



B A N K

# Italian Sustainability Day

## Borsa Italiana

Milan, July 2<sup>nd</sup> 2018

FINECO. THE BANK THAT SIMPLIFIES BANKING.

# We founded Fineco on 3 main pillars: Efficiency, Innovation and Transparency. The keys of our strategy, still leading our path of sustainable growth



## EFFICIENCY

Strong focus on IT & Operations,  
more flexibility, lower costs



## INNOVATION

Anticipate new needs by  
simplifying customers' life



## TRANSPARENCY

Fairness and respect  
for all our stakeholders

### We built everything from scratch



**Freedom:** Freedom to start over «from scratch», build a new bank, **the best you can imagine**

**Proprietary back-end:** In-house development and automated processes allow an efficient cost structure and fast time to market

**Excellent offer:** Unique customer user experience, top quality in all services



### We were true pioneers

Fineco anticipated a main market trend: digitalization

Moving customer's focus from proximity to service and quality



### We believe in a "Quality" One Stop Solution

Providing all services in a single account is a distinctive feature but it's not enough.

Gaining a competitive edge requires high quality on each single service and product

**FINECO**

B A N K

# Sustainability at the heart of Fineco's business model



# Stakeholder engagement: our main stakeholders and dialogue tools

## Customers

Customer satisfaction  
Instant feedback  
Brand reputation  
Customer care  
Social media

## Employees

People Survey  
Performance management  
Intranet Portal  
Orientation sessions with managers, HR and trade union organizations  
Ad-hoc surveys on specific topics

## PFAs

Dedicated platform  
Specific meetings at different levels (AM, GM, Team, one-to-one)  
Calls and web conferences  
Workshops and dedicated working groups  
Committees

## Shareholders

General Shareholders' Meeting  
Meetings with analysts, investors and proxy advisors  
Investor Relations activities

## Regulators

Meetings  
Conference calls

# Our goal is to simplify our customers' lives

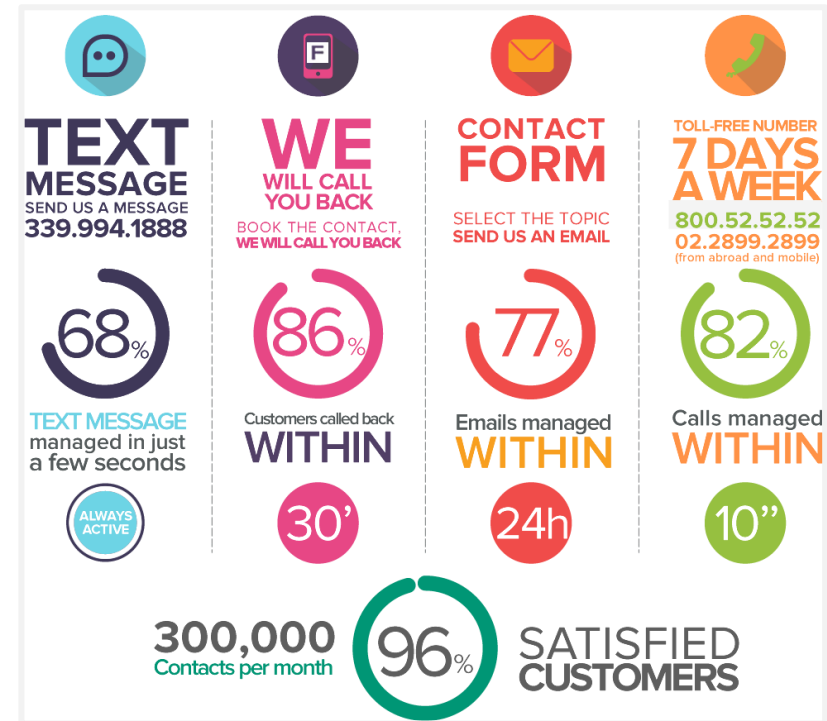
Internal Customer Care: 16% of total FTEs

**One-Stop Solution:** our customers can access banking, brokerage and investment services through a single current account

## Excellence at all times

We constantly develop high-quality products and services easy-to-use, able to satisfy the full range of customers' financial needs

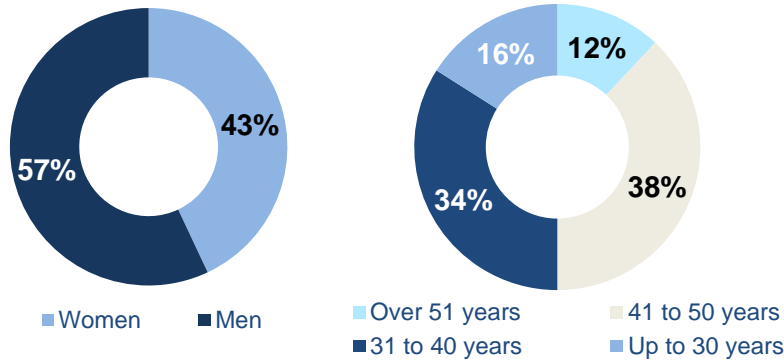
**Constant dialogue with customers** through our internal Customer Care and the network of financial advisors



## The key of our success and lifeblood of our business

Engagement index: 81%

### Our people



### Performance management

**Culture of feedback** at all levels

**Transparency, training and professional development** to improve motivation and commitment

**Annual review** to plan, manage and develop initiatives to meet colleagues' professional growing needs

### Diversity and inclusion

Policy on **gender equality** since 2013

We promote **gender balance**, bridging generation gaps in the workplace and supporting people with disabilities (Diversity Day)

### Work-life balance

**Integrated welfare system**

**Flexible working**

**Renovation of workspaces** to improve employees' daily working lives

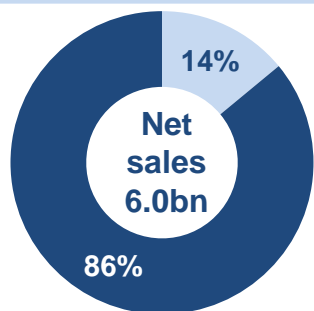
**BikeMe station** outside our headquarters in Milan

# The physical touch: a strategic asset to take care of the relationship with customers

*Growth and quality lead to efficiency*

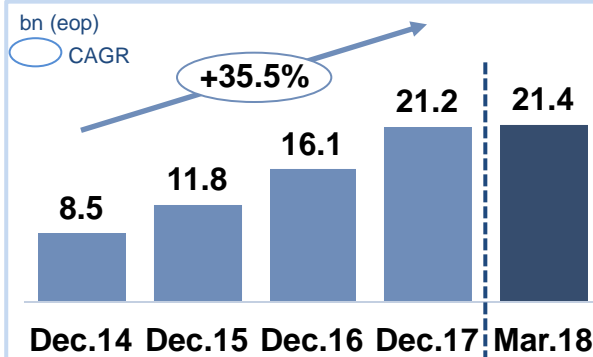
- ✓ Sustainable strategy based on **organic growth**
- ✓ **Cyborg advisory** approach for a better relationship with clients and higher quality of services

## 2017 Net Sales

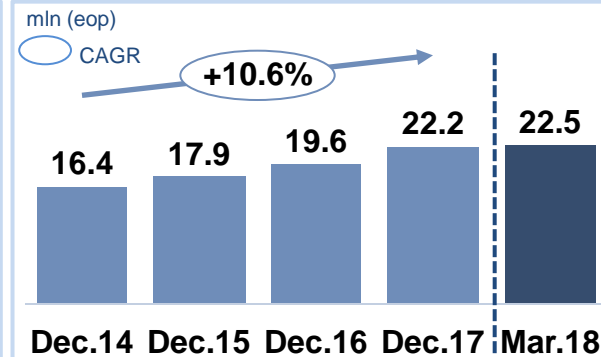


■ from recruiting (last 24 months)  
■ organically generated

## Guided products



## PFAs productivity



## Training is central for the Bank

*Strong commitment to increase knowledge and financial awareness*

### Employees

Dedicated learning platform

Seminars

Main topics:

- ✓ Anti-money laundering
- ✓ Anti-corruption
- ✓ Operational risk
- ✓ Privacy and data security
- ✓ Conflicts of interest



■ training for new hires in Customer Care

### PFA's

**Awareness of PFA's role**

**2-years training course for young PFA's** to improve technical and soft-skills (total over 1,000 training days)

Seminars and online training (including webinar)



■ mandatory training  
■ business training

### Customers

Main topics:

- ✓ Financial markets
- ✓ Market movers
- ✓ financial products and services

Particular attention to **behavioral finance**

In 2017 **16,000 people** joined **Fineco courses** through various channels:

- ✓ 127 seminars
- ✓ 123 webinars
- ✓ 163 short videos



## We promote a constant and effective communication

*Proactive dialogue with investors and the global financial community to emphasize our commitment to transparency*

- ✓ **Periodic meetings and conference calls with institutional shareholders and analysts**
- ✓ Engagement with the financial community in 2017 (+14% dedicated hours y/y, +10% investors contacted):
  - **116 days spent attending international conferences**
  - **11 days of roadshows** around the world
  - **One-on-one meetings / group meeting / conference calls**
  - **4 official conference calls** to present quarterly financial results to the market
- ✓ **Proactive dialogue with Socially Responsible Investors (SRI) starting from 2017**
- ✓  In June 2018 Standard Ethics – an independent agency that assigns sustainability ratings – confirmed our **Standard Ethics Rating to “EE”, a full investment grade assigned to sustainable companies with a low reputational risk profile and strong long-term growth prospects**
- ✓ We join the UniCredit Integrated Report. Starting from 2017, a dedicated chapter on sustainability was included in our Annual Report on a voluntary basis

For more details please refer to:

<https://fincobank.com/en/public/corporate/sostenibilita/rating>

[https://images.fincobank.com/common/pub/pdf/corporate/reports\\_accounts\\_2017.pdf](https://images.fincobank.com/common/pub/pdf/corporate/reports_accounts_2017.pdf)

# A continuous dialogue to foster a competitive and sustainable financial market

*Relationship based on principles of integrity, transparency, fairness and cooperation*

FinecoBank admitted in the Cooperative Compliance Scheme with the Revenue Agency



In July 2017, **FinecoBank has been admitted to the Cooperative Compliance Scheme<sup>(1)</sup>**, which allows the Bank to take part to a register of taxpayers (published on the Revenue Agency's official website) **operating in full transparency with the Italian tax Authorities**. This is a fundamental milestone for our Bank

Until now, **only 5 companies** have been admitted in Italy: Fineco, UniCredit, Leonardo, Ferrero and Prada

### Key requirements to be admitted:

- ✓ **subjective and objective requirements** (resident legal entities with specific sizing thresholds)
- ✓ **effective system in place for identifying, measuring, managing and controlling tax risk** in line with the "essential" requirements of the *Tax Control Framework* envisaged by law, Revenue Agency ordinances and by the OECD documents published on the subject

### Several advantages:

- ✓ closer relationship of **trust and cooperation** with the Revenue Agency
- ✓ **Increase of the level of certainty on significant tax issues** under conditions of full transparency
- ✓ **agreed and preventive risk assessment** of situations likely to generate tax risks
- ✓ **fast track ruling**

## Local communities and environmental impact

*Commitment to minimize our environmental impact mainly focused on dematerialization*

- ✓ **Digital signature** for contracts, orders and services, creation of automated processes end-to-end services and digital document flows
- ✓ **Commitment to sustainable mobility** in the delivery of Milan's bike-sharing service (**Bike-Mi**) through the installation of a bike docking station at the main entrance of the Bank, with the aim to reduce traffic and pollution and promote physical well-being
- ✓ Fineco is in constant dialogue with the city of Milan, where it has its headquarters (for example we have **provided the municipal and local authorities with access to a large advertising screen** for marketing, public communication and local emergencies)
- ✓ Our buildings in Milan and Reggio Emilia renovated in 2017, with up to **-20% reduced energy consumption**

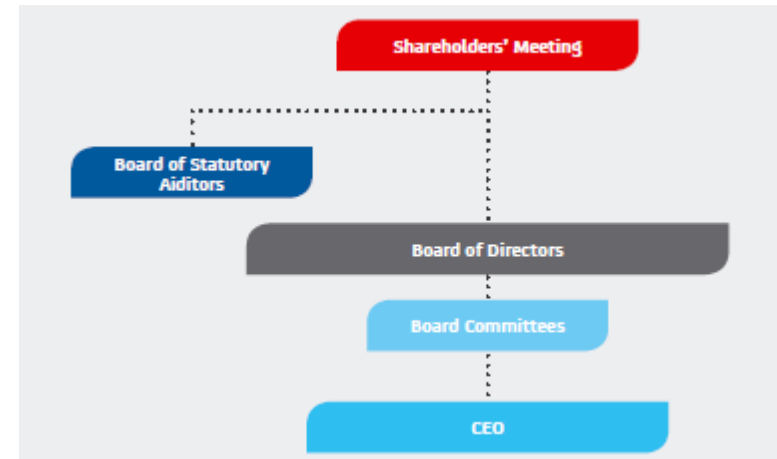


# Promote clear and responsible banking business, contributing to the creation of sustainable long-term value

Traditional management and control system based on two bodies appointed by the Shareholders' Meeting: the Board of Directors (BoD) and the Board of Statutory Auditors

The BoD is supported by the following internal committees:

- Risk and Related Parties Committee
- Remuneration Committee
- Nomination and Sustainability Committee <sup>(1)</sup>



## Composition of the Board

- ✓ **9 Directors**, the majority are independent
- ✓ The composition is **quantitatively and qualitatively consistent with the theoretical profile approved by the BoD**, also with regards to the limits on the number of offices held
- ✓ The BoD meets the **requirements of integrity, experience and independence** (including suitability) set forth in the articles of association and current regulations

## The Board of Directors in figures

### Executive and non-executive directors

**1** chief executive officer

**8** non-executive directors

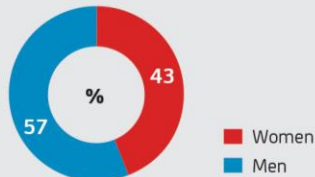
### Independent Directors

**6** non-executive directors are classed as independent according to Legislative Decree no. 58 of February 24, 1998 ("Consolidated Finance Act") and the Corporate Governance Code for Listed Companies

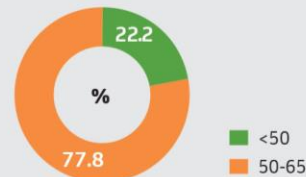
**1** director is classed as independent according to the Consolidated Finance Act (the Chairman)

**2** Directors are not independent (the Chief Executive Officer & General Manager and a Non-Executive Director)

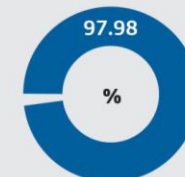
### Breakdown by gender



### Average age of the Board of Directors

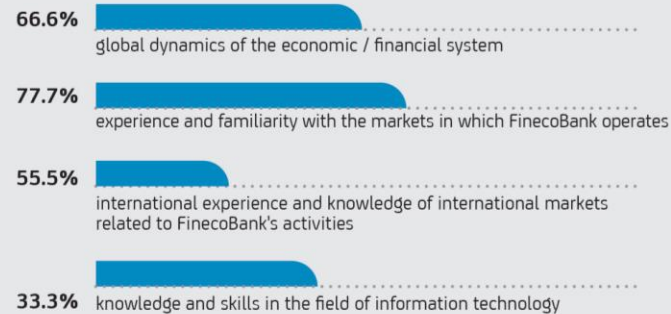


### Average attendance rate at BoD meetings - 2017



### Areas of competency of the Board of Directors

Each director satisfies at least 2 of the required areas of competence:



## Risk culture to ensure long-term sustainable profitability

*Cultivate and improve risk culture at all levels*

Risk Management function is responsible for **identifying, quantifying and mitigating the Bank's risks**

The Bank adopts a Risk Appetite Framework (RAF) that establishes the level of risk acceptable to the Bank, in line with business objectives. **The RAF is geared towards achieving sustainable profitability and steady business growth**

The Bank follows the fundamental values contained in the **Charter of Integrity and the Code of Conduct** for the Lending business

In the expansion of lending business, **strong focus in building a low-risk and high-quality portfolio**

**Training to improve the risk culture** within the Bank. Moreover, the Bank participates in the Group's Risk Academy initiatives

## Essential for the legitimacy and sustainability of our business

*We are committed to promote compliance in every employee and aim to build and implement a shared compliance culture that involves all levels of our organization*

### Whistleblowing

Reporting any irregularities helps to protect the company and its reputation as well as all our colleagues. We adopted a **system through which employees and personal financial advisors can report anonymously any conduct in violation of the law or the Bank's internal rules**

### Anti-corruption

Global Anti-Corruption Compliance Policy and related Operating Instructions adopted by the Bank. **The Policy sets minimum standards for anti-corruption compliance** and applies to officers and members of strategic, supervisory and executive bodies, employees and PFAs

### Code of Ethics, Code of Conduct and Charter of Integrity

- ✓ **Code of Ethics** contains rules aimed at ensuring that everyone's conduct is always guided by criteria of fairness, cooperation, loyalty, transparency and mutual respect
- ✓ **Charter of Integrity** affirms the principles of ethics and conduct that we recognize as our own
- ✓ **Code of Conduct** defines the general principles of conduct, with the aim of promoting our culture of compliance and our commitment to sustainability

## IT and back-office internally managed, deep internal know-how

*IT department: 18% of total FTEs. Back-Office: 25% of total FTEs*

As a multi-channel bank, **managing Cyber Risk is essential for us**

Our goal is to **protect our customers and our business by** ensuring data security

Core system and security services **internally managed**

Our security strategy follows a multi-tiered approach based on **deep customer knowledge, behavioral analysis and risk assessment**

Formal and comprehensive **Security Incident Response Plan**. A detailed plan with a number of different levels (governance, organization, operation and reporting)