



B A N K

# Italian Sustainability Day

## Borsa Italiana

Milan, July 2<sup>nd</sup> 2019

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



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# Committed to maximize Shareholders' value

Strategy based on healthy growth and sustainability with a long term horizon



# Sustainability at the heart of Fineco's business model

Our sustainable **growing strategy** is inspired by principles and voluntary directions of the most relevant **international organisations**. Our initiatives are consistent with the achievements of the **17 Sustainable Development Goals (SDGs)** of the UN 2030 Agenda.

In 2019 Standard Ethics<sup>(1)</sup> confirmed our **Standard Ethics Rating**<sup>(2)</sup> at “**EE**”, a grade given to sustainable companies with low reputational risk profile and strong prospects for long-term growth.

In 2019 Standard Ethics also assigned us an **ESG Award**, as Fineco is among the Italian companies with the best sustainability index.

In 2018 we established an **Appointments and Sustainability Committee**, in charge of supervising the Bank's sustainable growth strategy and ESG plans, with the support of a Sustainability Management Committee. Moreover, during the same year we defined the **Materiality Matrix** for the Bank, to define the relevant topics for Fineco and its Stakeholders.



**21% of our clients' assets in funds are already ESG**<sup>(3)</sup> (5.3bn in Dec18).

**More than 2,000 funds in our open architecture platform are ESG**<sup>(3)</sup>.

We are continuously updating our ESG offer:

- **FAM is expected to launch multi-thematic funds** in the next coming months
- We have enriched our **Advice platform** with **ESG model portfolios**.
- We have launched **green mortgages** for the purchase of real estate with energy rating between A and B
- In addition, a “**Search ESG**” will be added in our platform

<sup>(1)</sup> Standard Ethics is an independent agency which assigns Solicited Sustainability Ratings to companies and sovereign issuers. Fineco is included in the Standard Ethics Italian Banks Index© and in the Standard Ethics Italian Index, among the major environmental, social and governance performance indices and benchmarks.

<sup>(2)</sup> The Standard Ethics Rating is an assessment of sustainability and governance based on the principles and voluntary directions of the United Nations, the Organization for Economic Cooperation and Development (OECD) and the European Union.

<sup>(3)</sup> Morningstar ESG rating above «Average»

# 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

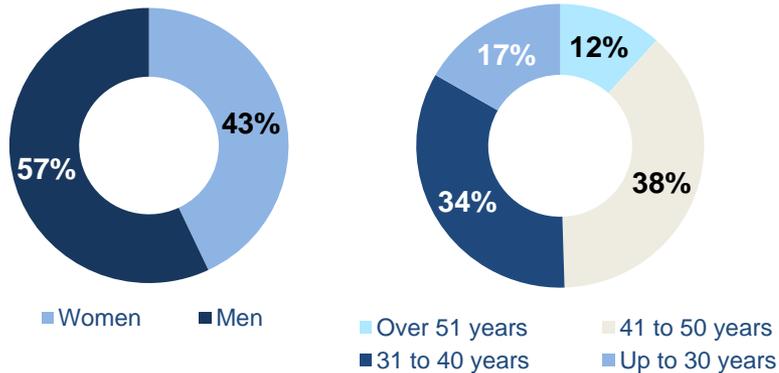
**Constant dialogue with customers** through our internal Customer Care and the network of financial advisors



## 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 daily working lives

**BikeMe station** outside our headquarters in Milan

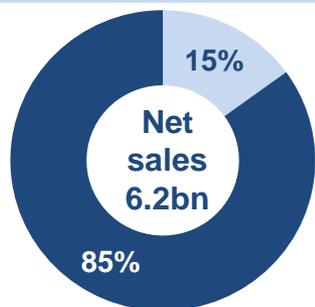
**MaggiorTempo**, an initiative to streamline some of the most common daily tasks of employees

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

*Growth and quality lead to efficiency*

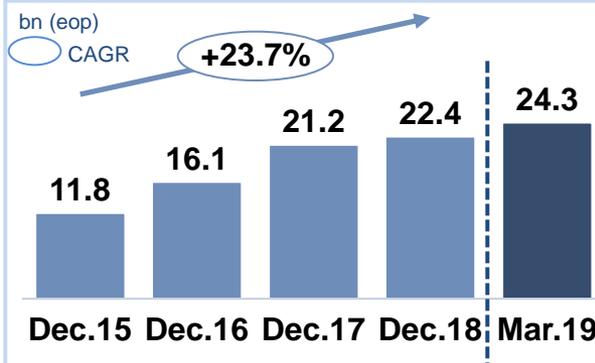
- ✓ Sustainable strategy based on **organic growth**
- ✓ **Cyborg advisory** approach for a better relationship with clients and higher quality of services

## 2018 Net Sales

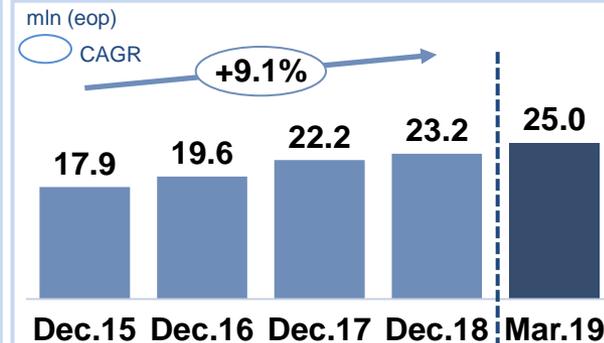


- from recruiting (last 24 months)
- organically generated

## 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 2018 **18,000 people joined Fineco courses** through various channels:

- ✓ 141 seminars
- ✓ 129 webinars
- ✓ 165 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 2018 (almost 400 investors contacted):
  - **13 days spent attending international conferences**
  - **10 days of roadshows** around the world
  - **244 dedicated hours through one-on-one meetings / group meetings / 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 2019 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 joined the 2018 UniCredit Integrated Report, and **starting from 2019 Fineco will produce its own Non Financial Statement**. Starting from 2017, a dedicated chapter on sustainability was included in our Annual Report on a voluntary basis

# 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, **few companies** have been admitted in Italy, of which among banks: Fineco, UniCredit, Intesa Sanpaolo and BPER

### 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**

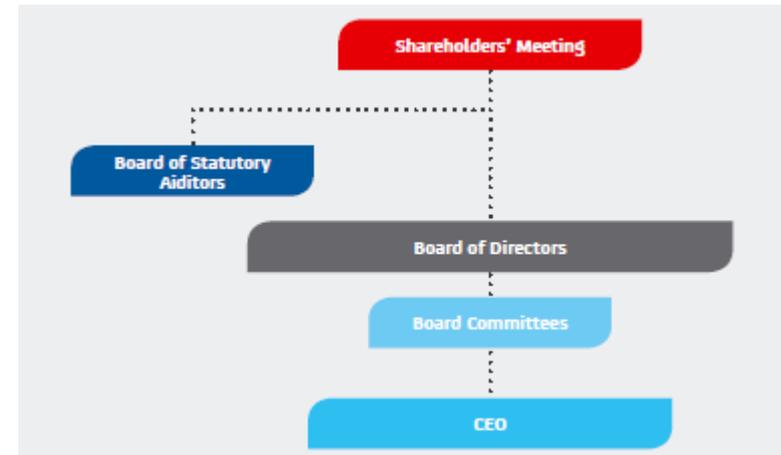


# Promote clear and responsible banking business, contributing to the creation of sustainable long-term value

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

- ✓ **8 Directors** <sup>(2)</sup>, 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

<sup>(1)</sup> In March 1st, 2018 the Board assigned sustainability tasks to the Nomination Committee

<sup>(2)</sup> Manuela D'Onofrio resigned from the FinecoBank's Board of Directors on May 10<sup>th</sup>, 2019, following the exit of FinecoBank from the UniCredit Group. D'Onofrio has been serving as non executive Director

# The Board of Directors in figures

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### Executive and non-executive Directors



1 - Executive and non-independent CEO and GM



6 - Non-executive and independent for TUF and GC



1 - Non executive and independent for TUF



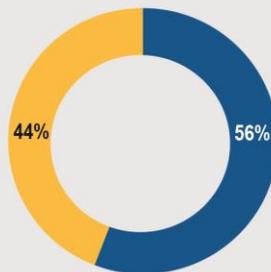
1 - Non executive and non-independent

### Areas of competency of the Board of Directors

Each Director satisfies at least 2 of the required areas of competence

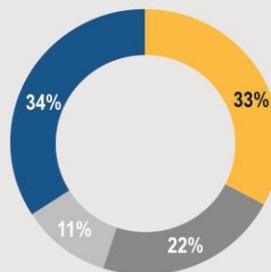


### Breakdown by gender



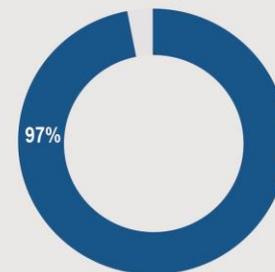
56% men 44% female

### Breakdown by age



45-50 50-55 55-60 60-65

### Average attendance rate at BoD meetings - 2018



Figures as at December 31<sup>st</sup>, 2018. Please note that Manuela D'Onofrio resigned from the FinecoBank's Board of Directors on May 10<sup>th</sup>, 2019, following the exit of FinecoBank from the UniCredit Group. D'Onofrio has been serving as non executive Director

## 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: 24% 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)