matters, training (including training in fair competition), quality of working environment, and stakeholders' care are being properly dealt with. International recommendations and guidelines on sustainability are at the basis of ESG strategies. The qualitative and quantitative composition of the management bodies appears to be at its best: they enjoy a high level of independence, diversity of skills and have achieved gender equality.

Snapshot (adj.)



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BACKGROUND, METHODOLOGY, RATING

New elements – such as the evolution of the Internet – have created open and transparent financial markets, in which growing segments of the population participate. This has resulted in:

- greater attention to **extra-financial** factors, both tangible and intangible, with repercussions on the level of trust and credibility of issuers;
- new assessments of the quality and long-term durability of listed financial products, related to both companies (stocks, bonds, green bonds) or institutional issuers (such as government bonds).

Standard Ethics has ascertained that we have reached the end of the classic financial era, which was focused exclusively on economic variables. Despite their fallibility and volatility, regulated markets have evolved and are proving to be the most important and independent system in assessing the long-term **sustainability**¹ of numerous human activities.

The Standard Ethics Rating helps refine the strategies, language and ways in which an issuer operates on the market.

STANDARD ETHICS

Standard Ethics Ltd (SE) is a Self-Regulated Sustainability Rating Agency that issues Non-Financial Solicited Ratings to companies and sovereign nations². The Standard Ethics® brand has been around since 2004 in the world of “sustainable finance” and ESG (Environmental, Social and Governance) studies.

Standard Ethics is supervised by internal control and audit offices. The composition of the Board complies with the international guidelines on diversity of nationality, professional skills, independence and gender equality.

STANDARD ETHICS RATING

The Standard Ethics Rating, which has been put to the test over the last 15 years, is a Solicited Sustainability Rating (SSR). It has 3 main characteristics:

- Solicited: it is issued only at the request of an applicant, by means of a direct, bilateral and regulated agreement.
- Standard: it is always comparable to other ratings, as the methodology and issuance parameters are aligned to pre-established guidelines, and the algorithm takes into account the size and typology of the issuer.

¹ Standard Ethics synthesizes its vision in three cornerstones of **sustainability**:

1. *Sustainable development policies are about the generations of the future; they have taken on a global dimension; and they are implemented on a voluntary basis. It is up to the main supranational organisations, officially recognised by nations across the globe, to establish the definitions, guidelines and strategies related to sustainable development through science.*

2. *Economic entities do not define the guidelines, goals and strategies on sustainability: they pursue them to the extent deemed possible.*

3. *Measuring the sustainability of economic entities means providing comparable and third-party data on their overall compliance with international guidelines.*

² In the absence of supervisory bodies and international legislative standards for ESG solicited ratings to corporates, Standard Ethics has, since the beginning of its activity, been **self-regulating applying the models of credit rating agencies**. In the main: Standard Ethics' clients are the companies that apply for a rating (Applicant-pay Model); in order to remain third party to investors, Standard Ethics does not provide any individual investor with advice, analysis or data regarding companies under rating; in order to offer uniformity in ratings, Standard Ethics has an ethically neutral approach and uses only UN, OECD and EU sustainability recommendations for reference; Standard Ethics uses a proprietary algorithm-based methodology to provide comparability, accuracy and transparency in its assessments; the disclosure of any rating action is regulated by procedures. The indications from ESMA are taken into account; Standard Ethics uses an "analyst-driven process", does not use artificial intelligence or software either in data analysis or in decision-making; Chinese Walls, procedures, compliance offices and independent committees are part of Standard Ethics' structure.

- Independent: in order to remain third party to investors, Standard Ethics does not provide any individual investor with advice, analysis or data regarding companies under rating, it does not use the data gathered for asset.
- management advisory services (to banks or funds) and it does not share it with third parties.

In short, the Standard Ethics Rating indicates the level of compliance by companies (and sovereign nations) in the field of sustainability on the basis of documents and guidelines published by:

- the European Union (EU);
- the Organisation for Economic Cooperation and Development (OECD);
- the United Nations (UN).

Standard Ethics uses an analyst-driven rating process, meaning the analysis performed does not require applicants to fill out forms and questionnaires or to provide any documents other than those already available and that Standard Ethics does not use artificial intelligence or software either in data analysis or in decision-making.

SE ANALYSIS UNIT

According to the methodology, guidelines and procedures of Standard Ethics, the Analysis Unit working on this rating has carefully analysed the following areas based on the set-up of the Client (the areas have been divided into about 220 analysis points):

1. MARKET AND COMPETITORS (13 analysis points)
2. MARKET AND DOMINANT POSITIONS (10 analysis points)
3. CONTRACTS, FINANCING AND PUBLIC AID (7 analysis points)
4. MARKET DISTORTIONS, FAVOURITISM & CORRUPTION (8 analysis points)
5. OWNERSHIP, SHARE CAPITAL AND SHAREHOLDERS (8 analysis points)
6. INTERNAL VOLUNTARY RULES ON DIRECTORS (8 analysis points)
7. INDEPENDENCE AND CONFLICTS OF INTEREST (12 analysis points)
8. PROTECTION OF NON-CONTROLLING (MINORITY) SHAREHOLDERS AND APPOINTMENT OF DIRECTORS (7 analysis points)
9. COMMUNICATION, INFORMATION AND TRANSPARENCY (5 analysis points)
10. TRANSPARENCY OF BOARD OF DIRECTORS AND EXECUTIVE GROUPS (9 analysis points)
11. INTERNAL VOLUNTARY RULES ON MANAGEMENT (10 analysis points)
12. DIRECTORS AND CONFLICTS OF INTEREST (13 analysis points)
13. DISCLOSURE AND TRANSPARENCY (22 analysis points)
14. PARTICIPATING AND VOTING IN GENERAL SHAREHOLDERS' MEETINGS (5 analysis points)
15. HIRING POLICIES AND HUMAN RESOURCE MANAGEMENT (11 analysis points)
16. HEALTH AND SAFETY IN THE WORKPLACE (16 analysis points)
17. ADAPTING TO CHANGES (6 analysis points)
18. ENVIRONMENT (17 analysis points)
19. CONSUMERS AND QUALITY (9 analysis points)
20. SCIENCE AND TECHNOLOGY (4 analysis points)
21. LOCAL COMMUNITIES (3 analysis points)
22. BUSINESS PARTNERS (9 analysis points)
23. HUMAN RIGHTS (6 analysis points)
24. EUROPEAN STRATEGIES (2 analysis points)

RESEARCH OFFICE AND RATING COMMITTEE

The Research Office compiles a Final Report and issues a rating based on its review of the work of the Analysis Unit.
The Rating Committee analyses the conformity of the collected data and the ensuing conclusions and it approves the issued rating.
Chinese Walls between the Analysis Unit, the Research Office, the Rating Committee and all other company offices ensure maximum transparency. A Compliance Officer oversees all steps and processes.

S.E. ALGORITHM OF SUSTAINABILITY ©

Standard Ethics has developed a **proprietary algorithm** based on five "standards" and a premium variable - "k" - to process the data provided by the Analysis Unit (F_{EU} ; $S_{\text{EU-OECD}}$; Mw ; $I_{\text{EU-OECD}}$; $C_{\text{UN-OECD-EU}}$). The balance between the five "standards" is the final pre-assessment underlying the rating.

F_{EU} = Fair competition. Main areas: Fair competition, including analysis of dominant positions, market distortions, cartels. Factors that can affect the other variables (Sources: the EU, and the main OECD regulators).

$S_{\text{EU-OECD}}$ = Shareholders' agreements. Main areas: Shareholders' agreements, rights of minority shareholders, access to information (Sources: the EU and OECD, and the main OECD regulators).

Mw = Market weight. Main areas: Shareholding structure, weight and type of major shareholders, potential conflicts of interest in relation to other variables (Sources: mainly OECD regulators).

$I_{\text{EU-OECD}}$ = Independent directorship. Main areas: Structure and quality of boards and executive groups, ESG Risk and Control Management system, Risk Analysis. This standard is most likely to mitigate the risks associated with other variables and can increase the "k" variable. (Sources: the EU and the OECD).

$C_{\text{UN-OECD-EU}}$ = Corporate Governance and Sustainability. Main areas: Overall assessment of applicant's ESG strategies and corporate governance (in terms of shareholding structure and sustainability) by weighting the various elements also in relation to the balance of the other variables (Sources: the EU, OECD and UN).

k = Sustainability at Risk (SaR). Statistical projections:

$$\frac{(F_{\text{EU}} + S_{\text{EU-OECD}} + I_{\text{EU-OECD}} + Mw * f(S_{\text{EU-OECD}}) * f(I_{\text{EU-OECD}}) + C_{\text{UN-OECD-EU}} * f(F_{\text{EU}}) * f(I_{\text{EU-OECD}}))}{10} + k \quad \text{©}$$

ISSUED RATING

Standard Ethics Rating [SER]: **EE+**

Long Term Expected SER [4y to 5y]: **EEE-**

ALGORITHM – INPUT VALUES (SUMMARY)

The values for each standard are between **0 and 2**.

Assigned and input values are as follows:

Fc_{EU} = 1,90

Sa_{EU-OECD} = 1,80

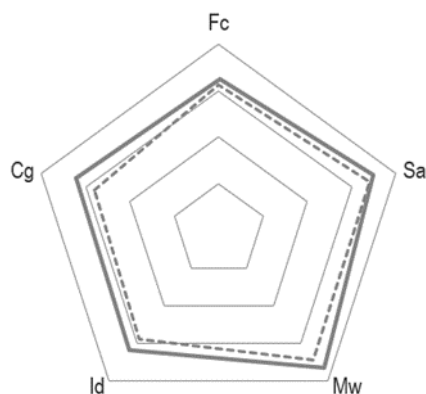
Mw = 1,85

Id_{EU-OECD} = 1,75

Cg_{UN-OECD-EU} = 1,70

The values are subsequently adjusted by the algorithm.

See final diagram below:



Other *Banking* sector companies under SE rating³:

BNP Paribas	EE+	PKO Bank Polski	EE-	UBS Group (neg.)	E+
Unicredit	EE+	Skandinaviska Enskilda B.	EE-	Banca Finnat	E
Banca Generali	EE	Societe Generale	EE-	Banca Ifis	E
BBVA	EE	Standard Chartered	EE-	Banca Intermobiliare	E
HSBC Holding	EE	AIB Group (pos.)	E+	Bank of Communications	E
Intesa SanPaolo	EE	Banca Profilo	E+	Barclays Plc	E
Nordea Bank	EE	Banco Comercial Port.	E+	BNP Paribas Fortis	E
Svenska Handelsbanken	EE	Banco Santander	E+	China Construction Bank	E
Swedbank (neg.)	EE	Bank of China HK Holdings	E+	CITIC Limited	E
Ubi Banca (neg.)	EE	Bank of Ireland	E+	Credit Industriel et Com.	E
ABN Amro	EE-	Bankinter	E+	Credit Agricole	E
Banca MPS	EE-	CaixaBank	E+	Credito Emiliano	E
Banca Pop. di Sondrio	EE-	Credit Suisse	E+	DNB Group	E
BPER (pos.)	EE-	CYBG Plc	E+	Erste Group Bank	E
Banco BPM (pos.)	EE-	Goldman Sachs	E+	KBC Group	E
Banco de Sabadell	EE-	Hang Seng Bank	E+	National Bank of Greece	E
Bankia	EE-	ING Group	E+	Bank of China	E-
Commerzbank	EE-	Lloyds Banking Group	E+	Mediolanum	E-
Credito Valtellinese	EE-	Mitsubishi UFJ Financial	E+	Deutsche Bank	E-
Deutsche Pfandbriefbank	EE-	Natixis	E+	Royal Bank of Scotland	E-
Mediobanca	EE-	Banco Desio Brianza	E+	Banca Carige	Pen.
Mizuho Financial Group	EE-	Raiffeisen Bank Int.	E+	Danske Bank	Pen.
JPMorgan Chase	EE-	Bank Pekao	E+		

³ The full list of global and Italian companies of the *Banking* sector is available on the website www.standardethicsrating.eu.

FINECOBANK REPORT

1. MARKET AND DOMINANT POSITIONS

FinecoBank S.p.A. (hereinafter Fineco or the Bank) is a **direct multichannel bank** and a leader in European brokerage. The Bank boasts over one million clients and a wide financial advisors network.⁴

In 2020, the Bank left the UniCredit Group to become an independent public company.⁵

Since its foundation in 1999, FinecoBank has adopted an innovative approach to financial services thanks to banking instruments, investments and trading activities handled with new technologies and driven by sustainability. It has been the first online trading operator in Europe since 2002.

Its activities are supervised and strictly regulated.

Since the 1926 Banking Law and, in particular, since the 1936 Banking Law, Italy has constantly enjoyed a well-regulated financial and banking system. Between 1944 and 1947 and, subsequently, between 1960 and 1990, a number of measures were taken to increase the number and the powers of supervisory authorities⁶.

Since the 1990s, Italian legislation has become even more incisive thanks to an updated regulatory framework (see the 1991 Regulation and the 1993 Consolidated Banking Act or TUBC).

Today, the Italian financial system is regulated by the **Consolidated Banking Act** (TUB), the **Consolidated Act on Financial Intermediation** (TUF), the Savings Protection Act (Law no. 262/2005) and by subsequent measures such as the reform of the legislation on financial intermediation due to Legislative Decree no. 141/2010 implementing European Directive no. 48/2008/EC.⁷

The overall purpose of Italian legislation is to ensure an adequate level of transparency of the markets and to increase the guarantees offered to savers. Special powers, scope of actions, coordination and exchange of information⁸ between various authorities such as the Bank of Italy⁹, Consob, Covip, Isvap and Agcm (Italian Competition Authority) are provided for.¹⁰

The development of the Italian regulatory framework is the result of a number of factors including pressure to improve checks following the banking crises of the 1970s and 1980s (Franklin National, Continental Illinois, Banco Ambrosiano, Bank of Credit and Commerce International and others). Implementation of measures has led to the so-called “prudential supervision”,

⁴ Once again, in 2019 the Bank was the no. 1 Italian intermediary for equities with a 27.04% share of the market. It has held this record since 2004 thanks to an exhaustive offer of shares, futures, CFDs and Forex. The Bank's apps, considered to be the most advances ones in these sectors, are also a major factor of its success. Source: Corporate website.

⁵ A renewal process of the Group's policies has followed. This process is still ongoing.

⁶ It should not be forgotten that the Constitution of the Italian Republic itself, in Article 47, gives a clear indication to the legislator about the “protection of savings in all its forms”, stressing that every activity in this area must be supervised and regulated by law.

⁷ Legislative Decree no. 141/2010 amends the regulations on consumer credit and rationalises controls on financial intermediaries as per Title V of the Consolidated Banking Act (TUB).

⁸ They need to identify the most appropriate forms of cooperation while excluding mutual enforceability of professional secrecy.

⁹ The Bank of Italy, in its capacity as national supervisory authority, supervises banks, banking groups, financial intermediaries, electronic money institutions, and payment institutions (article 5, para. 2 of the Consolidated Banking Act (TUB), for the purposes of a) stability, efficiency and competitiveness of the entire financial system; b) sound and prudent management of intermediaries; and c) compliance with credit and financial provisions of law (article 5, para. 1 of the Consolidated Banking Act (TUB)).

¹⁰ Isvap (“Istituto per la vigilanza sulle assicurazioni private e di interesse collettivo”, Institute for the Supervision of Insurance); Covip (“Commissione di vigilanza sui fondi pensione”, Supervisory Commission on Pension Funds); Agcm (“Autorità Garante della Concorrenza e del Mercato”, Italian Competition Authority); Consob (“Commissione Nazionale per le società e le borse”, Italian Securities and Exchange Commission) and, obviously, the abovementioned Bank of Italy.

decided collectively by the central banks meeting as the **Basel Committee** (Basel Committee on Banking Supervision, BCBS).

In the 1990s the question of governance became central and even more so after the 2008 crisis. On the bases of the Principles of Corporate Governance issued by the **OECD** in 1999, the **Basel Committee** (BCBS) approved the Enhancing Corporate Governance for Banking Organisations (1999), which was modified in 2006 following the new version of the Principles that the OECD updated in 2004. There is no doubt that the context of the guidelines is wider: suffice it to mention the BCBS Principles for Enhancing Corporate Governance published in 2010, or the Corporate Governance Principles for Banks (2015) as recommended by the **Financial Stability Board**.¹¹ It is also worth mentioning EBA's guidelines on internal governance (2011) and on the assessment of the suitability of members of the management bodies (2012), the **European Union** Directive no. 2013/36/EU on the central role played by the governance as well as the latest proposals for a Regulation on **ESG** dated May 2018 (COM 2018/354, COM 2018/353, COM 2018/353).

FinecoBank mainly focuses on the Italian market.

In relation to **fair competition**, the market **FinecoBank** is in is characterised by regulatory, strategic and size-related entry barriers. As far as the regulatory entry barriers are concerned, these relate to very complicated procedures to obtain permits and authorisations and to meet ordinary legal requirements (they have been briefly mentioned above) entailing organisational, financial and compliance efforts that are heavier than those for other economic sectors. Size-related entry barriers have to do with capital requirements and economies of scale that are necessary to compete sustainably. Strategic barriers include lawful behaviours that existing businesses adopt to discourage new entrants. The Italian legislator, however, tends to remove restrictions and obstacles to the free market and the freedom of choice of the various operators.

The Bank focuses on three sectors: **Banking** (current and deposit accounts; payment services; debit, credit and prepaid cards; personal loans and mortgages)¹², **Brokerage** (fulfilling customers' orders on the main financial markets) and **Investing** (placement and distribution of financial products between mutual funds and SICAV sub-funds, insurance products, saving products and consultancy services).¹³

The Bank does not have a monopoly **in any** of the above three sectors nor is it a party to competition-restricting agreements. Furthermore, Italian, European or other foreign supervisory and antitrust authorities have not reported any problems in this regard.

FinecoBank does not hold major, direct or indirect **shares** in **other companies operating in the same market**.

Moreover, it is not a party to any major commercial agreements or agreements that distort competition.

2. CONTRACTS, FINANCINGS AND PUBLIC AIDS

Unlike many institutions that were affected by the banking crisis of 2008, **FinecoBank did not enjoy public funding**, special terms or other types of

¹¹ See *Thematic Review on Risk Governance* (2013) and *Principles for An Effective Risk Appetite Framework* (2013).

¹² The Bank is following on its commitment towards sustainable finance: in July 2019, it launched its green mortgages to enable customers to purchase properties with high energy-performance indices. Source: 2019 Sustainability Report, page 113.

¹³ Source: 2019 Sustainability Report, page 17.

State aid. Its position in terms of fair and proper competition has not been distorted.

3. MARKET DISTORTIONS, FAVOURITISM & CORRUPTION

The Bank does not supply public services.

For its financial results, the Bank **does not depend** on the outcome of competitions, orders, or assignments by any national or foreign public administration or selected large customer. The Bank is not involved in the public utilities business.

Its main relationships with institutions have to do with supervisory and compliance activities. Therefore, the risk of corruption or favouritism is low, monitored and regulated by the internal Organisational Model (and related documents), the Code of Ethics, and relevant policies.¹⁴

As far as **whistleblowing** is concerned, the Bank has introduced a policy to regulate the in-house system to report unlawful behaviour.¹⁵

The Bank has also adopted well-established policies on staff training to reduce the risk of fraudulent and anti-competitive behaviour. The training plan includes lectures on prevention of market abuses as well as meetings with top management, first line management, their direct reports including risk takers. Further initiatives to disseminate a culture of compliance have been implemented.¹⁶

4. INTERNAL VOLUNTARY RULES ON OWNERSHIP

FinecoBank **is listed** on the Italian Stock Exchange (*Mercato Telematico Azionario* system, MTA). In 2016, it joined the FTSE MIB and Standard Ethics Italian Index. In 2017, it joined the Stoxx Europe 600.

FinecoBank's **main shareholder** is the **market** that holds 76.203% of its share capital.

The remainder is held by BlackRock Inc. with an overall share of 8.833%¹⁷; Capital Research and Management Company with a 5.050% share; FMR LLC with a 3.435% share; Invesco LTD with a 3.365% share and J O Hambro Capital Management Limited with a 3,114% share.¹⁸

There are no off-shore companies.

¹⁴ The Bank has a Global Anticorruption Policy that was approved and adopted in 2018. Its Operational Instructions, that are being updated in 2020, set minimum anticorruption standards for members of its strategic, control and executive bodies, its employees, financial consultants and temporary workers. Source: 2019 Sustainability Report, page 49. At the beginning of 2020, the following policies were updated: Global Policy on Antitrust and Unfair Commercial Practices, Global Policy on Recycling and Terrorism, Global Policy on Financial Sanctions.

¹⁵ The Global Compliance Policy to Report Unlawful Behaviour – Whistleblowing, introduced in 2016, has been updated in 2020 and can be viewed in the Bank's website. Please note that the most recent Italian legislative measure goes back to 2017 (Law no. 179, 30/11/2017, Official Gazette of 14/12/2017). Following the campaign requesting comments and suggestions that ended in May 2018, whistleblowing was then taken up by the European Commission in 2018. A more recent Directive on whistleblowing was amended and approved by the European Parliament on 19 April 2019. Italian legislation on this issue is expected to be updated. Please also note the following measures taken by the European Commission: a draft Directive on the "Protection of persons reporting on breaches of Union law" [COM (2018) 218 final 2018/0106 (COD)] and the Communication on "Strengthening whistleblower protection at EU level" [COM (2018) 214 final].

¹⁶ The "Compliance Culture - Tone from the Top" initiatives, launched in 2018, have been included in the Scorecards (Short Term Incentive) of the CEO and the Bank's Top Management. They aim at promoting a culture based on respect, prudence and integrity within the Bank and among its people. The Global Policy on Compliance Culture defines principles and roles related to compliance at Group level. Source: 2019 Sustainability Report, page 48.

¹⁷ Source: Consob, as at 23 June 2020. This is a company with direct interests in some of FinecoBank's business.

¹⁸ Source: Consob, as at 23 June 2020.

FinecoBank's **share capital**¹⁹ amounts to **€201,152,834.19** divided into **609,554,043** ordinary shares, each with a nominal value of €0.33.²⁰ Its **ordinary shares** carry the standard rights provided for by Italian legislation in line with **EU** and **OECD** guidelines.²¹

There are no special prerogatives (nor are they planned) for specific types of shares or bonds or securities conferring **special control rights**.

There are no restrictions to the transfer of securities.

There are **no** provisions in the Bank's Articles of Association allowing **multiple votes** or **increased voting rights**. There are **no** shareholders' agreements.

Derivatives on regulated markets with underlying FinecoBank shares are conventional and in line with the risk profiles set by the regulators.²²

The Bank has adopted a predefined reward policy offering variable remunerations including Bank's shares.²³ There are **no** policies on **Employee Financial Participation (EFP)** in the Bank's capital.

5. OWNERSHIP AND CONFLICT OF INTERESTS

No shareholder is a public authority. No shareholder is involved in regulating the market segment where Fineco operates.

According to the documents in Standard Ethics' possession and the information that has been supplied, there are no direct or indirect major shareholders representing governments or involved in regulatory or control activities.

6. NON-CONTROLLING SHAREHOLDERS (MINORITY) PROTECTION AND DIRECTORS APPOINTMENT

In compliance with the Italian legislation and the Corporate Governance Code, **minority shareholders** are dealt with in various documents.

The Bank has decided to expand the number of minority shareholders and strengthen their representation.²⁴

Following the latest round of appointments within corporate bodies, two members of the Board of Directors, and three standing and two alternate members of the Board of Auditors represent minority shareholders.²⁵

¹⁹ The Bank's share capital was increased on 31 March 2020 following implementation of employees' reward plans. Source: 2019 Report on Corporate Governance and Ownership, page 14.

²⁰ Source: FinecoBank Press Release, 5 June 2020.

²¹ These rights are in line with the European regulatory framework. They are: equity rights to profits and share of liquidation; administrative rights to attend and vote at shareholders' meetings; administrative rights to challenge resolutions, consult the financial books, the budgets, the book of resolutions and the shareholders' register; rights to check any report of possible irregularity; disposal rights through pledge of or beneficial interest in shares.

²² There are many derivatives with underlying FinecoBank shares including futures (with various maturities), traditional options (Call, Put), and other structured products.

²³ This is a low impact policy for a small number of managers and employees. Its purpose is to incentivise, motivate and retain selected employees and covers the period from 2018 to 2020. The reward policy sets objectives to be reached by 2020 in terms of Value Creation, Industrial Sustainability and Risk, and provides for shares to be assigned in various instalments over a number of years. There are also guidelines on share ownership to align management interests to shareholders' interests. Source: 2020 Remuneration Policy, page 9.

²⁴ "(...) The list that ranks second in terms of votes will be assigned two Directors whereas the list that comes third in terms of votes will be assigned one Director as long as it has received no less than 2% of the votes at the General Assembly." Source: Qualitative and Quantitative Composition of the 2020 Board of Directors of FinecoBank S.p.A., page 6; this aspect is also regulated by Article 13, para. 12 of the Bank's Articles of Association.

²⁵ Board of Directors: Elena Biffi and Marin Gueorguiev. Board of Auditors: Elena Spagnol, Massimo Gatto and Chiara Orlandini (standing members); Luisa Marina Pasotti and Giacomo Ramenghi (alternate members).

7. INTERNAL VOLUNTARY RULES ON DIRECTORS

FinecoBank has adopted the “traditional” **management and control system** based on two bodies appointed by the shareholders’ meeting: the **Board of Directors**, with managerial and strategic functions, and the **Board of Auditors**, with control functions.²⁶

Auditing is performed by an auditing company.

The **Board of Directors** is vested with the broadest powers for ordinary and extraordinary administration.²⁷

Its composition must ensure gender balance.

The Bank does not have an employee representative on its Board.

At the date of this Report, the Board of Directors is composed of **11²⁸** members of different nationalities. **Most of them are independent.**²⁹

Its composition **complies with gender equality.**³⁰

There are **no** cases of **interlocking directorship** within the Group.

The Board of Directors³¹ has duly created the **Risk and Related Party Committee**³², the **Remuneration Committee**³³, the **Appointments Committee**³⁴ and the **Corporate Governance & Environmental and Social Sustainability Committee**.³⁵

Their functions and powers are duly defined and published.³⁶

In 2019, the Bank created both a Management Committee on Sustainability and a dedicated office on sustainability that supports and coordinates the Group’s activities in this area.³⁷

Directors have to comply both with **voluntary regulations** and the regulations outlined in FinecoBank’s **Code of Ethics**, the main instruments containing **Internal Voluntary Rules (IVR)** not emanating from Italian legislation.

A **multi-stakeholder approach**, developed as a result of UniCredit Group’s experience, is at the basis of Fineco’s **Code of Ethics** (the Bank was part of this Group until May 2019). Some additions to the Bank’s policies related to sustainability have been implemented whereas others are being drafted in line

²⁶ In line with the 2019 Report on Corporate Governance and Ownership.

²⁷ Except those powers that the Italian legislation exclusively vests in the Shareholders’ Meeting.

²⁸ On 28 April 2020, the Shareholders’ Meeting appointed the following Directors on the basis of lists for the 2020-2022 years: Marco Mangiagalli – Chairman, Francesco Saita – Deputy Chairman, Alessandro Foti – Chief Executive Officer and General Director, Paola Giannotti De Ponti, Patrizia Albano, Gianmarco Montanari, Maria Alessandra Zunino de Pignier, Andrea Zappia, Giancarla Branda, Elena Biffi and Marin Gueorguiev.

²⁹ Independent Directors under Article 148 of the Consolidated Act on Financial Intermediation (TUF) and the Corporate Governance Code: Francesco Saita, Paola Giannotti De Ponti, Patrizia Albano, Gianmarco Montanari, Maria Alessandra Zunino de Pignier, Andrea Zappia, Giancarla Branda, Elena Biffi and Marin Gueorguiev. The Chairman of the Board of Directors, Marco Mangiagalli, is independent only under the TUF. Directors’ CVs are available in the Bank’s website.

³⁰ There are 5 female Directors and 6 male Directors.

³¹ Resolution dated 28 April 2020 under the TUF and the Corporate Governance Code.

³² Members (all of them Board members as well): Francesco Saita (Chairman), Elena Biffi, Paola Giannotti De Ponti, Marin Gueorguiev and Maria Alessandra Zunino de Pignier. Source: Corporate website as at 19 June 2020 and FinecoBank Press Release, 28 April 2020.

³³ Members (all of them Board members as well): Gianmarco Montanari (Chairman), Giancarla Branda and Paola Giannotti De Ponti. Source: Corporate website, as at 19 June 2020.

³⁴ Members (all of them Board members as well): Elena Biffi (Chairwoman), Patrizia Albano and Gianmarco Montanari. Source: Corporate website as at 19 June 2020 and FinecoBank Press Release, 28 April 2020.

³⁵ Set up on 28 April 2020 in order to provide, among other tasks, “*opinions and support to the Board of Directors on defining FinecoBank corporate governance, its corporate structure and models/guidelines on Group governance*”, as per 2020 Corporate Bodies Regulations, page 23. Committee members are the following Directors: Maria Alessandra Zunino de Pignier (Chairwoman), Patrizia Albano and Francesco Saita. Source: Corporate website as at 19 June 2020 and FinecoBank Press Release, 28 April 2020.

³⁶ Part B (pages 16-24) of Corporate Bodies Regulations.

³⁷ The Committee works at executive level whereas the office monitors related regulations and legislation and is in charge of the yearly non-financial reporting.

with the recommendations of the **OECD**, the **European Union** and the **United Nations**.

The “**Integrity Charter and the Group’s Code of Conduct - FinecoBank Supplementary Rules**” (hereinafter the Integrity Charter), that describe Fineco’s **ethical, deontological and behavioural principles**,³⁸ are supplemented by the provisions of the Bank’s Code of Ethics.

A Supervisory Body, with powers of inspection³⁹, ensures compliance with the **Code of Ethics**. Every function within the Bank (including top level functions) is supervised.

8. DIRECTORS, CONFLICT OF INTERESTS AND RELATED COMMITTEES

Directors’ **independence requirements** are laid down in the Consolidated Act on Financial Intermediation (TUF) and adopted by the Corporate Governance Code of the Italian Stock Exchange.⁴⁰ In addition, and in compliance with the legislation, the Code of Ethics, the internal regulations and other documents contain rules on **conflicts of interests**.⁴¹

Fineco has formalised the **qualitative, quantitative and time-related** aspects that were deemed suitable when choosing its Directors.⁴²

According to the documentation available to Standard Ethics:

- There are no shareholders’ agreements involving Directors and Managers;
- There are no Directors who are members of: national and local government bodies, jurisdiction bodies, licence-granting bodies or bodies exercising control over the markets;
- There are no Directors who are also Directors, managers, auditors or consultant of other companies controlled by shareholders who are members of national and local government bodies, jurisdiction bodies, licence-granting bodies or bodies exercising control over the markets;
- There is no *Cross-directorship*.⁴³

The Charter of Integrity deals with the issue of gifts. It establishes the terms and conditions to which the offer or receipt of goods - provided they are not in

³⁸ Fineco’s Organisational and Management Model states the following: “(...) *The Integrity Charter expresses the ethical and deontological principles that the Group has recognised. The Group requires all those who work to achieve the Bank’s and Group’s objectives to comply with these principles. The Code of Conduct defines general behavioural principles and applies to the entire Group. All these rules of conduct on key aspects related to moral integrity aim at promoting a culture of compliance and guiding actions to promote the Bank’s ethical commitment. Fineco’s supplementary Rules outline and supplement the Code’s provisions on some specific aspects that relate to the bank. Code of Ethics under Legislative Decree 231/01: it contains all the rules that the recipients have to follow to ensure that their conduct is always inspired to criteria of propriety, cooperation, loyalty, transparency and mutual respect. The Code also aims at preventing any behaviour that could be considered an offence or crime as listed in Legislative Decree 231/2001*”.

³⁹ The Body supervising the Organisational Model: “*has been conferred independent control and initiative powers as well as independent spending powers; (ii) regularly reports to the Risk and Related Party Committee on the functioning of the Model; and (iii) submits a yearly written report to the Board of Directors (...)*”. On 9 June 2020, the Board of Directors passed a resolution appointing the following new members of the Supervisory Body: Marianna Li Calzi (Chairwoman), Salvatore Messina and Patrizia Verdesca (Responsible for the Internal Audit). Source: Company source.

⁴⁰ Article 148 of the Consolidated Act on Financial Intermediation (TUF). Corporate Governance Code of the Italian Stock Exchange, pages 21-22.

⁴¹ Other documents include the Group’s “Global Policy on Handling Transactions with Parties in Conflict of Interest” updated in November 2019 and available in the Bank’s website.

⁴² In order to ensure the proper functioning of the administrative body and in compliance with the Supervisory Arrangements for Italian banks on corporate governance (Circular of the Bank of Italy no. 285 dated 17 December 2013), FinecoBank’s Board of Directors has declared that its qualitative and quantitative composition is optimal. The Bank publishes a document entitled “Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A.” in its website.

⁴³ See latest Report on Corporate Governance and Ownership.

cash - does not represent an undue influence in the context of commercial relations.⁴⁴

Compliance to **remuneration** policies is ensured by the supervision and involvement of control bodies.

Internal guidelines deal with remunerations (including those for Directors).⁴⁵

The remuneration of non-executive Board members, members of the Supervisory Board and the Board of Auditors, is not linked to financial performance. Furthermore, they do not benefit from incentive schemes based on stock options or, in general, on financial instruments.

Executives with strategic responsibilities⁴⁶ receive fixed and variable remuneration, the latter linked to financial performance.

9. DISCLOSURE, TRANSPARENCY AND STAKEHOLDERS

The Bank has prepared its first Non-Financial Statement in accordance with the “**GRI Sustainability Reporting Standards**” (2016) published by the Global Reporting Initiative (GRI).⁴⁷

FinecoBank has carried out its first **materiality analysis**.⁴⁸

As far as traditional **reporting** is concerned, the Bank uses both communication tools and its own website.⁴⁹ In terms of media and investor relations, Fineco is independent and constantly developing these relations.⁵⁰

The **Comply or Explain** principle has been properly adopted, included in the 2019 Non-Financial Statement, and applied to every corporate communication and message on governance.⁵¹

The **controls’ system** is structured on the basis of the best practices. First level checks are carried out within internal activities and/or contacts with clients. There are procedures to be followed for these activities. They are also supervised and updated by “process managers”.⁵²

⁴⁴ Source: Charter of Integrity.

⁴⁵ Every year the Bank publishes its Remuneration Policy that contains two reports: a 2020 Report on the Remuneration Policy and a Report on 2019 Remunerations 2019.

⁴⁶ The CEO and General Manager, the Deputy General Manager and Head of Global Banking Services, the Deputy General Manager and Head of Global Business, the Head of Network FPA, the Head of Investments and Wealth Management as well as the Chief Financial Officer. 2019 Remuneration Policy.

⁴⁷ “Data and information on the first few months of 2019, i.e., before the Bank left the UniCredit Group, have been collected bearing in mind the companies belonging to the FinecoBank Group as at 31 December 2019. For this reason, some of the data included in this document have been collected with management systems belonging to the UniCredit Group”. Source: 2019 Sustainability Report, page 6.

⁴⁸ Since 2018, the Bank, with the scientific support of ALTIS (the Business School of the Catholic University of the Sacred Heart) has been conducting a structured analysis based on the four principles recommended by the GRI Sustainability Reporting Standards in defining the most important aspects (materiality, stakeholders’ inclusion, completeness of data and Group’s operational context). Source: 2019 Sustainability Report, page 64.

⁴⁹ The main documents published in its website are: the Financial Report, the Corporate Governance Report, Articles of Association, Internal Regulations, Minutes of the meetings of the Board of Directors with amendments to the Articles of Association; Minutes of the Shareholders’ Meetings and related explanatory reports, important procedures. Obviously, information that might affect share price is disseminated in accordance with the Consolidated Act on Financial Intermediation (TUF) and Consob Regulations no.11971. Fineco’s website also includes a section on sustainability. This section was updated at the beginning of 2020 and contains all ESG reports as well as the ESG strategy included in the 2020-2023 Multi-Year Plan of the Bank. The strategy provides for specific targets as well as quarterly monitoring by the Management Committee and the Corporate Governance & Environmental and Social Sustainability Committee.

⁵⁰ Investor Relations as a function was internalised in 2016. It had been outsourced to UniCredit through a service contract.

⁵¹ According to this principle, the Bank is required to follow up its decisions and communications with appropriate updates, in particular when the objectives that have been communicated are not reached within the deadlines that have been set or not reached at all.

⁵² The Bank has also appointed an anti-money laundering officer, an anti-corruption officer, and a whistleblowing officer. See also the Organisational Model.

Risk Management and the Compliance office (for compliance procedures) supervise second level checks.⁵³ Third-level checks⁵⁴ are performed by Internal Audit (a central function within UniCredit until May 2019). This function has now been brought in-house.

ESG risks are constantly monitored by the Chief Risk Officer Department and properly reported within the DNF.⁵⁵

10. PARTICIPATION AND VOTE IN GENERAL MEETINGS

One of the principles laid down in the Code of Ethics provides for ongoing dialogue between the Board of Directors and shareholders. A section within the Bank's intranet is dedicated to this.

11. EMPLOYMENT AND HUMAN RESOURCES SELECTION

This issue is also considered by the Code of Ethics as the Bank is committed to carrying out "objective" assessments in accordance with the principle of "equal opportunities" and without making distinctions that are not professional.⁵⁶

In terms of **gender equality**, promoting diversity and gender inclusion within the various organisations is part of the strategic commitments made by the Bank.⁵⁷ There are special procedures as well as a Global Policy that has been adopted at Group level and is currently being updated.⁵⁸ Monitoring of equal pay is being performed.⁵⁹

The Bank has decided to introduce a number of initiatives to fill generational gaps and to support people with **disability**.⁶⁰

At 31 December 2019, FinecoBank's **employees** amounted to 1,225 (as against 1,170 for the previous year).⁶¹

Staff selection is performed by reviewing CVs and through interviews. The Bank's organisation is well structured.⁶²

Staff **training** and their professional development are central and there are regular training and refresher courses on "selected" topics. There are also courses on "on-demand" topics.⁶³

⁵³ The Bank's "Compliance Plan" provides for specific and detailed inspections for this type of controls.

⁵⁴ These checks are based on the final analysis of data and information.

⁵⁵ Some information on environmental risks was also reported in the Financial Statements in order to underline the link between financial and non-financial risks. 2019 Financial Statements and Reports, pages 254 and 468.

⁵⁶ "The Bank adopts criteria based on objectivity, competence and professionalism by applying the principle of equal opportunities without favouritism in order to acquire the best skills on the labour market and to comply with relevant legislation". Source: Code of Ethics, page 13.

⁵⁷ In 2019, Fineco subscribed to the ABI Charter "Donne in Banca: valorizzare la diversità di genere" (Women in Banking: Promoting Gender Diversity). It also joined "Valore D" and has used this network's methodology for the Inclusion Impact Index to map its diversity and inclusion policies in an integrated fashion and to measure their real organisational impact. Source: 2019 Sustainability Report, pages 76-77.

⁵⁸ The Global Policy on the process to be followed for personnel selection was adopted in 2016 and is currently being updated.

⁵⁹ Equal pay is being monitored through the KPI on Gender Pay Gap. This KPI has been included in the performance evaluation forms of the Chief Executive Officer and relevant staff as identified by the Bank in relation to the short-term reward system. Continuous monitoring of resources returning from maternity leave to ensure equal treatment has been adopted. Source: 2019 Sustainability Report, pages 75-78.

⁶⁰ A Diversity Manager has been appointed by Fineco. In 2019, the Bank took part in a Diversity Day organised at the Bocconi University of Milan. The partnership with Jobmetoo, an online recruiting organisation putting businesses and candidates belonging to protected groups in touch with each other, continued in 2019. Source: 2019 Sustainability Report, pages 76-77.

⁶¹ Source: 2019 Sustainability Report, page 69.

⁶² The Bank's Global Policy on personnel selection governs the entire selection process and includes: talent acquisition, definition of the skill model, training and development, people engagement and rewards & benefits. Source: 2019 Sustainability Report 2019, pages 68-69.

⁶³ My Campus (a platform offering employees a wide catalogue of training activities from language and IT courses to courses to develop managerial skills) is part of the training offer. Source: 2019 Sustainability Report, page 79.

Fineco regularly assesses the **psychological and physical health** of its employees.⁶⁴ It also organises initiatives⁶⁵ and makes investments⁶⁶ to improve its **work environment** and **workspaces**.

12. HEALTH, SAFETY AT WORK AND SOCIAL DIALOGUE

The Code of Ethics deals with some specific issues and outlines voluntary guidelines on the quality of work and optimal work-life balance⁶⁷. This topic is also well outlined by various governance and policy instruments thanks to yearly Group- and Bank-level surveys.⁶⁸

The Bank attaches strategic importance to internal communication and dialogue with employees, associates and their representatives.⁶⁹

The Bank has adopted a **welfare** programme offering benefits to supplement national social security systems, health care and support to work-life balance, thus ensuring the wellbeing of employees and their families during their working lives and after retirement.⁷⁰

13. ADAPTATION TO CHANGES

This is a central issue at EU and OECD levels and was taken into account by the Group policies that provided for close relationships with the various **stakeholders** and local players who are interested in any change process. Currently, there are no extraordinary initiatives on change and the type of company reduces the relevance of this issue.

14. ENVIRONMENT

The Code of Ethics deals with environmental protection.⁷¹

A specific Environmental Management System is scheduled to be introduced in 2020.⁷²

⁶⁴ Regular assessments of stress at work are carried out to identify risks to employees' psychological and physical health and introduce corrective measures. A Joint Committee was set up with the trade unions *"to balance work with personal life, innovate, and promote corporate welfare and to exchange views with the social partners and assess initiatives in terms of corporate welfare including: supplementary pension provision, care and services for families and work-life balance measures"*. Source: 2019 Sustainability Report, page 88.

⁶⁵ Some of the most important initiatives of 2019 were: "An hour with the Chief Executive Officer", with the CEO going to all the Bank's offices to meet employees in an informal context to discuss Fineco's strategy and its forthcoming challenges; "Induction": half a day onboarding for recently hired staff to train them with Deputy General Directors, Human Resources and Trade Union representatives; "Induction – 1 year later": onboarding held one year after joining the Bank; "Focus Groups" involving employees discussing useful issues related to the implementation of products and services. Furthermore, during 2019, the use of Video Interviews was consolidated. These job interviews were introduced as an experiment in 2018 to speed up screening and reduce both travelling time and emissions. Source: 2019 Sustainability Report, page 71. Following the recent Covid-19 emergency, the Bank has conducted a specific survey to investigate expectations that have arisen during the crisis in order to structure a new company-level normality once the emergency is over.

⁶⁶ Investments have been made to refurbish the headquarters in Reggio Emilia and in Milan.

⁶⁷ Source: Code of Ethics, page 13.

⁶⁸ For a number of years, the Bank has been assessing its employees' motivation and engagement through a People Survey. On the basis of their comments, the Bank defines and implements specific action plans. The results of the latest survey show that the Engagement Index (the main indicator of corporate climate) is very favourable (81%). Source: 2019 Sustainability Report, page 73.

⁶⁹ In 2017, a Group trade union agreement was reached. Following this agreement, a bilateral Committee was set up to monitor the implementation of the Group business plan and the technological and digital innovation programmes.

⁷⁰ Every employee has access to various services that can be divided into four groups; health, savings, work-life balance and family. As far as flexibility is concerned, flexible work has been further enhanced to offer the opportunity to work from home one day a week. In 2019, about 50% of the Bank's employees joined this programme with a positive impact on their level of engagement and performance. *MaggiorTempo*, an initiative first launched in 2018 to reduce the time employees need to perform daily activities such as collecting packages, dry-cleaning, taking shoes to be repaired or clothes to be altered, doing postal and administrative errands, was implemented in 2019 too. These activities were outsourced to a Social Cooperative whose mission is integrating socially disadvantaged people into the labour market. Source: 2019 Sustainability Report, pages 86-87. Expanding welfare initiatives is one of the objectives included in the Scorecards (Short Term Incentive) of the CEO and the Bank's Top Management.

⁷¹ Source: Code of Ethics, page 16.

⁷² Improving its Environmental Performance and implementing the Environmental Statement to be subsequently certified by a third party in order to join the EMAS Register have been included in the Scorecard (Short Term Incentive) di CEO e Top Management as objectives to be reached. Source: 2019 Sustainability Report, page 122.

In terms of **its own environmental impact**, FinecoBank has mainly focused on its activities and dematerialisation processes.⁷³

Further initiatives launched in 2019 to minimise the Bank's environmental impact are still going on.⁷⁴

15. CONSUMERS AND QUALITY

First and foremost, **quality** is dealt with by the Code of Ethics, with its references to general criteria of propriety, courtesy, transparency, professionalism and cooperation, followed by many other internal tools.⁷⁵ The Bank's focus is on compliance with procedures, proper communication of risks and costs, handling of conflicts of interests, gifts, proper data management or other critical aspects such as circumvention practices or unlawful behaviour.

The entire operational structure has been harmonised with and implemented after the introduction of the EU General Data Protection Regulation (GDPR) in 2018. Stricter checks as well as new governance, organisational, operational and reporting procedures are the most recent measures adopted by the Bank.⁷⁶

Fineco mainly communicates with **consumers** via the web and proprietary platforms through which it offers services, information, updates and data. Relationships between the Bank and its clients are supported by a dedicated **internal Customer Care** service and a network of financial consultants.⁷⁷

Thanks to physical and virtual classrooms, web conferences and e-learning, the Bank provides customers with the necessary training to manage financial risks and markets and work safely with the highest possible level of awareness.⁷⁸

16. SCIENCE AND TECHNOLOGY

Given the type of business the Bank is involved in, technology is central. During 2019, the Bank offered live and e-learning training courses on this topic.⁷⁹

⁷³ Main initiatives: remote digital signature and graphometric signature to automate processes. Furthermore, in order to reduce the use of plastic, towards the end of 2019 the Bank started tests that will lead to the gradual reduction of water bottle dispensers until they will all be replaced by dispensers connected to the water supply network. Source: 2019 Sustainability Report, page 123.

⁷⁴ "At operational level, FinecoBank carries out direct on-site monitoring of energy consumption in its Milan, Reggio Emilia and Dublin headquarters as well as in its Data and Fineco Centres. In 2020, within the framework of its Environmental Statement, the Bank will identify and process data and information that are necessary to report on aspects such as energy consumption, water consumption and waste management while complying with EMAS requirements". Source: 2019 Sustainability Report, pages 124-125.

⁷⁵ Page 6, Code of Ethics.

⁷⁶ As stated in the previous Report, in terms of information security, FinecoBank is obviously complying with Regulation (EU) 2016/679 on personal data protection for all individuals and free movement of these data (the GDPR) that came into force on 25 May 2018. Compliance Risk Assessment and second-level checks "aim at identifying, monitoring and managing compliance risks in this regulated sphere". The Bank has also adopted a "Response to Incident" Security Plan. The Plan has sections on governance, organisation, operations and reporting. Furthermore, in relation to quality and safety, FinecoBank is following the EU Payment Services Directive 2 (PSD2) that was adopted in order to innovate, in terms of accessibility and safety, management of payments and relationships with the banking world by introducing the Mobile Code service. Compliance with all the safety features required by law is associated with an accurate search for fluidity in customer experience. This has meant that a wide number of clients has adopted in a short time the tool that FinecoBank is offering alongside sms pins or one time passwords. The service, introduced at the beginning of June 2019, is being used by almost 600,000 people who every day authorise an average of 40,000 transactions with the code associated with the Fineco app they have in their smartphones. Source: 2019 Sustainability Report, page 104.

⁷⁷ Source: 2018 Financial Statements.

⁷⁸ The training programme ranges from financial markets and basic information to trading techniques, long-term investments, in-depth analysis on risks, instruments and available products. Since 2018, Fineco has also been able to give all its employees greater access to its training programme thanks to MyCampus, a training platform. The platform also offers wider search capabilities to find the training course or programme best suited to different professional requirements. Source: 2019 Sustainability Report, page 79.

⁷⁹ In 2019, the Bank delivered 30,748 hours of training, i.e., an average of 25 hours of training per employee. Source: 2019 Sustainability Report, pages 79-80.

17. LOCAL COMMUNITIES	<p>FinecoBank works closely with local communities as it offers financial training activities⁸⁰ and works on charitable initiatives with them.⁸¹</p> <p>The Bank has also forged solid partnerships with local and national institutions and organisations.⁸²</p>
18. BUSINESS PARTNERS	<p>This issue is dealt with by the Code of Ethics, the internal Organisational Model and the 2019 Sustainability Report.⁸³</p>
19. HUMAN RIGHTS	<p>The Bank has pledged, through its own Code of Ethics, to reject any form of violation to human and working dignity.</p> <p>The Bank's internal procedure called "Impegno in materia di Diritti Umani" (Commitment towards Human Rights) explicitly refers to the Universal Declaration of Human Rights as well as international Conventions and guiding principles. It also provides for integration on the basis of the recommendations of the UN Global Compact.⁸⁴</p>
20. EUROPEAN STRATEGIES	<p>European strategies, adequately adopted by the Bank, aim to achieve a growth that is: smart, thanks to more effective investments in education, research and innovation; sustainable, by promoting an economy based on low CO2 emissions; and inclusive, i.e. focused on creating jobs and reducing poverty. The strategies are based on the following objectives: employment, innovation, education, poverty reduction and climate changes/energy.</p> <p>The introduction of responsible finance activities is included in this area.⁸⁵</p>
21. CONCLUSIONS	<p>FinecoBank is a direct multichannel bank offering banking, credit, trading and investment services. Since May 2019, when it left the UniCredit Group, the Bank has accelerated the development of its long-term sustainability strategy. Consequently, ESG (Environmental, Social and Governance) issues in terms of Company governance, risks, compliance and reporting have been strengthened. As far as reporting is concerned, the Bank has adopted</p>

⁸⁰ Source: 2019 Sustainability Report, pages 110-111.

⁸¹ "As well as donations given throughout the year, the most important solidarity event is the Christmas Campaign called "Natale con Fineco" (Christmas with Fineco). This event is publicised every year through Fineco's website. Thanks to this campaign, every year Fineco donates funds to selected charities and projects. Fineco's clients and non-clients can donate too. Source: 2019 Sustainability Report, page 127.

⁸² These include: ABI (Italian Banking Association), ASSIOM FOREX, ASSOGESTIONI (Italian Association of Asset Managers), ASSORETI, ASSOSIM (Italian Association of Financial Intermediaries), the Italian Association of Private Banking, CBI (Italian Association of Interbank Corporate Banking), the Italian Financial Banking Arbitrator, the Italian Interbank Deposit Protection Fund, the Italian National Compensation Fund, UPA (Italian Advertisers Association). Source: 2019 Sustainability Report, pages 22-23.

⁸³ Supplier evaluation is also based on ESG criteria through a self-assessment entry-level questionnaire. In particular, the evaluation is based, for instance, on compliance with regulations on the environment and health and safety at work, adoption of a code of ethics and certifications (ISO 14001, OHSAS 18001, SA8000, ISO 50001, ISO 37001). Source: 2019 Sustainability Report, page 19.

⁸⁴ Human rights are "handled by the Group within the framework of its relationships with its employees and suppliers in line with the principles and values expressed by the Bank's Code of Ethics and in its "Impegno in termini di diritti umani" (Commitment towards Human Rights). FAM is currently implementing a specific policy to report unlawful behaviour related to discrimination in the workplace. Therefore, 2019 data on these discrimination cases only relate to Italy and have been collected through the whistleblowing channel available to FinecoBank employees and financial". Source: 2019 Sustainability Report, pages 6-7.

⁸⁵ The objectives of Fineco's 2020-2023 strategy are: a) expanding the offer of social and environmental products in the mortgage area; b) introducing ESG criteria in product evaluation; c) designing and promoting new funds based on ESG criteria; d) issuing Green and Social Bonds and increasing their share within the Bank's portfolio. Source: 2019 Sustainability Report, pages 18-19. Fineco Asset Management (FAM), Fineco's Irish subsidiary, is very active in developing and offering sustainable products and services. During 2020, this company aims at developing a Responsible Investment Policy and will consider subscribing to the UN principles of Responsible Investment (UN PRI).

standard non-financial reporting in accordance with the best practices followed in its industry. This process is the result of the application of internal skills that have also been enhanced by the experiences made within one of the main European banking groups.

Other significant issues such as technological innovation, tax matters, training (including training in fair competition), quality of working environment, and stakeholders' care are being properly dealt with. International recommendations and guidelines on sustainability are at the basis of ESG strategies. The qualitative and quantitative composition of the management bodies appears to be at its best: they enjoy a high level of independence, diversity of skills and have achieved gender equality.

* * *

SOURCES

*Where there are no dates,
the most recent
versions prevail*

The documents that have been consulted were published by the Client before the delivery of the guidelines.

The main sources are: Internal Code of Conduct, Financial Statements, ESG Reporting; Report on Corporate Governance and Company Ownership; Articles of Association; Bylaw Italian Legislative Decree 231/2001; Internal Regulations; Minutes of the Meetings of the Board of Directors with amendments to the Articles of Association; Regulations of the Shareholders' Meetings; Minutes of Shareholders' Meetings, Notices of Meetings and related explanatory reports; Various procedures including "related party transactions" and "Internal Dealing"; Documents on remuneration, qualitative and quantitative composition of top management bodies and sustainability strategies (at Group level too). Data and information given during meetings with internal functions were also used.

Other sources

Moreover, documents supplied by national and international regulatory bodies, the national stock exchange and independent sites.

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