



2021 Sustainability Report

CONSOLIDATED
NON-FINANCIAL
STATEMENT

in accordance with the Legislative Decree 254/2016 (NFS)

FINECO



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LETTER FROM THE CEO

Dear Stakeholders,

the current economic context is evolving rapidly, characterised by the acceleration of already known structural trends and, at the same time, by an **increasing focus on environmental and social sustainability**. **Digitisation** is consolidating itself as a road of no return, thanks to undeniable advantages that people are appreciating in various fields, and the **demand for financial advice** is also increasing, given the greater awareness among money savers of the need for better management of their assets.

Established from the outset as a company focused on **long-term sustainable growth**, Fineco operates by pursuing its **corporate purpose**: “to support clients in the responsible management of their savings in order to create the conditions for a more prosperous and fairer society”. We want to do this by following the path of **transparency, simplicity** and **innovation**, offering clients excellent services and products at a **fair price** within the three integrated business areas of banking, investing and brokerage.

The constant look to the future that guides business decisions is also the fundamental aspect of the approach to sustainability. Accordingly, Fineco has drawn up a **set of ESG goals to be pursued by 2023**, divided into six strategic areas: increasing the offering of products and services with added social and environmental value, combating climate change by implementing an Environmental Management System, promoting a responsible supply chain, attention to people, supporting local communities, and strengthening dialogue with socially responsible investors, in addition to participating in initiatives that support our commitment to sustainable development.

The participation in the UN sustainability initiatives, i.e. the Principles of the **Global Compact**, the **Principles for Responsible Banking** and the **Principles for Responsible Investment**, has enabled the Group to increasingly integrate sustainability risks and factors into its business decisions towards all stakeholders. In terms of customer offering, from 2021 the Bank has committed to making ESG-rated funds available and to expanding the range of ESG-rated financial products over time, by continuously identifying and evaluating the services offered by market providers. Fineco Asset Management is committed to integrating ESG criteria into its investment management activities. In the area of Banking & Credit, 2021 saw the consolidation in the market for green mortgages and the offer of tax credits respectively aimed at encouraging the purchase of energy-efficient buildings and improving the environmental performance of buildings undergoing renovation.

Equally important to the Group is the **relationship with its people**, particularly in the context of this pandemic that has brought about a change in the relationship between companies and their staff. In dealing with the Covid-19 pandemic, Fineco’s priority has been, and continues to be, the health and safety of all its employees, personal financial advisors and customers. The Group has adopted a series of initiatives aimed at preventing and containing the potential spread of the virus within its premises, limiting transfers within Italy of all its employees to the absolute minimum, rigorously strengthening hygiene and health measures in its offices and Fineco Centers and extending the use of smart working to all staff. In addition, a series of initiatives have been put in place to facilitate and improve the work and personal life of employees. The award as **Top Employer Italy** shows that we are on the right track.

Also in relation to the environment, the Group has continued its path of sustainability adopting an **Environmental Management System** in line with the requirements of the voluntary EU Eco-Management and Audit Scheme (EMAS), including an **Environmental Programme** for the period 2021-2024, which contains a set of environmental objectives and operational actions, corporate units responsible for their achievement, allocated resources, timeframes and, where possible, quantitative targets.

In this third **Non-Financial Statement**, we want to tell you about our plan and actions taken to align the Bank's commitments to the **17** United Nations **Sustainable Development Goals**.

Fineco is now at the forefront in **continuing** to accompany its stakeholders on the path towards increasing sustainability, which we will all have to take. We are proud to say that **social responsibility** is part of who we are, and has consistently been a cornerstone of our process of creating long-term sustainable value for our current and future stakeholders.

Alessandro Foti
CEO and General Manager



METHODOLOGICAL NOTE

This document is the third **Consolidated Non-Financial Statement** (also “NFS” or “Non-Financial Statement”) of the FinecoBank Group, prepared, in line with the previous year, in accordance with Articles 3 and 4 of Legislative Decree 254/16 and the GRI Standards: Core option, also taking into account the GRI’s “Financial Services Sector Disclosures”. The NFS is a separate report from the consolidated management report and its purpose is to provide a proper representation of the Group’s activities, performance, results, and impacts for 2021 with respect to the main sustainability topics (reporting period: 1 January to 31 December 2021). The process of preparing and publishing the NFS, including the assignment of roles and responsibilities to the corporate units and bodies involved, is implemented in accordance with the procedures set out in the internal Global Operational Regulation “Preparation and publication of the consolidated Non-Financial Statement of the FinecoBank Group”. In addition, from this reporting year onwards, the collection of non-financial information and data is based on a defined flow involving the corporate functions engaged in the preparation of the NFS, via a specifically developed information system.

To ensure the utmost transparency to the market and to stakeholders, this NFS describes the Group’s key policies, management models, and results for 2021 in relation to the topics expressly cited in Legislative Decree 254/16 (environment, society, personnel, human rights, anti-corruption and bribery), as well as the main risks associated with these topics and how they are managed. In this regard, it should be noted that the exit from the UniCredit Group required the updating of all the Group policies, a project that started in 2019 and continued in 2021.

The content of the NFS and the related indicators reported have been defined and selected, taking account of the topics identified in Legislative Decree 254/16, based on the results of the materiality analysis approved by the Board of Directors on 7 July 2020, which identified the main topics considered material for the Group and its stakeholders. The GRI content index, which lists the indicators relevant to the Group based on the materiality analysis, is provided in the appendix to this document. However, while ensuring a fair representation and proper understanding of the Group’s activities, it should be noted that:

- given the operational and regulatory environment in which Fineco operates, the topic of respect for human rights is addressed by the Group in the management of relations with its employees and suppliers, in line with the principles and values set out in the Bank’s Code of Ethics and in the “Commitment to Human Rights” policy;
- given the nature of its operations and its specific business sector, the Group’s activities do not result in significant water consumption, as it is mainly related to sanitation and office cleaning activities. This issue, even though not material despite being referred to in Article 3 paragraph 2 of Legislative Decree 254/16, falls under the Environmental Management System implemented by Fineco in accordance with Regulation No. 1221/2009/EC EMAS and is subject to limited reporting in this NFS.

The reporting scope includes the Parent Company and its subsidiaries consolidated on a line-by-line basis in the 2021 Consolidated Financial Statements of the FinecoBank Group, i.e. FinecoBank S.p.A. and the Irish-based subsidiary Fineco Asset Management DAC. This scope does not include Hi-MTF Sim S.p.A., a company that organises and manages a multilateral trading facility, of which FinecoBank acquired a 20% stake in July 2021, representing an equal share with other shareholders. Moreover, health and safety data refers to Group employees only and not to other non-employee professionals, a category comprised mainly of personal financial advisors, which are freelance/self-employed workers who provide intellectual services in places outside the Bank’s direct control and toward whom FinecoBank does not have the specific health and safety obligations that Legislative Decree 81/2008, as amended by Legislative Decree 106/2009, demands of employers.

Lastly, the methods used for classifying internal and external energy consumption are based on the operational control of the utilities. Any other limitations in the scope of the data are duly noted in the text.

Data and information in this document, unless otherwise specified, refers to the year 2021; where available, prior-year figures are reported for comparison and to enable assessment of changes in performance from year to year. Any restatements of previously published comparative information are clearly indicated.

To provide an accurate view of performance and ensure the reliability of data, estimates have been used as little as possible; where employed, they are duly noted as such and are based on the best available methods.

This Non-Financial Statement was submitted for review and assessment by the Corporate Governance and Environmental and Social Sustainability Committee and the Risk and Related Parties Committee on 23 February 2022 and approved by the Board of Directors of FinecoBank on 15 March 2022.

This document has undergone a limited assurance engagement (as defined by ISAE 3000 Revised) by Deloitte & Touche S.p.A., which in a separate report has certified the information presented in accordance with Article 3, paragraph 10 of Legislative Decree 254/16.

For further information on Fineco's Non-Financial Statement, please contact sostenibilita@fineco.it.

The NFS is available online in the Sustainability section of the Fineco website:

<https://finecobank.com/en/online/sostenibilita/>

01 FINECO



GROUP PROFILE

- 1.1.** HIGHLIGHTS
 - 1.2.** WHO WE ARE, STRATEGY AND BUSINESS MODEL
 - 1.3.** SHAREHOLDERS
 - 1.4.** THE GOVERNANCE SYSTEM
 - 1.5.** THE SYSTEM OF INTERNAL CONTROLS AND RISK MANAGEMENT
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 - 1.7.** EXTERNAL INITIATIVES
 - 1.8.** ESG RATINGS AND INDICES
 - 1.9.** PRIZES AND AWARDS
 - 1.10.** MEMBERSHIP OF ASSOCIATIONS
 - 1.11.** REGULATORS
 - 1.12.** SUPPLY CHAIN MANAGEMENT
- 

1.1. HIGHLIGHTS



1,305
Employees



2,790
Personal Financial Advisors



1,400,353¹
Customers



424
Fineco Center



349.2 mn €
Net profit adjusted²



18.80%
CET1³



10.7 bn €
Total Net sales



107.9 bn €
**Total Financial Asset,
of which:**
29.5 bn € Direct
**55.4 bn € Asset Under
Management**
**23.0 bn € Asset Under
Custody**



54 tons
**Paper saved through
dematerialisation initiatives**



214,560 kWh
**Energy saved through
efficiency measures**



53.8 TJ
Energy consumption



99.6%
**Electricity⁴ from renewable
sources**

¹ The number of customers refers to individuals with a Fineco current account, not to the number of accounts. Individuals with more than one account are considered just once. The number is different from that listed in the consolidated management report (1,428,170) because it does not include customers who own products other than current accounts and the holders of technical accounts for which the corresponding ordinary account is closed.

² Net profit adjusted for non-recurring items recognised in 12M21.

³ Common Equity Tier 1 capital Ratio.

⁴ The figure refers to electricity consumption related to the properties where the utilities are registered to Fineco.

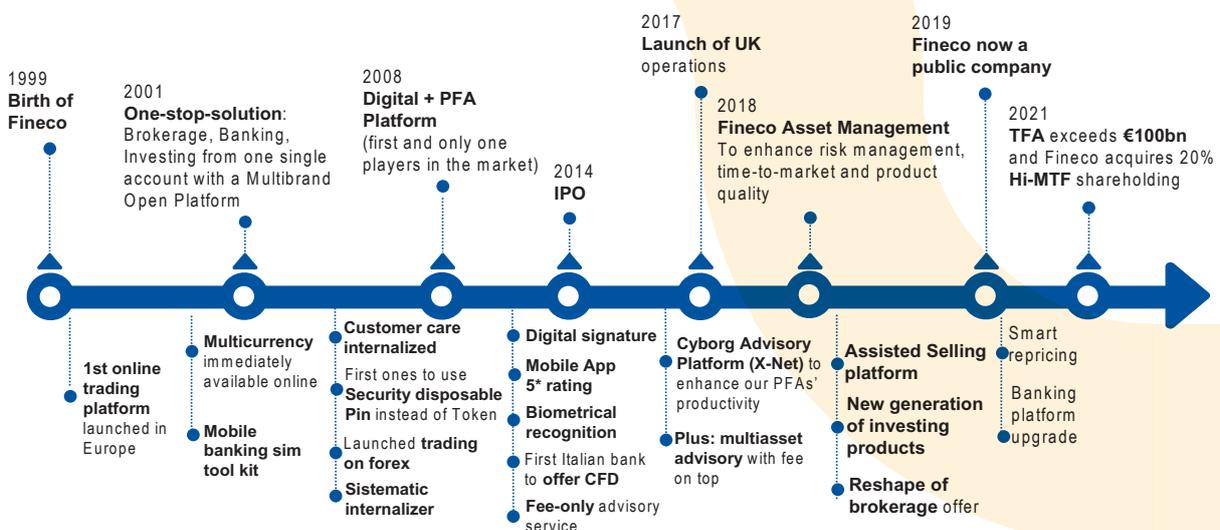
1.2. WHO WE ARE, STRATEGY AND BUSINESS MODEL

FinecoBank was founded in 1999 with the aim of building a new concept of banking, offering an integrated business model combining direct banking and financial advice.

FinecoBank S.p.A. is a joint-stock company listed on the Mercato Telematico Azionario in Italy, organised and managed by Borsa Italiana S.p.A. Since 1 April 2016 it has been included in the **FTSE Mib** stock index and in the **Stoxx Europe 600** index since 2017; it is the Parent Company of the **Fineco-Bank Banking Group** (hereinafter also “Fineco” or “Group”), which includes the Irish-registered asset management company, **Fineco Asset Management Designated Activity Company** (hereinafter also “Fineco Asset Management DAC” or “Fineco AM”).

The subsidiary Fineco Asset Management DAC

has allowed the Group to increase its competitive strength in the **wealth management sector** by insourcing the creation and management of investment funds, specifically designed to better meet customer needs. Its establishment in 2018 made it possible to diversify and improve the Bank’s range of asset management products, as well as offering customers a range of UCITS (Undertakings for Collective Investment in Savings), focusing strategy on strategic asset allocation and the selection of the best international asset managers.



¹On the assumption that the competent institutions will not issue any further measures and/or recommendations prohibiting or in fact inhibiting payment

At national level, as at 31 December 2021 the FinecoBank Group, with 1,305 employees, was operating through its registered office and head office located in Milan and Reggio Emilia respectively⁵ and two Data Processing Centres (DPCs) located in Pero (MI) and Milan. FinecoBank is active in **20**

Italian regions, with a network of **424 Fineco Centers** (offices where advisors carry out their activities) distributed throughout Italy and 2,790 Personal Financial Advisors (PFAs). Outside Italy, the subsidiary Fineco Asset Management DAC is based in Dublin; the Group also has a contact office in London.

DISTRIBUTION OF FINECO CENTERS IN ITALY



FinecoBank is one of the most important FinTech banks in Europe and has one of the largest financial advisory networks, with 2,790 personal financial advisors. It is a leading bank in brokerage in Europe and No. 1 in Italy in terms of number of transactions and equity trading volumes. The Bank's transactional platforms and advisory services are developed **in-house using state-of-the-art proprietary technologies to make customer experience a more fluid and intuitive experience on all channels.**

It is also one of the major players in **Private Banking**

in Italy, with an advisory approach built around the needs of individual customers that includes trustee services, protection and transfer of personal and corporate assets.

Since its foundation, Fineco's mission has been to provide top quality services to customers by focusing on two key concepts: **simple banking** and **continuous innovation**, both applied to the financial instruments offered and services provided.

⁵ Registered Office: 20131 Milan - Piazza Durante, 11; Head Office: 42123 Reggio Emilia - Via Rivoluzione d'Ottobre, 16.

The Group is based on **three** main **pillars: efficiency, innovation and transparency**, that are the key principles of its strategy, leading the way towards sustainable growth.

Long-term **organic and sustainable growth** is the cornerstone of Fineco's development strategy and is achieved through the practical implementation of the strategic pillars. Maintaining and developing its customer base is pursued by continually providing **high-quality** services, contractual **transparency** and **fair prices** in line with the services offered. Operational efficiency is the key to Fineco's competitive advantage thanks to the Bank's solid and extensive **internal IT culture** and its core systems developed

and managed in-house. The Bank has a sound, sustainable and **low risk** capital structure, with highly liquid assets. The attention to **ESG topics** is a part of the corporate governance: Sustainability Committees at board and management level have been set up, together with a dedicated Unit, with the aim of developing and overseeing the sustainability strategy.

The business model is structured into **three areas of integrated activities: Banking & Credit, Investing and Brokerage**. The Bank's services (banking and investment) are delivered in coordinated and integrated way through its network of personal financial advisors and on online and mobile channels.



TRANSPARENCY

Fairness and transparency towards all stakeholders

Integrity and transparency, also through fair pricing, are part of Fineco's DNA. The Group strongly believes that these key elements underpin the creation of long-term sustainable value for all its stakeholders.



EFFICIENCY

IT and operations are the Bank's strong points, supporting business, greater flexibility and lower costs

Efficiency is a distinctive feature of the Bank and characterises every activity: thanks to its proprietary back-end systems, internal development and automated processes, Fineco benefits from a lean and efficient cost structure as well as rapid time-to-market for new products and services.



INNOVATION

Anticipating new needs to simplify customers' lives

Innovation is the path taken by Fineco to achieve its mission. From the outset a pioneer in anticipating clear structural trends generated by the increasing digitisation of customers and consumers, who increasingly choose their banks according to the quality of services offered.

The main products and services by area of activity are shown below:

BANKING & CREDIT

The Group offers its customers a portfolio of products that includes **credit and payment services** associated with a current account. These include current and deposit accounts, all payment services (credit transfers, postal orders, payments by advice, Pago PA and CIBILL payments) including payment cards (debit, credit and prepaid) issued by the Bank, mortgages, credit facilities (both secured and unsecured), personal loans and the transfer of tax credits.

Special services include the possibility of obtaining **SPID credentials**, through the customer identification performed by the Bank when opening an account. The payment services offered by Fineco include the distinctive proprietary **Fineco Pay** service, which allows customers to make micro-payments securely and quickly with just the counterparty's mobile phone number, without needing to know their bank details.

With a view to increasing the competitiveness and profitability of the Bank's offering, in 2021 Fineco continued to grow and evolve its range of Banking, Credit and Payment Card products and services, in line with customer needs.

INVESTING

The Group uses a "guided open architecture" business model to offer customers an extremely wide range of asset management products – comprising collective asset management products, such as units of UCITS and SICAV shares – from carefully selected Italian and international investment firms, as well as pension and insurance products and investment advisory services.

The offer include the asset management activities carried out by the subsidiary Fineco AM, thanks to a vertically integrated business model, product placement and distribution services, mutual funds and SICAV sub-funds managed by 70 leading Italian and international investment firms, insurance and pension products, and investment advisory services through a network of personal financial advisors.

The main services/products offered are:

- **Advice:** personalised advisory services to meet complex customer needs and monitor portfolio performance over time;
- **Plus:** an innovative advisory service whereby personal financial advisors facilitate the achievement of customers' objectives by exploring all available avenues, such as funds, SICAV shares, shares, bonds, ETFs and ETCs, always providing global and detailed investment reports;
- **Asset management services** for *Private* customers;
- **Insurance solutions and pension funds;**
- **Funds** managed by our asset management company **Fineco AM**.

BROKERAGE

The Group provides execution services on behalf of customers, with direct access to major global equity markets and the ability to trade CFDs (on currencies, indices, shares, bonds and commodities), futures, options, bonds, ETFs and certificates.

In this area, the Bank coordinates and oversees the development of trading products and services to be offered on the domestic and international markets according to the needs of the customer base and to changes in the target market and in regulations.

1.3. SHAREHOLDERS

Fineco promotes ongoing, transparent and comprehensive dialogue with the financial community, in line with the company strategy of creating value for shareholders over the long term.

The relationship is managed through periodic meetings and conference calls with institutional shareholders and analysts. The **Investor Relations** team provides accurate, effective and timely communications on the Bank's financial performance, strategy and development, in order to facilitate a fair evaluation of the Bank and build its shareholder base in the long term.

In this context, in December 2021 the Board of Directors of FinecoBank approved the **Policy for the Management of Dialogue with the Financial Community**. This document sets out the rules, responsibilities and processes for the implementation and management of the dialogue, compliance with the principles of transparency of information provided to the financial community, and ensuring that the information is clear, complete, true and not misleading.

The year 2021 was characterised by **particularly intense dialogue with the financial community**, conducted mainly in virtual mode through:

- **34 days** spent attending **international conferences**;
- **12 days** of **roadshows** around the world;
- **1 IT Day** organised by the Bank to talk to the financial community about Fineco's Fintech DNA;

- Individual **one-to-one meetings/group meetings/conference calls and video calls**;
- **4 official conference calls** to present quarterly financial results to the market.

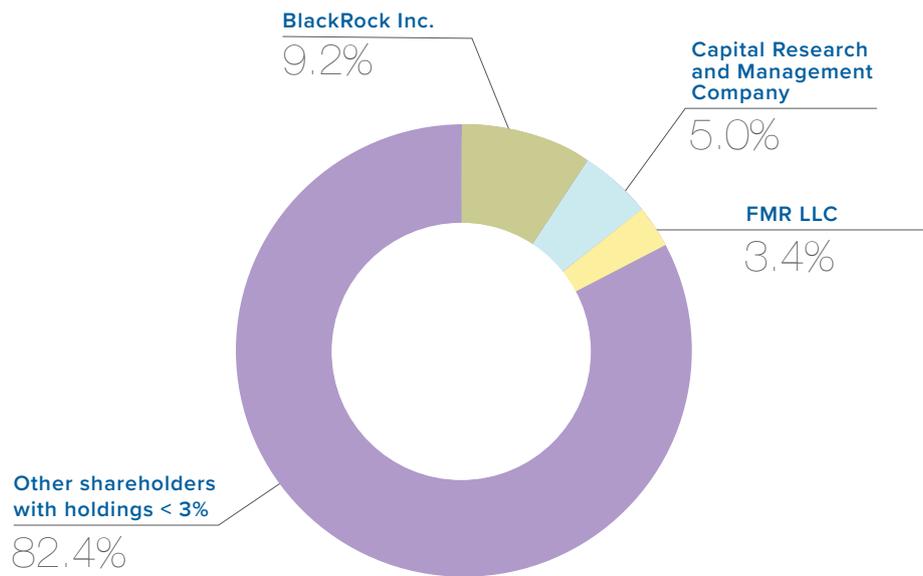
During the year, there were **671 interactions with institutional investors** (in line with 2020), up by 86% compared to the average interactions between 2015 and 2018, before becoming a public company and more than double the amount in 2015, the first year after the listing in July 2014. In relation to **ESG** topics, there were 10 interactions during 2021, in addition to the ad hoc requests received continuously during the year. In this regard, it is worth mentioning that in June 2021 Fineco took part in the Italian Sustainability Week organised by Borsa Italiana.

During the year, Fineco saw an increase in the shareholdings of major institutional investors: at the end of 2021 the largest shareholders are **BlackRock** (9.2%), **Capital Research and Management Company** (5.0%) and **FMR** (3.4%).

Fineco's fully subscribed and paid-up share capital amounts to €201,266,924.10, divided into 609,899,770 ordinary shares with a nominal value of €0.33 each, while the capitalisation at the end of the year was €9,414 million.

The shareholder structure of Fineco in 2021 was broken down as follows:

SHAREHOLDER BREAKDOWN



1.4. THE GOVERNANCE SYSTEM

FinecoBank S.p.A.'s Corporate Governance system promotes clear and responsible banking, contributing to the creation of sustainable long-term value.

In particular, beyond compliance with current laws and regulations, the system takes into account the recommendations contained in the **Corporate Governance Code for Listed Companies** which indicates the fundamental standards for good governance, based on transparency, responsibility and a long-term perspective, also taking into account the Company's sustainable success. In this regard, at the time of the adoption of the new Corporate Governance Code (which replaced the previous Corporate Governance Code for listed companies), the Board of Directors resolved to update the "Regulation on FinecoBank's Corporate Bodies" to implement the main regulatory changes and align the duties and responsibilities of the corporate bodies to the principle of pursuing sustainable success⁶.

With this in mind, FinecoBank adopts a traditional administration and control system, based on two bodies appointed by the Shareholders' Meeting: the **Board of Directors** ("BoD" or "Board"), which exercises the powers of strategic supervision, and the **Board of Statutory Auditors**, which has auditing functions. The Chief Executive Officer & General Manager performs the management function as defined by the Supervisory Provisions. Accounts are audited by an external auditing company, in compliance with applicable laws.

With the aim of ensuring that the Board's skills are

continuously updated, also in 2021 Fineco has implemented a training plan for the members of the administrative body, envisaging 13 sessions dedicated to the topics considered most relevant, including the impact of technology and cybersecurity on FinecoBank's business model, Regulation (EU) 2019/2088 on sustainability disclosures in the financial services sector, human resources management and the transformation of the banking business.

In order to promote an efficient system of information and consultation that allows the Board to better evaluate certain matters under its jurisdiction, in accordance with the Supervisory Provisions issued by the relevant Authorities and the recommendations of the Corporate Governance Code, four committees are also established within the Board with investigative, proposal, advisory and coordination functions:

- **Corporate Governance and Environmental and Social Sustainability Committee;**
- **Appointments Committee;**
- **Remuneration Committee;**
- **Risk and Related Parties Committee.**

During the year, these committees met respectively as follows: 11 meetings of the Corporate Governance and Environmental and Social Sustainability Committee, 16 meetings of the Appointments Committee, 11 meetings of the Remuneration Committee and 23 meetings of the Risk and Related Parties Committee.

⁶ See the "Regulation on FinecoBank's Corporate Bodies" available on the Bank's website www.finecobank.com in the "Governance/Company Boards" section. For more details on the implementation of the changes introduced by the new Corporate Governance Code, see the "Report on the Corporate Governance and Ownership Structures" for the year 2021, published on the website www.finecobank.com in the "Governance/Report on Corporate Governance" section.

The governance structure of FinecoBank as at 31 December 2021



* In accordance with the Supervisory Regulations for Banks, the Internal Audit function operates independently from other company functions and reports its activities and their results quarterly to the Board of Directors (also via the Risk and Related Parties Committee) and the Board of Statutory Auditors.

SUSTAINABILITY GOVERNANCE

The **Corporate Governance and Environmental and Social Sustainability** Board-level Committee, established in 2020 with exclusive responsibility for sustainability matters, oversees FinecoBank's business operations and the interactions with all its stakeholders in relation to sustainability, providing support to the Board of Directors. Specifically, it oversees the evolution of the Group's sustainability strategy, assesses sustainability-related risks, and examines and, where necessary, draws up proposals concerning plans, objectives, rules and corporate procedures on social and environmental issues. It also provides support to the Board of Directors for the approval of policies aimed at promoting diversity and inclusiveness, in addition to monitoring the positioning of the Company and the Group with the financial markets in relation to sustainability and stakeholder relations, reviewing and issuing opinions on the policy for managing dialogue with shareholders in general, and reviewing the Non-Financial Statement (NFS) and the environmental statement pursuant to the EMAS Regulation no. 1221/2009 prior to their submission to the Board of Directors for approval. Finally, the Committee has been assigned specific duties in relation to corporate governance⁷.

In support of the Corporate Governance and Environmental and Social Sustainability Committee, a **Sustainability Management Committee** has also been in place since 2019, comprised of FinecoBank managers. The Committee has the main task of drawing up a proposal for the Bank's sustainability strategy (company plans, rules and procedures in relation to social and environmental issues) and the related objectives to be achieved, to be examined by the Corporate Governance and Environmental and Social Sustainability Committee and where necessary approved by the Board of Directors.

Lastly, since July 2019, Fineco has had a **Sustainability Office**, a technical unit reporting to the Chief Financial Officer (CFO), tasked with supporting the CFO and the Sustainability Management Committee in managing sustainability within Fineco, including the development and monitoring of the ESG strategy (corporate plans, rules and procedures on social and environmental issues) and in the drafting and subsequent approval of the Consolidated Non-Financial Statement by the competent Corporate Bodies.

The major change in 2021 was the updating of the **compliance model** for sustainability issues. Specifically, the regulations in this area have been classified into three macro-areas corresponding to non-financial reporting, other sustainability obligations and environmental protection. On the basis of the regulatory framework identified, one or more units have been selected for each macro-area responsible for carrying out compliance monitoring:

⁷ The duties of the Corporate Governance and Environmental and Social Sustainability Committee are set out in the "Regulation on FinecoBank's Corporate Bodies" available on the Bank's website www.finecobank.it in the "Governance/Company Boards" section.

MACRO-AREA	CORPORATE UNIT DESIGNATED FOR ENSURING COMPLIANCE
Non-financial disclosure	Sustainability Office
Other sustainability-related obligations	Chief Risk Officer Department, for ESG risk management regulations
	Compliance Department, for regulations on investment services, credit, remuneration and incentive schemes
Environmental protection	Chief People Officer Department, for the regulations on mobility management
	Real Estate Unit, for the regulations on responsible consumption, waste disposal and pollution reduction at buildings used by the Bank and by the personal financial advisors
	Chief Financial Officer, as Management Representative pursuant to the EMAS Regulation, and Sustainability Office reporting to the CFO, for the Environmental Management System regulation.

Each of the designated units is therefore responsible for overseeing and monitoring external regulations, analysing new requirements and identifying actions to be implemented with the engagement of the units concerned, defining and carrying out level 2 controls and identifying any improvement actions where necessary, and lastly producing the appropriate periodic information reports on the level 2 controls for the Compliance Department, which reports in turn to the corporate bodies. The Sustainability Office has also been assigned a broader coordination role in this area.

Composition of the Board, Committees and Supervisory Body

The **Board of Directors** was appointed at the Shareholders' Meeting of 28 April 2020 and its term of office will end at the Shareholders' Meeting for the approval of the annual financial statements as at 31 December 2022.

The members of the Board of Directors (and of the Board of Statutory Auditors) are appointed by the Shareholders' Meeting according to the **list voting mechanism**. This voting system entails lists of

competing candidates and ensures the appointment of representatives of minority shareholders⁸.

The current Board of Directors is made up of **11 Directors** in accordance with the provisions of the Articles of Association, 55% of whom are women⁹, making FinecoBank the first company in the FTSE Mib with a predominantly female Board.

The composition of the Board of Directors in office as at 31 December 2021 quantitatively and quali-

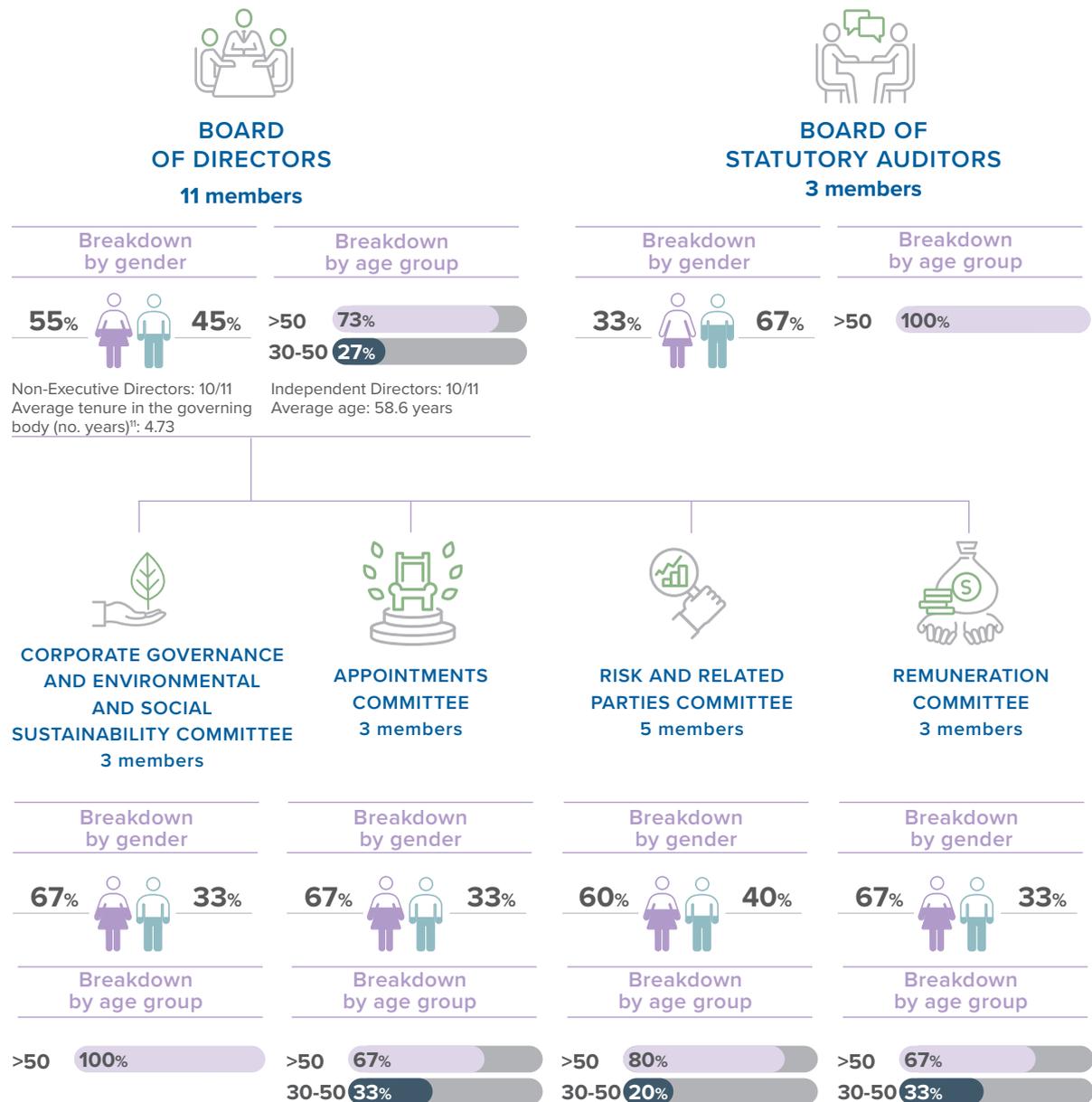
⁸ Better representation of minority shareholders has also been ensured by the new articles of association provisions submitted to the Extraordinary Shareholders' Meeting of 18 February 2020 and approved by it. For further details, see the wording of the Articles of Association published on the Bank's website (www.finecobank.com, "Governance/ Documents" section).

⁹ During 2021, Mr. Andrea Zappia was replaced by Ms. Alessandra Pasini as a non-executive Director of the Bank, due to arising professional commitments. For more information on the process of selection and appointment of Ms. Pasini as a Director of the Bank, see the 2021 Report on the corporate governance and ownership structures.

tatively corresponds to the theoretical profile (the “Qualitative and Quantitative Profile of the Board” identified in the document “Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A.”) approved by the Board on 25 February 2020 upon reappointment of the corporate bodies, and subsequently updated on 16 March 2021 upon the appointment of Ms. Pasini to take into account the most recent board review, the enactment of Decree no. 169 of 23 November 2020 of the Min-

istry of Economy and Finance, and the Bank’s Fit & Proper Policy¹⁰, including compliance with the limits on the number of offices held and the time availability required to fulfil the role at FinecoBank.

In addition, the Board of Directors meets the requirements of **integrity**, **experience** and **independence** (including suitability) set forth in the Articles of Association and regulations applicable to the Board of Directors in office at the date of this document.



¹⁰ In accordance with the sector’s laws and regulations, the Board of Directors of FinecoBank defines its qualitative and quantitative composition as optimal for the effective performance of the tasks and responsibilities entrusted to it by law, by the Supervisory provisions for banks and by the Articles of Association. The Board also articulates the requirements that must be met by directors of FinecoBank, in addition to those already stated by current laws and regulations. Moreover, the Board asserts its own position regarding the maximum number of roles that directors might hold in other companies. Prior to its appointment, the Board informs the shareholders of its most optimal composition, so that the required skills can be taken into account when choosing a candidate. In this regard, see the document “Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A.” published on the Company’s website.

¹¹ The number of years is calculated from the date of first appointment to the Board of Directors until the date of the Shareholders’ Meeting called to approve the annual financial statements as at 31 December 2021.

Skills of the Board of Directors



For information and details on the structure and functioning of the corporate bodies, the governance practices applied, and the activities of the board committees, please refer to the **“Report on the cor-**

porate governance and ownership structures”, as well as to the **“Regulation on FinecoBank’s corporate bodies”** both available on the company website.

Policies on the diversity of the governing body

The composition of the Board must include a combination of abilities and managerial skills, in compliance with the requirements of integrity, independence, experience and gender as stated by current laws, regulations and the Articles of Association, as well as with the recommendations of the Corporate Governance Code. The number of board members must be such that the Board includes:

- the different components of its social base;
- the necessary skills for competent internal debate;
- a sufficient number of independent members in accordance with the Corporate Governance Code;
- adequate gender representation, in addition to reflecting an appropriate degree of diversification in terms of skills, experience, age and international scope, which will be defined upon reappointment of the body.

The composition of the Board is designed to ensure a balanced combination of profiles and experience and to promote diversity requirements in terms of specific skills additional to those in the banking industry and the distribution of seniority of the Directors, also in terms of age. Compliance with gender diversity policies as set forth in the current legislation is also reflected in the Articles of Association: the composition of the Bank’s Board of Directors in office as at 31 December 2021 not only complied with the gender balance required by the applicable legislation¹² but in March 2021 the Bank also became the first company on the FTSE Mib with a predominantly female Board, with women representing 55% of its members.

The Board of Statutory Auditors, at the Shareholders’ Meeting of 28 April 2021, also defined the optimal theoretical profile of its members, preparing a specific document “Qualitative and Quantitative Composition of the Board of Statutory Auditors of FinecoBank S.p.A.”, approved by the body on 15 March 2021¹³. With regard to gender diversity in particular, the provisions of Article 144-undecies.1 (Gender Balance) of the Issuers’ Regulation¹⁴.

¹² It should be noted that following the amendments made, *inter alia*, by law no. 160/2019 (Budget Law) to Article 147-ter, paragraph 1-ter of the Consolidated Finance Act, at least two fifths of the elected directors of the supervisory body should belong to the least represented gender. This will come into force from the first renewal of the Board following the new regulatory provisions.

¹³ The Board of Statutory Auditors had already defined its optimal composition on a voluntary basis upon reappointment of the body approved by the Shareholders’ Meeting of 28 April 2020.

¹⁴ Resolution no. 21359 of 13 May 2020 amended Article 144-undecies.1 of the Issuers’ Regulation, paragraph 3 of which, in its current wording, establishes that “Where the application of gender division criteria does not result in a whole number of members of the administrative or control body belonging to the least represented gender, this number is rounded up, except for the corporate bodies made up of three members, for which the rounding takes place by default to the lower unit”.

1.5. THE SYSTEM OF INTERNAL CONTROLS AND RISK MANAGEMENT

Fineco has always promoted a solid risk culture based on shared values and consistent behaviour, which are necessary to ensure long-term sustainable profitability.

Specifically, the FinecoBank Group has adopted an effective and efficient unitary **Internal Control System** (ICS), with the aim of ensuring that the company's activities are based on sound and prudent management practices that guarantee capital solidity and company earnings, whilst also ensuring informed risk-taking and operating conduct based on fairness and compliance with internal and external regulations. This System, which includes level 1, 2 and 3 controls¹⁵, also provides extensive support for strategic decisions and control over objectives, both financial and related to risk appetite, to promote stability and transparency and protect the interests of stakeholders. Specifically, the ICS consists of the set of rules, functions, structures, resources, processes and procedures that aim to ensure the achievement of the following objectives:

- containment of risk within the limits indicated in the Group Risk Appetite Framework;
- verifying the implementation of the Bank's strategies and policies;
- protecting the value of assets and preventing losses;
- ensuring the effectiveness and efficiency of corporate processes;
- ensuring the security and reliability of the Bank information and ICT procedures;
- preventing the risk of the Group being involved, even involuntarily, in illegal activities (with particular reference to money laundering, usury and financing terrorism);
- ensuring transactions comply with the law, supervisory regulations and internal policies, procedures and regulations.

The Internal Control System is pervasive across the Group's organisational structure and involves the Corporate Bodies, the corporate control functions and the line structures. In order to ensure full integration of the ICS into the Group, as well as to allow maximum alignment between risk and profitability, Fineco sees the **Risk Appetite Framework (RAF)** as the instrument to monitor the risk profile that the Group wants to adopt in the implementation of its business strategies and in the pursuit of sustainable profitability in conjunction with solid business growth. The RAF uses a set of risk limits and metrics to establish risk objectives, tolerance thresholds and operating limits that the Group intends to comply with as part of the pursuit of its strategic guidelines. In line with the "Risk Appetite Framework" Global Policy, the RAF is defined through the Risk Appetite Statement, which qualitatively defines FinecoBank's positioning in terms of strategic objectives and related risk profiles, and the Risk Dashboard, composed of a set of quantitative indicators.

In terms of sustainability, one of the key strategic objectives set out in the statement is the Bank's aim "to accompany its strategy, focused on stable and organic growth, with the progressive integration of environmental and social sustainability principles (ESG) into its business and operational management choices". In line with the statement, since 2020 the Group has been monitoring ESG risk indicators in its Risk Dashboard. One of the indicators is designed to ensure that a part of the investments is made in ESG bonds, which are designed to support projects or activities that promote social and environmental

¹⁵ For more details on the nature of the level 1, 2 and 3 controls, see the section "Risk management objectives and policies" of the document FinecoBank Group Public Disclosure - Pillar III as at 31 December 2021, available in the *Corporate/Investors* section of the Fineco website.

sustainability. Another indicator relates to climate and environmental risks (physical risk) and enables monitoring of the geographical concentration of real estate collateral received to secure mortgage loans in areas with high seismic and hydrogeological risk. In 2021, the RAF was updated to introduce new elements relating to conduct risk and banking transparency, aimed at strengthening the controls in this area. These indicators have also been accompanied by an enhanced escalation process, which is triggered when certain risk thresholds are reached, and involves the rapid engagement of the operational units that have generated the breach, up to and including the involvement of the Head of Department and of the Internal Control Business Committee. The process has been formalised in the CRO Department's manuals and processes.

The RAF metrics are regularly **monitored and reported**, at least quarterly: the monitoring is carried out by the Chief Risk Officer Department and the Chief Financial Officer Department and reported to the Corporate Bodies.

In this regard, the CRO Department supports the Board of Directors in defining a proposed risk appetite for the Group. Aligning the **incentive schemes** for top management and the network of personal financial advisors with the RAF encourages a conservative approach to risk-taking and the maintenance of adequate risk levels.

The risk assessment is also carried out whenever a new product is introduced. The **New Product Process** involves in-depth analysis by all the Bank's functions for their respective areas of responsibility and requires unanimous approval by the Product Committee (of which the Chief Risk Officer and the Compliance Officer are permanent members).

The CRO Department, as the risk control function, is responsible for identifying, quantifying and mitigating the Group's risks in support of the strategic planning. In this context, in addition to the above-mentioned enhancements made to the risk appetite statement and dashboard, the CRO Department, as part of the 2021 Risk Inventory, prepared a special focus on ESG risks and reputational risks. Given that these are cross-cutting risks, the analysis focused on the impact of environmental, social, reputation-

al and governance risk factors on the traditional risk categories already managed and monitored by the Group. The assessment of ESG risks, in line with the priorities highlighted by the regulators, focused on **climate and environmental risks**, and did not identify a high level of those risks within the Group's risk profile. In particular, in view of FinecoBank's business model, focused on the provision of banking and financial services to retail customers, the risk categories impacted by ESG factors were **credit risk** (mortgage loans and strategic investments mainly with sovereign counterparties) which, albeit marginally, could be negatively affected by physical and transition events, and **business risk** which could be impacted, in the long term, by changes in customer preferences as part of the transition towards a low carbon economy. To mitigate the exposures to ESG risks, the level 2 controls on credit risks include a series of monitoring activities aimed at controlling the areas considered most at risk.

As part of the monitoring of **country risk**, a number of indicators (Worldwide Governance Indicators) have been introduced, developed by a group of researchers in collaboration with the World Bank, aimed at summarising the effectiveness of policies implemented by government authorities in different countries. To accompany these indicators, a specific environmental risk indicator, ND-Gain,¹⁶ has been introduced, which was developed by a group of researchers at the US University of Notre Dame.

With regard to **physical risks** related to climate change, on a quarterly basis the Group monitors the concentration of real estate collateral for mortgage loans in areas of high climate and environmental risk. The analysis takes into account the landslide, seismic and hydrogeological risks based on the national risk classification produced by the Civil Protection Department. The local areas subject to these risks may be affected by natural phenomena with consequent damage to buildings and a reduction in the collateral value for the Bank.

Another area of monitoring introduced in 2021 is aimed at identifying **business crisis situations** in companies that provide salaries to a large number of Fineco account holders with outstanding personal loans or mortgages. Specifically, for the 10 compa-

¹⁶ This indicator considers two fundamental parameters: the level of a country's vulnerability to climate change and its positioning in terms of economic, social and governance readiness to cope with climate change. The two indicators are compared to determine a country's exposure to climate and environmental risks.

panies that pay salaries to the largest number of Fineco current accounts held by borrower customers, news monitoring has been implemented to identify any business difficulties that could lead to delays or suspensions in the payment of salaries or in collective redundancies, resulting in difficulties for Fineco's borrower customers to make repayments. In addition to checking the news about these companies, the Bank monitors the exposure and management of the ESG risks by analysing the ratings provided by the ESG Risk Rating agency Sustainalytics.

Within the **ICAAP process** (Internal Capital Adequacy Assessment Process), stress tests are carried out that consider both physical risk (deterioration of real estate collateral for mortgage loans) and transition risk (shift in customer preferences towards more ESG choices).

To manage the **operational risks** related to human error, deficiencies in internal procedures and incorrect execution of processes, the parent company's CRO Department and the local risk control functions collect and classify loss data from the various business areas and create a system of operational risk indicators. Both the loss data and any anomalous values recorded by the indicators are used for the purposes of management and continuous internal improvement of operations and are brought to the attention of the Board of Directors of the Parent Company through the Quarterly report on Group risk exposures. Specifically, the Group maintains a series of Key Risk Indicators divided into different control areas: Payment Cards, Compliance, HR, Legal, Operations Securities, Payment Systems, Complaints, Network Controls, IT Systems, Security, Administration, Audit, Sustainability/ESG, Outsourcing and Reputational Risk. Some of these indicators are defined as relevant for ESG purposes, because if their value is abnormal they may signal specific risks concerning relations with customers (e.g. complaints received from customers, availability or security issues in IT systems), with staff (e.g. turnover) or with the regulators, with repercussions for the sustainability of the business. In 2021, new indicators were introduced in the areas of anti-money laundering, gender equality and transition climate risk, related to the Bank's offering of investment products. This level 2 monitoring

accompanies the operational management by the designated level 1 functions.

Lastly, a series of other **reputational indicators** have been adopted, including indicators that measure the level of customer satisfaction following an interaction with the Bank's customer service, broken down according to type of customer request. These indicators are derived from both internal and external sources through surveys conducted by specialist companies.

The FinecoBank Group is committed to consolidating and standardising a common **risk culture** at all levels of the organisation, to ensure sustainable earnings over the long term. To this end, the Group promotes **training** of transversal skills aimed at acquiring an overall, integrated vision of the control activities, as well as the participation of the employees and managers of the above-mentioned functions in the Risk and Related Parties Committee.

In addition to this, as part of the design and implementation process, on a voluntary basis, of the Environmental Management System compliant with the requirements of EMAS regulation no. 1221/2009/EC, during 2021 the initial environmental analysis has been finalized, a tool that allowed to map the needs and expectations of stakeholders in the environmental field, detecting their respective risks for FinecoBank, as well as defining a risk classification generated and suffered by the organization connected to the most significant environmental aspects on the basis of company activities. Among the stakeholders' expectations highlighted as most important by the analysis there are, for example, the compliance with the applicable legislation, the principles and rules of conduct enshrined in the Code of Ethics and the Organization and Management Model pursuant to Legislative Decree 231/2001 (including environmental protection), the strengthening of Fineco's ability to measure its environmental performance, to report on its environmental performance and to set targets for improvement, the satisfaction of the requests of Clients who are more attentive to ESG issues, the awareness of human capital in the environmental field and the need to ensure an open dialogue with stakeholders. The risks and opportu-

nities deriving from these expectations are mainly of a reputational, strategic and compliance nature, and are managed through the activation of specific activities aimed at mitigating them, such as, for example, the execution of internal audits on environmental legislative compliance, the drafting and subsequent publication of the Environmental Declaration in accordance with the EMAS Regulation, including the

goals and targets of the Environmental Programme 2021-2024, and the intensification of information and training flows in the environmental field with the main stakeholders.

For a full description of the risks and uncertainties that the Group faces in the current market situation, see Part E - Information on risks and related hedging policies in the 2021 Annual Report and Accounts.

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Legislative Decree 254/2016: Social		
<p>Socio-economic compliance</p> <p>Protection of privacy</p>	<p>Internal fraud: actions carried out with the intent to defraud, misappropriate assets, violate laws or company policies involving at least one Company employee or similar.</p> <p>Internal fraud takes on particular social and reputational importance when perpetrated to the detriment of customers</p>	<ul style="list-style-type: none"> • Risk is overseen by various functions of the Parent Company (Network Control Department, Risk Management, Compliance, Information Security & Fraud Management, Internal Audit etc.) by means of specific monitoring activities • Fraud monitoring in accordance with EU and national legislation, to ensure the protection of information systems from incidents that may affect the rights of the persons concerned • The level 1 controls and mitigation measures are described in the “PFA network control system” Local Policy¹⁷, while the level 2 is governed by the “Monitoring and control of operational and reputational risks” Global Policy • The results of the controls carried out by the various organisational units are centralised within the Network Controls Unit, which examines and analyses the individual cases, to enable the Bank to promptly take the most appropriate disciplinary action against the PFAs based on the severity of the misconduct.
<p>Protection of privacy</p>	<p>Risk of lack of protection of personal data and privacy</p>	<ul style="list-style-type: none"> • Global Policy on Privacy • Establishment of a Data Protection Officer (DPO) to manage the issue and the launch of new projects, including assessing their feasibility and the way they are applied • Enforcement of the relevant legislation, with the support of the DPO • Technical and organisational security measures to prevent data loss and unlawful use of data

¹⁷ The “PFA Network Control System” Policy contains the control criteria and methods and the information flows between the various units involved in ensuring efficient management and prevention of conduct by PFAs that does not comply with the applicable internal and external regulations.

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Correctness and transparency in the sale of products and services; Socio-economic compliance	Compliance risk: non-compliance with obligations to customers (providing products that do not comply with their risk profile) and risk of lack of transparency in marketing communications	<ul style="list-style-type: none"> The controls and mitigation measures are described in the “PFA network control system” Local Policy Remote and on-site audits of the sales network by Compliance, Audit, Monitoring and Network Services Group guidelines for the preparation of marketing and advertising initiatives Risk also controlled by the CRO Department as part of the monitoring of operational and reputational risks. This involves monitoring the KRIs on conduct risk and transparency.
Innovation and Customer Experience	<p>Risk of not being able to maintain the standards of quality/innovation already provided to customers with repercussions for the level of customer service</p> <p><i>This is considered to be an emerging risk, with a long-term impact of 3 to 5 years, as a result of the process of digitisation in the banking industry</i></p>	<ul style="list-style-type: none"> Business model that has always been underpinned by principles of innovation, transparency and simplicity, with a focus on customer satisfaction Ongoing development and updating of digital platforms and services Investments aimed at ensuring business continuity and full maintenance of service levels, also in emergency situations Thorough and proactive handling of complaints Monitoring of indicators measuring customer satisfaction/dissatisfaction
Innovation and Customer Experience	Operational interruption and system failures: vulnerabilities and risks related to the use of information and communication technology can also have significant social consequences. In the event of an interruption of operations, customers may, for example, be unable to access their finances	<ul style="list-style-type: none"> “Operational Risk Management Framework for Cyber Risk Assessment” Global Policy At level 1, the risk is managed by the ICT & Security Office, which is responsible for adopting and managing policies and technical and organisational measures to guarantee the security of company information and assets, in order to avoid loss/damage of data At level 2, the risk is managed by the CRO Department through the monitoring of RAF indicators, the level 2 controls (KRI), the collection of loss data and the annual ICT risk assessment, also performed through scenario analysis Preparation of the annual summary report on the IT risk situation
Information & Cyber security	External fraud: actions committed by third parties with the intention of misappropriating company or customer assets and infringing regulations or laws	<ul style="list-style-type: none"> At level 1, this risk is controlled by the Information Security & Fraud Management team with regard to the security of customer transactions through intelligence gathering and prevention that ensure safeguards, in accordance with industry regulations, to meet strict security requirements and provide an appropriate level of protection for the risks involved At level 2, this risk is managed by the Risk Management function through the monitoring of RAF indicators, the second level controls (KRI), the collection of loss data and the annual ICT risk assessment, also performed through scenario analysis

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Information & Cyber security	<p>ICT and security risk</p> <p><i>This is considered to be an emerging risk, with a long-term impact of 3 to 5 years, as a result of the increasing use of digital channels and the number and sophistication of cyber incidents targeting the banking system¹⁸</i></p>	<ul style="list-style-type: none"> At level 1, the risk is managed by the ICT & Security Office, which is responsible for adopting and managing policies and technical and organisational measures to guarantee the security of company information and assets, in order to avoid loss/damage of data At level 2, the risk is managed by the Risk Management function through the monitoring RAF indicators, the level 2 controls (KRI), the collection of loss data and the annual ICT risk assessment, also performed through scenario analysis
Responsible Products and Investments	<p>Market risk related to lack of preparation or delay in understanding changes in customers' preferences for products and investments that are socially and environmentally responsible</p> <p><i>This is considered to be an emerging risk, with a long-term impact of 3 to 5 years, as a result of the increasing customer focus on social and environmental issues.</i></p>	<ul style="list-style-type: none"> Target included in the 2020-2023 Multi-Year Plan which includes training on ESG issues for personal financial advisors Assessment of market risks and setting objectives for their management within the Environmental Management System finalised in 2021
Socio-economic, environmental and tax compliance	<p>Supply Chain: reputational risk from selecting suppliers involved in unlawful actions or affected by social responsibility disputes</p>	<ul style="list-style-type: none"> Evaluation of the required documentation during the selection process, such as: regulations concerning social security, health and safety at work, any ISO 9001 and ISO 14001 certifications, self-declaration on the exploitation of labour (i.e. Illegal Recruitment and Labour Abuse) Evaluation of the answers provided to the ESG self-assessment questionnaire by the supplier at the start of the collaboration

¹⁸ Source: ECB newsletter "IT and cyber risk: a constant challenge (europa.eu)".

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Socio-economic, environmental and tax compliance	Risk of error in tax compliance: operational risk, which may arise when carrying out the activities within the business processes	<ul style="list-style-type: none"> • Adherence, since 2016, to the optional so-called Cooperative Compliance regime pursuant to Legislative Decree no. 128/2015, which provides for the adoption of an effective tax risk management and control system as a condition for both eligibility and permanence (annual verification with feedback in the foreseen Closure Note). • Risk mapped in the tax risk management and control system (TCF - Tax Control Framework) • When an operational error emerges, Fineco will, where possible, promptly regularise the violation and note the deficiency identified in the internal control system reporting • The Head of Tax Compliance shares with the Revenue Agency the identification and correction of operational errors relating to the previous year, according to the terms and procedures agreed from time to time
Socio-economic, environmental and tax compliance	Tax fraud risk: risk of Fineco incurring tax violations as a result of criminal conduct, also by third parties	<ul style="list-style-type: none"> • Adherence, since 2016, to the optional so-called Cooperative Compliance regime pursuant to Legislative Decree no. 128/2015, which provides for the adoption of an effective tax risk management and control system as a condition for both eligibility and permanence (annual verification with feedback in the foreseen Closure Note). • The tax fraud risk is monitored through the monitoring, analysis and assessment of compliance and interpretation risk, i.e., through interrelationships with the bank's internal processes (protocols of the model pursuant to Legislative Decree no. 231/2001). • Cases constituting a risk of tax fraud arising from the actions of third parties are always reported to the Revenue Agency. Company departments which receive formal notification of acts of the judicial authorities must immediately contact the tax function for analysis of the relevant tax profiles.

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Socio-economic, environmental and tax compliance	Tax interpretation risk: tax issues of a purely interpretative/assessment nature that can be understood differently by the Bank and the tax authorities	<ul style="list-style-type: none"> • Specific escalation procedure on tax risk analysis and assessment and dialogue with the Revenue Agency. The procedure, validated by the Revenue Agency as part of the optional so-called Collaborative Compliance regime pursuant to Legislative Decree no. 128/2015, governs the roles, responsibilities and procedures for (i) detection of the existence of any interpretative risk, (ii) qualitative and quantitative assessment of the interpretative risk (iii) activation of the internal authorisation escalation procedure (iv) any dialogue with the Revenue Agency. In the case of an interpretative risk with a "Delta Tax" higher than the predefined threshold with the Revenue Agency, there is an obligation of prior disclosure with the Agency.
Legislative Decree 254/2016: Social/Human Rights		
Responsible Products and Investments	Financing of and investment in unethical activities, activities that do not comply with standards and practices relating to Human Rights, working conditions and the environment	<ul style="list-style-type: none"> • In its lending activities, the Group adheres to a set of ethical values that incorporate environmental, social and governance (ESG) considerations. These principles, which were recently incorporated into the Commercial Lending Policy, can be summarised as follows: <ul style="list-style-type: none"> ◦ the Group does not, under any circumstances, grant credit to companies operating in sectors with a high social/reputational impact (e.g. defence and armaments sector) or environmental impact (dams, mining, coal) ◦ the Group is committed to offering its credit products in a responsible manner, assessing the specific circumstances of individual customers and ensuring that the criteria for granting credit do not lead to undue hardship and over-indebtedness of customers and their families
Legislative Decree 254/2016: Personnel		
Protection of health and safety at work	Accident risk for personal financial advisors operating within the Fineco Centers and customers who visit them, as well as all external staff	<ul style="list-style-type: none"> • Inspections in the Company Offices and the Fineco Centers to verify that the premises and equipment comply with current health and safety regulations • Training for Fineco Center managers on how to run the centres in compliance with current health and safety regulations • Preparation of Interference Risk Assessment Documents in collaboration with external suppliers

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Protection of health and safety at work	Practices that do not comply with occupational health and safety laws or conventions, resulting in losses and harm to reputation	<ul style="list-style-type: none"> • Circular 131/2019 defining the roles and responsibilities of FinecoBank's units and company roles in applying and meeting Legislative Decree 81/2008 as amended • Controls, required by Legislative Decree 81/2008 as amended, twice a year at bank premises and periodically at Fineco Centers
Human Resources Management Policies (Recruiting, Talent Acquisition, Development, Engagement)	Lack of applications, lack of attractiveness to the talents on the market, turnover with relative loss of key personnel and skills	<ul style="list-style-type: none"> • Organisational unit dedicated to Personnel Management and Development • Processes and global policies issued by the HR function dedicated to personnel management • Partnerships with the main Italian universities and participation in targeted events, presence and dedicated campaigns on the main social networks • Evaluation system consistent with a structured and transparent compensation system • Remuneration policy and management for the total reward (including benefits and welfare offer) for all staff • Strategies and employer branding campaigns • Definition of pipeline leadership and succession plans
Policies for Human Resources Management (Engagement and working environment)	Decrease in employee engagement level with consequent impact on performance	<ul style="list-style-type: none"> • Listening initiatives on specific topics • Engagement and reputation survey • Using the company intranet as an information tool
Personnel training	Inadequate personnel training initiatives	<ul style="list-style-type: none"> • Presence of a specific unit for Personnel Management and Training • Skills mapping to analyse gaps to be filled • Traceability of training needs through the performance management tool • Mandatory Training Policy • Training, Learning and Professional Development Policy
Protection of diversity and equal opportunity	Lack of effectiveness of programmes and initiatives related to diversity and equal opportunities	<ul style="list-style-type: none"> • Gender Equality Global Policy • Joint committee on work-life balance, innovation and company welfare • Continuous learning through participation in relevant associations • Targets included in the 2020-2023 Multi-Year Plan in relation to the issue • Monitoring and analysis of the gender pay gap and gender balance, also included in the targets of the Short Term Incentive Plan for the CEO

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Industrial relations management	Failure to comply with the understandings in the second-level agreements	<ul style="list-style-type: none"> • Constitution of the Welfare Commission for corporate welfare issues, in which the parties hold discussions in order to analyse, monitor and gain a deep technical understanding of tools for work-life balance (e.g.: flexible work, additional leave, part-time). In addition, the Commission is specifically concerned with analysing the performance of the company welfare plan, the related supplementary pension fund and the insurance plans for employees. The Commission also performs a supervisory and monitoring function.
Industrial relations management	Failure to comply with level 1 regulations on the exercise of trade union rights (e.g. provisions of the Workers' Statute, National Collective Bargaining Agreement)	<ul style="list-style-type: none"> • Internal controls carried out in accordance with Bank of Italy Circular no. 285 to ensure that the Company guarantees the exercise of trade union freedoms by trade union representatives and workers. For example, leave provided for trade union activities, leave for staff assemblies, other paid leave, etc.
Industrial relations management	Failure to apply or incorrect application of labour regulations (in relation to fixed-term, part-time, etc.)	<ul style="list-style-type: none"> • Supporting and interpreting regulations relating to labour law also in collaboration with the external labour consultant.
Legislative Decree 254/2016: Personnel/Human Rights		
Non-discrimination policies	Risk of human rights violations resulting from discriminatory behaviour in the company	<ul style="list-style-type: none"> • Global Policy "Commitment to Human Rights" • Global Policy "Combating Harassment, Sexually Inappropriate Behaviour and Bullying" • Specific training on "Combating Harassment, Sexually Inappropriate Behaviour and Bullying"
Legislative Decree 254/2016: Environmental		
Reducing environmental impacts	Natural disasters and public safety: events caused by natural disasters or similar events. Such events, in addition to causing economic losses, may lead to social impacts if business continuity cannot be guaranteed	<ul style="list-style-type: none"> • Business Continuity Plan. This is a strategic plan to ensure adequate levels of business continuity even in the event of major incidents

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Reducing environmental impacts	Risk of inadequate monitoring of the use of resources and energy consumption at Group level, with the consequent lack of measurable objectives in this area	<ul style="list-style-type: none"> • Objectives included in the 2020-2023 Multi-Year Plan concerning monitoring of energy consumption, modernisation of the company car fleet, sustainable mobility initiatives, reduction of plastic consumption and the purchase of certified paper • Definition of the Environmental Programme 2021-2024 with environmental objectives and targets • Presence of the Energy Manager, tasked with analysing, monitoring and optimising the use of energy in all the buildings, in order to achieve economic, energy and environmental benefits • Presence of the Company Mobility Manager, with the objective of developing sustainable mobility tools to reduce the environmental impact of vehicle traffic in the urban and metropolitan areas where Fineco operates
Reducing environmental impact	<ul style="list-style-type: none"> • Risk of concentration of real estate securing mortgage loans in areas subject to high hydrogeological risk, with consequent reduction in the value of guarantees for the Bank in the event of extreme weather events (physical risk). • Risk of concentration of credit to customers employed by companies exposed to climate and environmental risks. • Risk of exposure to countries vulnerable to climate change and lacking the economic, social and governance capacity to cope with it. <p><i>This is considered to be an emerging risk, with a long-term impact of 5 to 10 years, although no particular critical issues have currently been identified for FinecoBank's business model. This aspect will also be subject to extensive regulation by the regulators in the coming years.</i></p>	<ul style="list-style-type: none"> • Global Policy "Framework for the management and monitoring of credit risks" • Level 2 controls on the concentration of buildings in areas classified as having high seismic, landslide and hydrogeological risk • Monitoring ND-Gain indicator in the context of country risk controls

Material topics identified by Fineco	Risk Factor and description	Management Approach (control/mitigation)
Legislative Decree 254/2016: Corruption		
Fighting corruption	Risk of losses and harm to reputation due to the Group's involvement in bribery and corruption. The risk relates not only to completed actions, but also to attempts, instigations and being an accessory	<ul style="list-style-type: none"> • Zero-tolerance policy towards corruption formalised in the "Anti-Corruption" Global Policy • Organisation and Management Model pursuant to Legislative Decree 231/01
Fighting corruption	Risk of money laundering or funding terrorism: providing direct or indirect support for money laundering or funding terrorism. The risk has reputational consequences and also carries significant sanctions	<ul style="list-style-type: none"> • Risk controlled by the "Anti Money-Laundering" function • Global Policy "Anti-money laundering and combating the financing of terrorism" • Organisation and Management Model pursuant to Legislative Decree 231/01
Prevention of anti-competitive behaviour	Risk of loss and harm to reputation due to non-compliance with antitrust regulations and to anti-competitive practices	<ul style="list-style-type: none"> • Antitrust Compliance and Antitrust Training Programme • Group Policy "Single Antitrust Rulebook - Antitrust and Unfair Commercial Practices", containing practical rules of conduct for managing meetings with competitors • Organisation and Management Model pursuant to Legislative Decree 231/01

1.6. SUSTAINABLE DEVELOPMENT GOALS AND 2020 – 2023 ESG PLAN

Fineco is aware that its strategy, focused on stable and organic growth, must be accompanied by the progressive **integration of environmental and social sustainability principles** in its business and operational management choices.

In order to ensure the increasing integration of environmental, social and governance (ESG) aspects within its strategy, in December 2019 the former Corporate Governance, Appointments and Sustainability Committee approved a first proposal of **sustainability goals to be pursued in the years 2020-2023**. In 2021, these goals were partially complemented with quantitative targets and other quantitative targets will be progressively integrated as the needs arise. The ESG goals were approved by the Board of Directors on 15 January 2020. Following the exit from the UniCredit Group, they include the adjustment of main policies on sustainability issues across the various corporate functions and the progressive identification and integration of the main ESG risks in corporate risk management model. They involve specific activities in six macro areas: human resources, responsible finance, financial education/community support projects, supply chain, shareholders and

environment. In addition, as part of the design and implementation of the Environmental Management System, in accordance with the requirements of the EMAS regulation 1221/2009/EC, in June 2021 the Board of Directors approved the **2021-2024 Environmental Programme**, defining the environmental objectives, operational actions, the company units responsible for their achievement, the resources allocated, the timeframe and, where possible, the quantitative targets.

In 2021, the process of defining and monitoring sustainability targets and the environmental programme was formalised in a specific Group procedure.

As part of Fineco's sustainability journey, since 2020 the Group has aligned these goals with the **Sustainable Development Goals**¹⁹(SDGs) considered most relevant on the basis of the commonalities between the 169 targets and the material topics.

¹⁹ In September 2015, the UN approved the 17 Sustainable Development Goals (SDGs) for the period 2015-2030, divided into 169 targets and adopted by 193 countries worldwide. Each UN Member State is responsible for drawing up a National Sustainable Development Strategy, which sets out the most relevant SDGs for the country and their respective targets at local level.

HUMAN RESOURCES

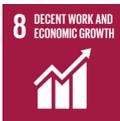
DIVERSITY AND EQUAL OPPORTUNITY

Objective: Monitoring and ongoing attention to the **Gender Pay Gap** issue; focus on issues such as the **promotion of women in managerial roles**, equal **gender representation** and the **monitoring** of how the **return from maternity leave** is managed



5.1 End all forms of discrimination against all women and girls everywhere

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value



16.b Promote and enforce non-discriminatory laws and policies for sustainable development



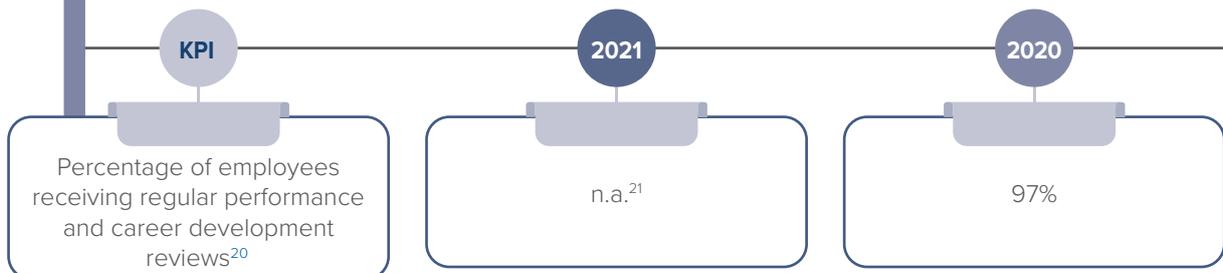
Objective: Implementation of an **employee training and awareness plan on Diversity & Inclusion** and sustainability



HUMAN RESOURCES

CAREER DEVELOPMENT AND PERFORMANCE MANAGEMENT

Objective: Performance management programme, aimed at all employees

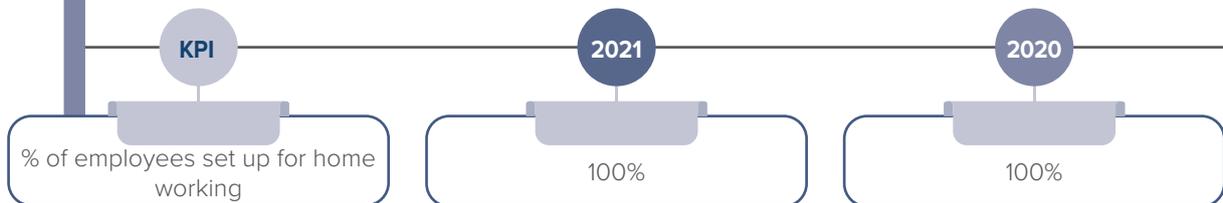


EVOLUTION OF THE WELFARE PLAN

Objective: Implementation of initiatives related to flexible work (greater use), creation of employee areas (such as break areas), preventive health and healthcare

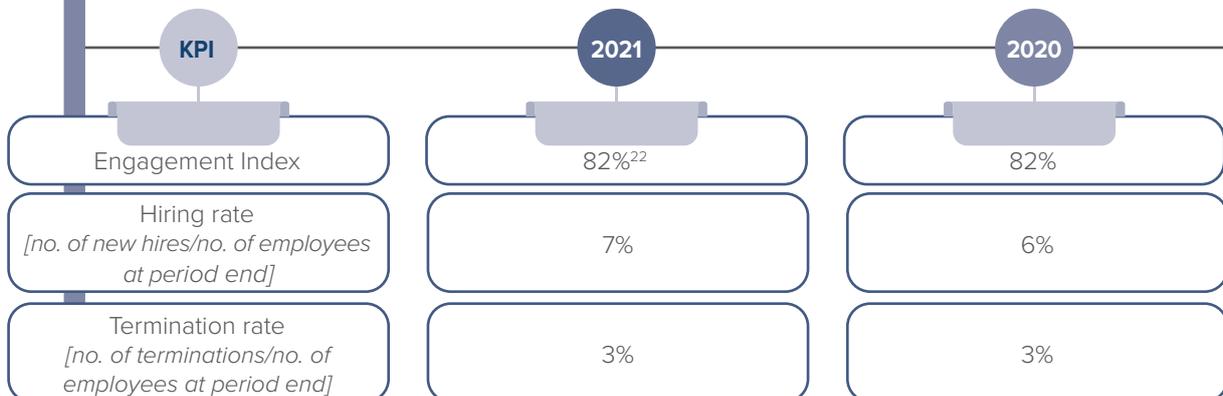


10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality



ENGAGEMENT / RETENTION

Objective: Initiatives for consultations and turnover monitoring



²⁰ The percentage not assessed refers to people who did not work at least 3 months during the year, either due to long periods of absence or because they were hired at the end of the year.

²¹ Figure not available at the time of publication of this document as evaluations are carried out at the beginning of the year following the year being evaluated.

²² This figure refers to the Engagement & Reputation Survey carried out in 2020.

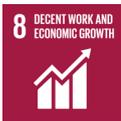
RESPONSIBLE FINANCE

LENDING

Objective: Increased supply of products with social and environmental value within the mortgages and loans sector



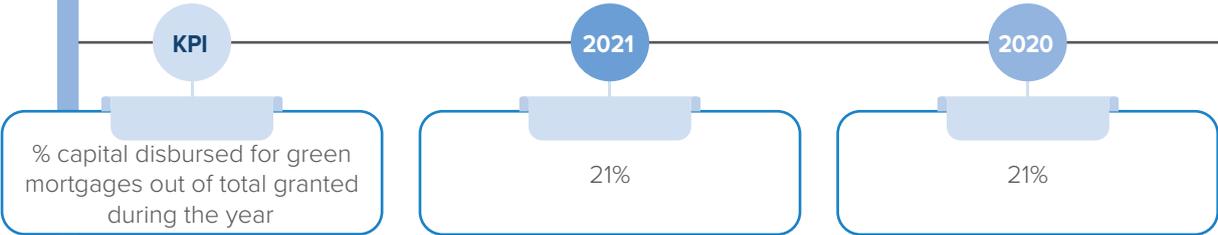
1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance



8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all



7.3 By 2030, double the global rate of improvement in energy efficiency



Target

By 2023, design of credit solutions with environmental value:

- development of green lending
- offering relating the transfer of tax credits connected to the renovation of buildings (110% Superbonus and other tax credits)

RESPONSIBLE FINANCE

FUNDS/ INVESTMENTS

Objective: Introduction of **ESG criteria** in product evaluation.

KPI	Target	2021	2020
% of new ESG-rated ISINs out of total new ISINs entered into the platform since 2021	100% ²³ by 2023	100%	85% (within 2020)
% ESG-rated ISINs out of total ISINs in the platform	Positive change Y/Y ²⁴	83%	57%
€/mln assets under management ESG-rated funds	-	30,151	13,667
% "≥ Average" ESG-rated ISINs out of ESG-rated ISINs in the platform	-	74%	75%
€/mln assets under management "≥ Average" ESG-rated funds	-	24,632	10,852

Objective: Promotion and design of **new investment solutions** integrating **ESG criteria**

KPI	Target	2021	2020
Integration of ESG aspects into different investment solutions on the platform	By 2023, design/enhancement of ESG investment solutions in advisory: <ul style="list-style-type: none"> • insurance • benchmark certificates 	Enhanced insurance solution offering with the inclusion of SFDR Art. 8 and 9 funds	ESG investment solutions designed in insurance advisory: FIA ESG

GREEN AND SOCIAL BOND

Objective: Increased **coverage of green and social bonds** in FinecoBank's portfolio

KPI	Target	2021	2020
% exposure to ESG bonds out of total FinecoBank portfolio ²⁵	Positive change Y/Y	3.8%	2.1%
€/mn of exposure to ESG bonds	-	892	477 ²⁶

²³ Excluding the UK, which is a new opening market for Fineco, and extraordinary transactions.

²⁴ Fineco will be able to provide better coverage on the funds it distributes as the data provided by product houses to ESG rating providers evolves.

²⁵ Unlike in previous Sustainability Reports, in order to align the KPIs of the ESG Plan with those included in the RAF, the percentage of exposure to ESG bonds has been calculated on FinecoBank's total portfolio, including UniCredit bonds.

²⁶ Due to an improvement in the collection and calculation process, the figure has been restated with respect to the figure published in the 2020 Sustainability Report. See the 2020 Sustainability Report, for the previously published historical figure.

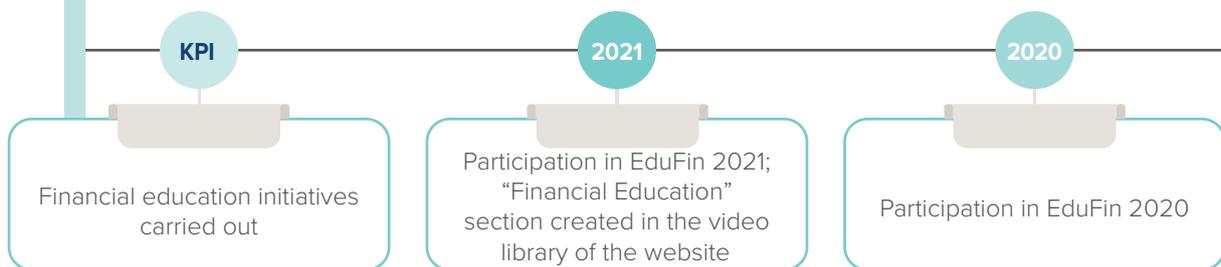
FINANCIAL EDUCATION/COMMUNITY SUPPORT PROJECTS

FINANCIAL EDUCATION

Objective: Promotion of specific **training and awareness-raising courses** on topics such as savings' management, which in the future will particularly involve targeted groups such as young people

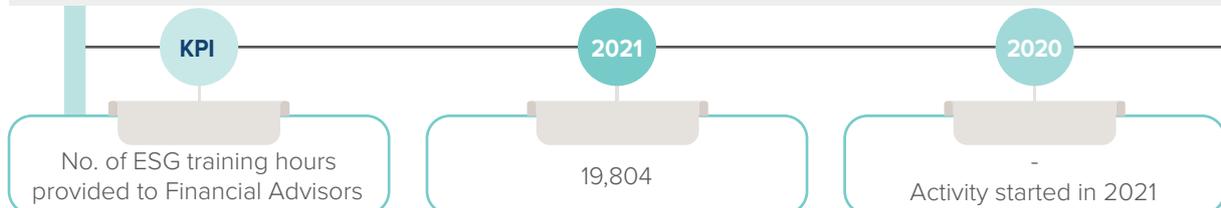


4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship



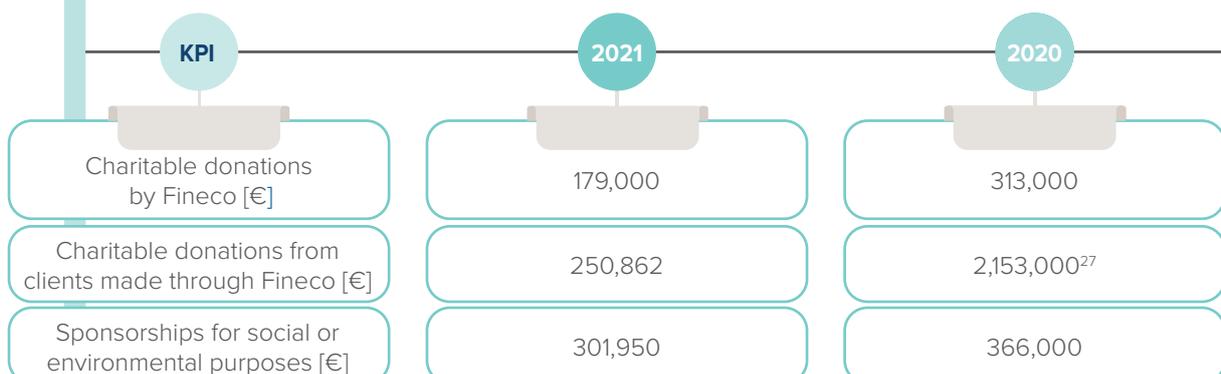
TRAINING OF PERSONAL FINANCIAL ADVISORS

Objective: Provision of **specific training on ESG issues for Financial Advisors** in order to meet the demands of clients more attentive to these issues and, at the same time, to promote sustainability among less interested clients



COMMUNITY SUPPORT

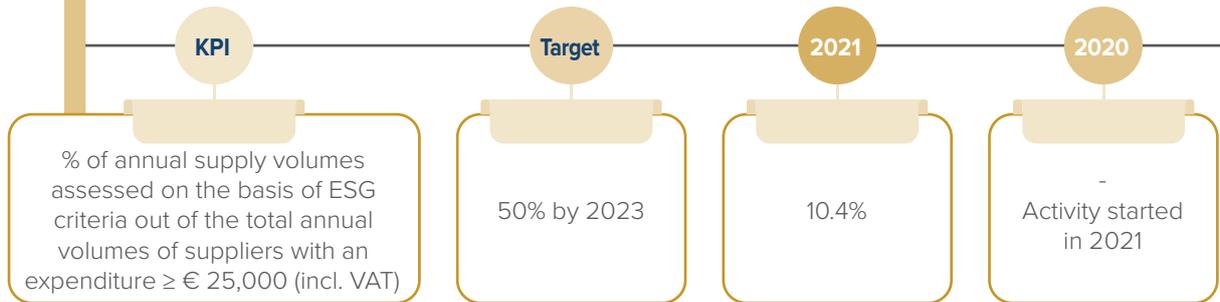
Objective: Allocation of annual investments in **projects that benefit the community**, according to different local needs (e.g.: schools, universities, hospitals and health and cultural associations) and allocation of natural disaster funds (to postpone mortgage and loans payments, and suspend debt collection actions for insolvent customers in the event of disasters or natural disasters)



²⁷The value of donations from customers in 2020 is significantly higher than the value for 2021 as a result of the great success of the fundraising campaign, carried out in 2020, to support two important Italian hospitals that are among the most affected by the Covid-19 epidemic, ASST Fatebenefratelli Sacco, based in Milan, and the Istituto Nazionale Per Le Malattie Infettive Lazzaro Spallanzani, based in Rome.

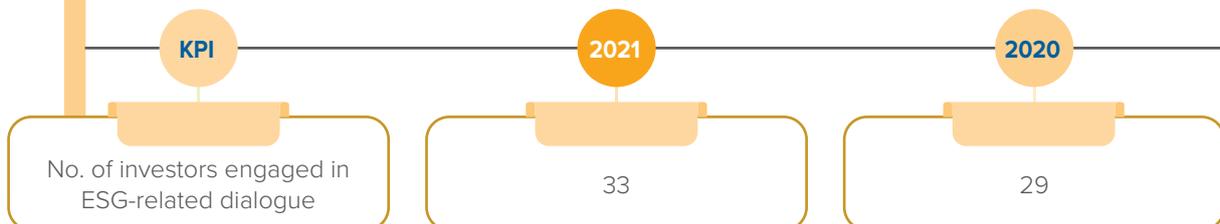
SUPPLY CHAIN

Objective: Suppliers assessment on the basis of ESG criteria, through an initial self-assessment questionnaire²⁸



SHAREHOLDERS

Objective: Strengthening dialogue with socially responsible investors (SRI) and sustainability rating agencies



Objective: Participation in external initiatives that support the company's commitment to ESG themes (such as: **Valore D** and **UN Global Compact**)



²⁸ The assessment focuses, for example, on compliance with environmental and occupational health and safety regulations and on possible certifications (ISO 14001, ISO 45001, SA8000, ISO 50001 and ISO 37001).

ENVIRONMENT

Objective: Implementation of the **Environmental Declaration**



12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle



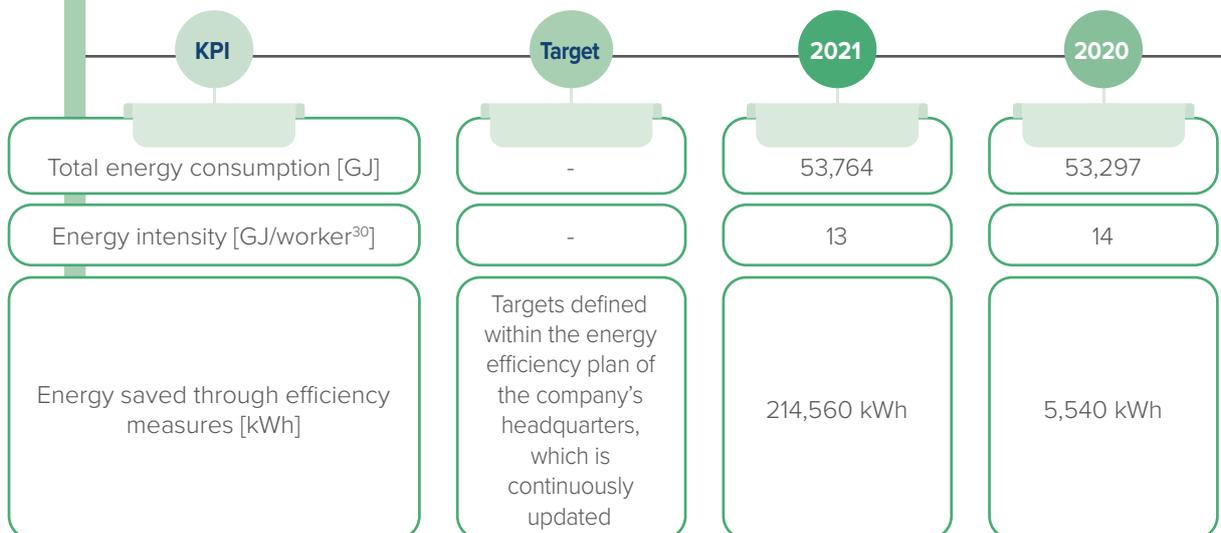
Objective: Energy consumption/emissions: monitoring of internal company consumption with the aim of reducing consumption and emissions



7.3 By 2030, double the global rate of improvement in energy efficiency



13.2 Integrate climate change measures into national policies, strategies and planning



²⁹ The 2020 Environmental Statement will be published after having obtained the EMAS Registration, which was under review by the ISPRA Ecolabel and Ecoaudit Committee at the end of 2021.

³⁰ Here "Worker" refers to employees and financial advisors. This figure reflects the number of workers at 31 December who were users of the premises included in the scope of the reporting year.

ENVIRONMENT

KPI	Target	2021	2020
% electricity consumption from renewable sources, related to buildings in which the electric utilities are registered to Fineco ³¹	100% by 2022	99.6%	96.8% ³²
Scope 1, 2 and 3 emissions (market-based) [tCO ₂ e]	-	2,807	2,978
Emission intensity (Scope 1, 2 and 3) [tCO ₂ e/worker]	-	0.69	0.77

Objective: Company fleet: the modernisation of the car fleet with hybrid / electric cars (with the possibility of recharging in the parking lot of company offices)



13.2 Integrate climate change measures into national policies, strategies and planning

KPI	Target	2021	2020
% of hybrid/electric cars in the total car fleet	100% by 2024	28.3%	17.4%

Objective: Sustainable Mobility: refund of employees' annual bike-sharing subscriptions, upon request (both in Milan and Reggio Emilia)

KPI	2021	2020
Setting up the possibility of requesting reimbursements	Continuation of #BikeToFineco initiative; Company Mobility Manager appointed	#BikeToFineco activated

³¹ The perimeter includes the registered office in Milan and the Fineco Centers where the utilities are registered to Fineco (65 Fineco Centers as at 31/12/2021).
³² The figure as at 31/12/2020 also includes the recovery site discontinued in February 2021.

ENVIRONMENT

Objective: Material/waste management: reduction of plastic consumption by creating digital credit cards; replacement of plastic bottles by installing water dispensers and providing all employees with water bottles; purchase of recycled or certified paper and provision of separate collection facilities to all offices



12.2 By 2030, achieve the sustainable management and efficient use of natural resources

KPI	Target	2021	2020
Per capita paper consumption [kg/worker]	-	10	12
% of FSC-certified paper	-	57%	52%
kg of paper saved thanks to dematerialisation initiatives	<p>By 2021:</p> <ul style="list-style-type: none"> • Introduction of digital signature on Credit Lombard applications entered through X-Net • Introduction of the "Digital Courier" for the collection of mortgage documents • Digitalisation: <ul style="list-style-type: none"> o Loans transparency letters o Letter of Credit Acceptance o Account statement of the collateral dossier 	<p>Paper savings for initiatives implemented:</p> <ul style="list-style-type: none"> • Digital signature on Credit Lombard applications: 640 kg • Digital courier: 1,325 kg • Digitised Loan transparency letters: 475 kg • Digitised Loan acceptance letter: 7 kg • Digitised E/C guarantee file: 51 kg 	<p>Digital signature introduced on Credit Lombard applications: initiative launched on 16/12/2020, 11 kg of paper saved in 2020.</p> <p>Digitised E/C guarantee files: the exchange of these documents in digital mode started at the beginning of 2021, so there are no paper savings in 2020.</p> <p>Other activities under development.</p>
Number of water bottles delivered / Number of employees	100% by 2022	100%	-
Company sites where dispensers have been installed	<p>By 2023:</p> <ul style="list-style-type: none"> • Registered Office - Milan • Head Office - Reggio Emilia 	Pilot project launched at Milan registered office	

1.7. EXTERNAL INITIATIVES

The FinecoBank Group is committed to actively participating in national and international sustainability initiatives, with the aim of promoting a long-term sustainable business able to manage the challenges of climate change and future socio-economic impacts.

WE SUPPORT



FinecoBank has been a signatory to the Principles of the **United Nations Global Compact** and a member of the respective Italian Network since September 2020, by adhering to the Ten Fundamental Principles on human and labour rights, environmental protection and combating corruption. In 2021, Fineco joined the Early Adopter Programme for the reporting of the Communication on Progress through the new Global Compact platform, therefore further information on how the Bank applies the 10 Principles will be available on the Global Compact website following the publication of this document.



In 2019, FinecoBank signed an Association Agreement with **Valore D**, an organisation with a network of over 180 companies committed to ensuring an inclusive culture within organisations. Thanks to this partnership, Fineco participated in specific training courses aimed at promoting female talent within the company (Young Talent, Middle Management and Senior Management programme).



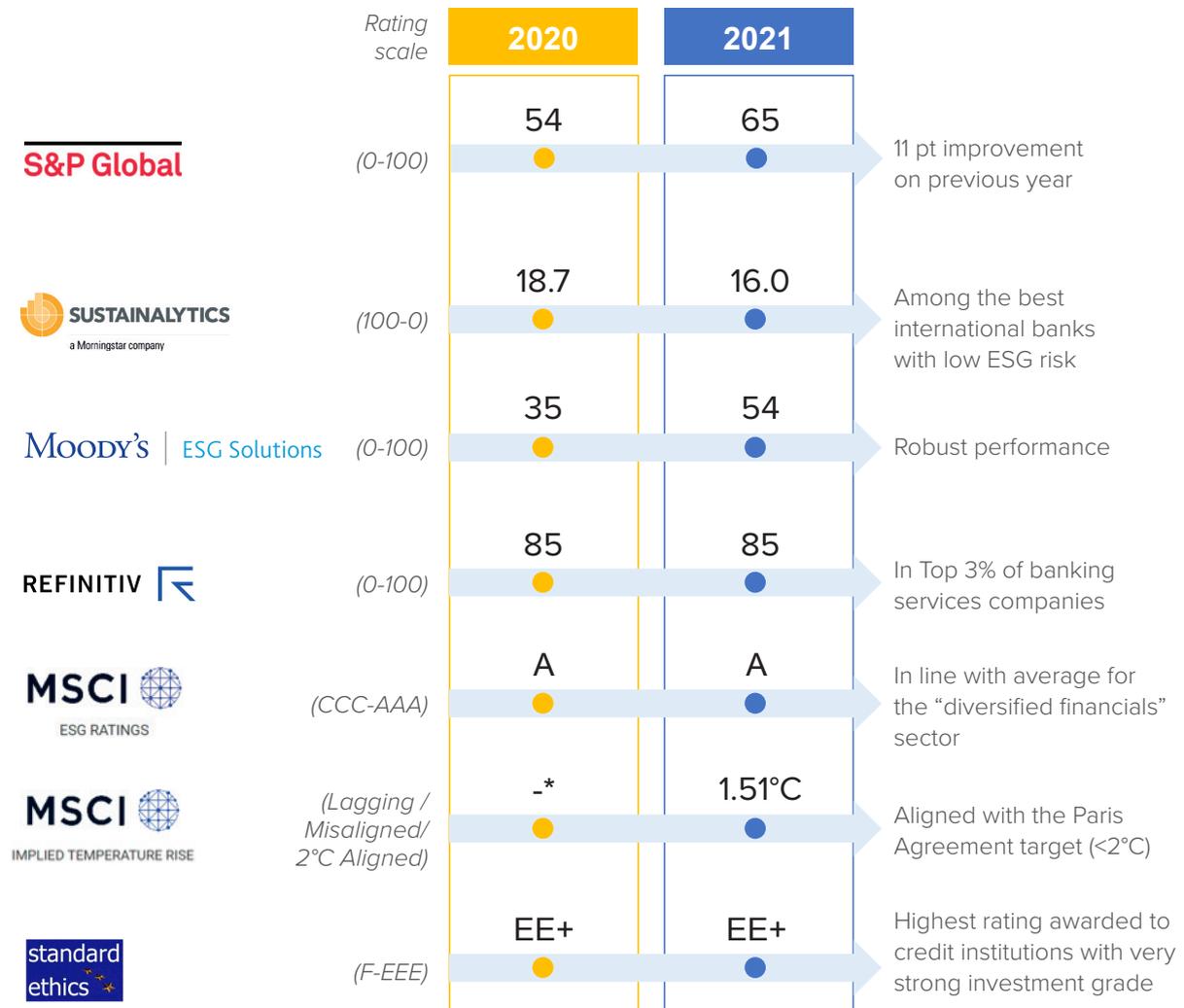
Since December 2020, FinecoBank S.p.A. has been a signatory to the **United Nations Principles for Responsible Banking**, formalising the objective of committing to analysing the consequences of its activities from an environmental and social perspective, and setting goals capable of bringing about measurable improvements in the most significant aspects. More information on how Fineco is implementing the Principles for Responsible Banking will be made available in a specific document by the first half of 2022.

Signatory of:



Since October 2020, Fineco Asset Management DAC has been a signatory to the **United Nations Principles for Responsible Investments**, in the "Investment Manager" category, reinforcing its commitment to the development of a sustainable financial system by integrating social, environmental and good governance criteria into its investment practices.

1.8. ESG RATINGS AND INDICES



* The "MSCI Implied Temperature Rise" rating has been provided by the rating agency since 2021.

In addition, in 2021, FinecoBank responded to the "minimum" version of the **CDP Climate Change** questionnaire, aimed at companies completing it for their first year. The response to the questionnaire was published on CDP's dedicated portal, but it has not generated the CDP scoring for this reporting year.

In recognition of its ESG performance as confirmed by the main rating agencies, FinecoBank is included in the **FTSE4Good** ESG Index, **Bloomberg Gender Equality Index (GEI) 2022**, **Standard Ethics Italian Banks Index**, **Standard Ethics Italian Index**, **Nasdaq CRD Global Sustainability Index** and, since December 2021, the **Euronext MIB ESG Index**.

1.9. PRIZES AND AWARDS



“MF Banking Awards 2021 - Best ESG Rating” and “MF ESG Awards 2021” organised by MF-Milano Finanza and Class Cnbc: assigned for achieving the best Standard Ethics rating of the Italian banks.



“Sustainability Leader 2021” awarded by Statista/Forbes/Il Sole 24 Ore: inclusion of the Bank among the 150 companies in Italy that stand out for their genuinely sustainability-oriented choices.

Sustainability Yearbook Member 2022

S&P Global

Sustainability Yearbook Member 2022: title awarded by Standard & Poor’s for the score obtained in the 2021 Corporate Sustainability Assessment, which ranks Fineco among the best 71 banks in the world in terms of sustainability.



“Top Employer Italy 2021”: for the third year running, the Bank stood out for its focus on empowering human resources and on skills development, creating a positive and stimulating workplace.



“Top jobs 2021-2022 - Best employer among direct banks” awarded by the German Institute for Quality and Finance, following the assessment of the **working environment, professional development** possibilities, **growth** prospects, **sustainability** policies and **corporate values**.



Best Practice Leader in the **Gender Diversity Index Report 2021:** title awarded by the **European Women on Boards**, which ranks European companies based on female representation on boards, committees and in corporate leadership.



Top 30 Kantar BrandZ Most valuable Italian brands 2021: Fineco is included in Kantar’s ranking of the Italian brands that stand out most for their ability to create value, significance and distinctiveness, growth and brand health, digital marketing and sustainability relevance.



CityWire Private Banking Awards 2021 - “Technology Platform of the Year” and “Digital Focus”: recognition of the excellence of the Bank’s digital platform and Fineco’s ability to meet even the most advanced customer needs thanks to its winning human-technology mix.



Bluerating Awards 2021 “Golden Sales” award: given for the results achieved in the area of net sales for the assets under management, with €4.3 billion of inflows in 2020.

1.10. MEMBERSHIP OF ASSOCIATIONS

Fineco's commitment is also realised through close and trusting partnerships with major local and national bodies and institutions. Major memberships and collaborations within the finance industry include:

ABI (Italian Banking Association): industry association whose purpose is to protect the interests of banks by organising studies and debates on particular topics and providing assistance and information;

ASSIOM FOREX: financial association at international level that promotes training and the dissemination of technical information and market practices, contributing to the development and integrity of domestic, European and international financial markets;

ASSOAML: the first "transversal aggregation centre" for the community of anti-money laundering and countering the financing of terrorism regulators and experts;

ASSOGESTIONI: Italian Association of Asset Managers. From 2019, membership fees to Assogestioni will be paid by Fineco Asset Management DAC;

ASSONIME: Italian association of Italian joint-stock companies that studies and deals with issues connected to earning the interests and development of the Italian economy;

ASSORETI: association of banks and investment firms that provide investment advisory services;

ASSOSIM: one of the main Italian associations of financial market intermediaries that carries out research and training activities and represents members in consultations on regulatory and financial issues promoted by CONSOB (Italian government authority for the regulation of the Italian securities market) and by the Bank of Italy;

Associazione Italiana Private Banking (Italian private banking association): association representing companies that operate in the private banking sector in Italy, aiming to bring together, share and develop private business culture;

CBI: the association for Interbank Corporate Banking, which provides a wide range of financial, informational and commercial functions, using a single standard of communication and guaranteeing a service based on the cooperation of banks but without reducing the competitive space;

Conciliatore Bancario Finanziario (Banking and Financial Arbitrator): a non-profit association specialised in financial and corporate banking disputes;

Fondo Interbancario di tutela depositi (Interbank Deposit Protection Fund): obligatory consortium recognised by the Bank of Italy that covers nominative deposits in the event of bank default. The Bank also participates in the Voluntary Scheme of the Interbank Deposit Protection Fund;

Fondo Nazionale di Garanzia (National Guarantee Fund): a fund whose members are financial intermediaries, with the purpose of guaranteeing compensation to investors that are customers of its members (such as banks, brokerage companies, asset management companies) in the event of compulsory administrative liquidation, bankruptcy or composition with creditors;

PRI.Banks: association of Italian Private Banks, which is the key organisation for banking firms with a solid ownership structure, often family and management based, strongly focused on operational management;

ABI (Italian Banking Association) – Charter “Women in banking: enhancing gender diversity”: the charter sets out the commitment to enhancing, promoting and strengthening diversity, including gender diversity, at every level of the organisation;

Valore D: the first association of companies in Italy that for the last ten years has been committed to promoting gender balance and an inclusive culture in organisations in Italy;

Utenti Pubblicità Associati (UPA - Advertising Users Associated): a membership body that brings together important industrial, commercial and service companies that invest in advertising and communication in order to make their products and services better known.

For 2021, paid membership contributions amount to approximately € 685,000.

1.11. REGULATORS

Under the current regulatory framework, the Bank must ensure that the supervisory disclosure requirements are met as expressed by the Regulatory Authority, as part of transparency and fairness practices, in order to support the stability of intermediaries and a competitive and sustainable financial market.

The Regulatory Affairs team – for the Bank and for the entire Fineco Group – manages relations with the Resolution Authority and the Supervisory Authority, both at European level (e.g. the SRB³³ and ECB³⁴) and at local level (Bank of Italy). The Compliance function plays the same role with regard to the management of relations with Consob.

In 2021, the team managed relations with the Bank of Italy, the authority responsible for supervising the FinecoBank Group, and the Resolution and Crisis Management Unit, which represents the National Resolution Authority. It also supported the Compliance function in managing relations with the Consob inspection team.

These relationships with the Authorities are ensured through proper and effective dialogue with:

- off-site controls on the intermediary, regarding all the activities related to the Supervisory Review and Evaluation Process and the Recovery Plan;
- on-site inspections, and

- the Resolution Authority, to support the drafting of the Resolution Plan and the Resolution Strategy.

As a result of the above, the manner and frequency of the interaction with the regulators may vary: from annual, as example for the recovery plan review process (30 April each year), to quarterly, for the presentation of the “tableau de bord” (dashboard) of the corporate control functions, and even daily, for on-site inspections (OSIs) with the related sending of the required documentation and organisation of review meetings.

The Bank is committed to ensuring that supervisory information requirements are met and accordingly, in line with its practice of transparency and fairness, relations with the regulatory authorities are based on principles of integrity, transparency, fairness, professionalism and cooperation, in accordance with the institutional role assigned to the various authorities and in compliance with the procedures established by the applicable regulations.

³³ Single Resolution Committee.

³⁴ European Central Bank.

1.12. SUPPLY CHAIN MANAGEMENT



Policy and regulatory instruments

- Expenditure Regulation

FinecoBank's Procurement Office ensures that the supply chain is managed in compliance with the criteria of transparency and objectivity and that the suppliers are selected based on professional knowledge and skills that meet the minimum requirements of value for money for internal customers, as well as the adoption of socially responsible behaviour, and requests any mandatory documentation and examines the completeness and correctness of the information received.

The entire procurement process, at Group level, is governed by the **Expenditure Regulation**, which was being updated at the end of 2021, and ensures that the supplier selection process is implemented through clear procedures, using objective, transparent, non-discriminatory criteria linked to the quality of the products and services offered.

Additionally, the **Code of Ethics** and the **Organisation and Management Model of FinecoBank S.p.A.** define the principles of cooperation, fairness, transparency and professionalism, as key principles in relations between FinecoBank and its suppliers. In particular, these principles prohibit dealing with counterparties for which there is a substantiated suspicion that they are involved in illegal activities and do not meet the necessary requirements of professionalism and reliability. In addition to reviewing the Code of Ethics, which requires compliance with the principles of the International Labour Organization regarding fundamental human rights, child labour, freedom of association, working conditions, equal pay, health, safety and business ethics, during the qualification phase suppliers are

asked, where applicable, to provide:

- **DURC** (Documento Unico di Regolarità Contributiva - single document certifying payment of contributions) and **CCIAA** (Chamber of Commerce, Industry, Craft Trades and Agriculture certificate);
- **regulations concerning social security, accident prevention and insurance** and on occupational health and safety;
- **ISO 9001 and ISO 14001** certificates;
- **self-declaration concerning the exploitation of workers** (i.e. Illegal Recruitment and Labour Abuse).

With regard to additional sustainability requirements for suppliers, in 2021 the Contract Managers, who

are the company contacts responsible for relations with suppliers, were asked to submit the **ESG questionnaire** to suppliers who invoice FinecoBank for a total annual amount of €25,000 or more (including VAT), when drawing up pre-contractual agreements aimed at signing or renewing an agreement. The Contract Managers are responsible for checking that the questionnaires have been correctly completed by the suppliers.

This process enables the monitoring of any risks

related to the procurement process, mainly related to the possible selection of suppliers involved in illegal operations or who have been involved in disputes regarding social responsibility.

In 2021, Fineco managed expenditure of **€ 107 mn** for a total of **1,371 suppliers**, the majority of which related to services, followed by technology and goods. There were no significant changes concerning the supply chain.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

Compared to 2020, when the Covid-19 pandemic mainly affected procurement related to the sourcing of goods from China, from the second half of 2021 onwards there were continuous slowdowns in the supply of servers and laptops, with shortages of materials in the market. In 2021, the procurement of Personal Protective Equipment continued, temperature control devices were installed at the entrance to company premises, and an increase in reception staff was needed to check the Covid-19 EU Green Certificates on entry.

02

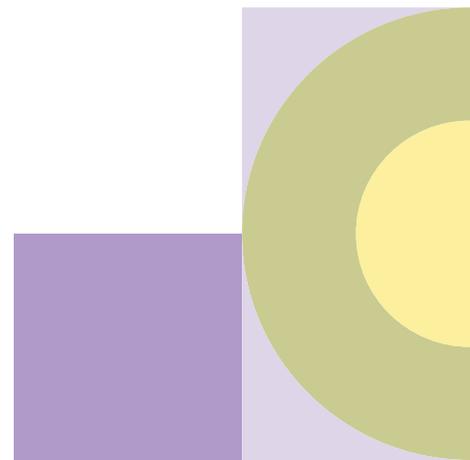




GROUP STAKEHOLDERS AND MATERIALITY ANALYSIS

2.1. STAKEHOLDER ENGAGEMENT

2.2. MATERIAL TOPICS



2.1. STAKEHOLDER ENGAGEMENT

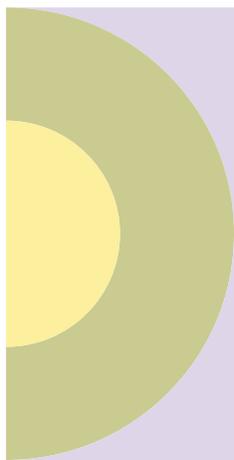
Doing business responsibly means working to create value for all stakeholders, as well as understanding how Fineco's actions can be influenced or influence those who have an interest in its activities, i.e. its stakeholders.

With this in mind, in 2018 the company management identified and mapped the main categories of stakeholders that are most impacted and have a significant influence over the Group, considering the interests of stakeholders in Fineco's operations, strategies and results.

The **stakeholder map** produced at the time did not change significantly during 2021. However, to better integrate the needs and expectations of Fineco's stakeholders into the non-financial reporting, and also with a view to revising the Group's materiality, an **update** of the stakeholder map was initiated in 2021. This process started with a benchmarking exercise to identify a complete list of Fineco's internal and external stakeholder groups, followed by a questionnaire sent to the Bank's top management, with the aim of prioritising the engagement of the stakeholders identified by the benchmarking. For each stakeholder, the management assessed their relevance to and interest in Fineco, in line with the

first mapping, but also their readiness to be engaged and the method of engagement that best meets their needs, capabilities and expectations.

In order to engage stakeholders in its activities, making the most of their roles and potential, over the years Fineco has developed numerous listening and interaction initiatives that involve the Bank's many stakeholders on an ongoing basis, so as to better manage relations with them. Through a careful analysis of the needs and opinions of each stakeholder, the Group can develop more targeted strategies and improve its decision-making process and range of products and services.



The categories of stakeholders (internal and external) assessed as being material to Fineco and the main dialogue tools used with them are set out below:

CUSTOMERS

- Evaluation of customer satisfaction
- Evaluation of brand reputation
- Customer Care
- Social Media



EMPLOYEES

- Engagement and Reputation survey on working life at Fineco and in the Group
- Annual Performance Management for employees/ Talent Management Review/ Executive Development Plan
- Onboarding of new hires, with assistance from managers, Human Resources and trade union organisations
- Ad-hoc surveys on specific topics



REGULATORS

- Meetings
- Conference call

PERSONAL FINANCIAL ADVISORS

- Dedicated platform
- Specific meetings at different levels
- Calls and web conferences
- Workshops and dedicated working groups
- Press Releases
- Training



SHAREHOLDERS

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



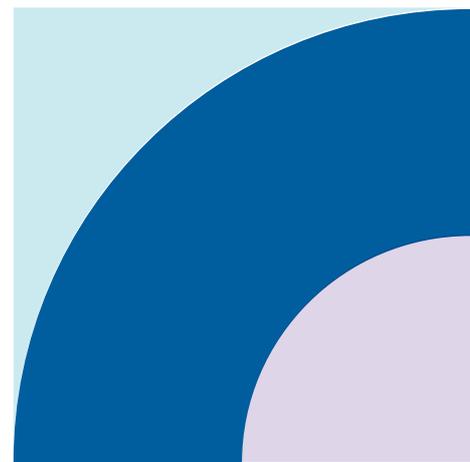
2.2. MATERIAL TOPICS

The materiality analysis is the core process of preparing the Non-Financial Statement. Its aim is to select the economic, environmental and social issues that are most significant for the Group and its stakeholders.

In this regard, the first list of material topics for the FinecoBank Group was defined in 2019, based on the degree to which the main sustainability issues influence the decisions, actions and performance of the organisation and its stakeholders. The material aspects were selected through a process of **direct engagement of FinecoBank's management** and an **indirect analysis of the relevance for the stake-**

holders, based on the analysis of internal and external sources. This analysis was updated in 2020, taking into account the change in the external environment (including the Covid-19 pandemic), regulatory updates and new stakeholder expectations arising from investor engagement efforts and requests from leading ESG rating agencies. The resulting list of material topics remained unchanged for the preparation of the 2021 Non-Financial Statement.

In 2021, a process was initiated that will lead to a complete update of the list of material topics to be used for the 2022 Non-Financial Statement, also via the update of the stakeholder map.



THERE ARE 19 MATERIAL TOPICS FOR FINECO, GROUPED INTO 9 MACRO-ASPECTS

MACRO-ASPECT	ASPECT	AREA OF LD 254/2016
TRANSPARENCY	Fairness and transparency in the sale of products and services and reporting of ESG risks	Social
PEOPLE DEVELOPMENT	<ul style="list-style-type: none"> • Human resources management policies • Management of welfare and industrial relations • Protection of health and safety at work • Training of human resources • Protection of diversity, equal opportunity and inclusion • Non-discrimination policies 	Personnel Respect for human rights
EFFICIENCY AND SOLIDITY	Economic performance and capital strength	Social
CONTROL AND RISK MANAGEMENT SYSTEM	Risk management (financial and ESG risks)	Fighting corruption and bribery Environmental
ENVIRONMENTAL SUSTAINABILITY	Reducing environmental impact	Environmental
FAIRNESS	<ul style="list-style-type: none"> • Fighting corruption • Prevention of anti-competitive behaviour • Socio-economic, environmental and tax compliance • Protection of privacy • Clear approach to markets 	Fighting corruption and bribery Environmental Social
RESPONSIBLE FINANCE	<ul style="list-style-type: none"> • Financial inclusion and education • Responsible products and investments 	Social
INFORMATION SECURITY AND CYBER SECURITY	Identification and management of ICT security risks	Social
INNOVATION AND CUSTOMER EXPERIENCE	Innovation and digitisation to improve service quality	Social

03

SUMMARY BY CATEGORY

	Budget	Actual	Difference
Travel	\$200.00	\$90.00	\$110.00
Meals	\$200.00	\$32.00	\$168.00
Transportation	\$350.00	\$205.75	\$144.25
Hotel	\$300.00	\$250.00	\$50.00
Other	\$100.00	\$35.00	\$65.00
Subtotal	\$300.00	\$80.00	\$220.00
Travel	\$500.00	\$580.00	\$150.00
Meals	\$200.00	\$100.00	\$100.00
Other	\$50.00	\$60.00	(\$10.00)
Total	\$1,200.00	\$1,202.75	\$997.25



ECONOMIC PERFORMANCE AND CAPITAL STRENGTH

- 3.1. ECONOMIC VALUE GENERATED AND DISTRIBUTED
- 3.2. CAPITAL MANAGEMENT
- 3.3. ENVIRONMENTALLY SUSTAINABLE ASSETS

Despite this context of uncertainty and difficult forecasting, the Group's **business model** appears **diversified** and **well-balanced**: the Group, in fact, can count on a business model whose revenue sources are widely diversified and allow it to deal with complex stress situations such as the current one. The FinecoBank Group's revenues are in fact based on three main components (banking, brokerage and investing), which tend to have uncorrelated trends in times of crisis.

From a structural point of view, the crisis suggests that in the near future there will be an acceleration towards solutions that will lead to a **more modern and digitalised world**: the management of banking services by customers will be increasingly oriented towards the use of digital platforms, favouring the Group's business model, which has always been

oriented in this direction. By not basing its business model on a branch network, FinecoBank was less exposed to the risk of pandemics: customers were and are able to carry out transactions independently through the website or with the guidance of financial advisors through web collaboration procedures, without substantial discontinuity in the services offered.

More generally, there is no current or prospective substantial impact on the Group's strategic orientation, objectives and business model, which remains innovative and well diversified, nor is there any significant economic or financial impact.

For more information, please refer to the section "Risks, uncertainties and impacts of the Covid-19 pandemic" in the Consolidated Management Report contained in the 2021 Reports and Accounts.

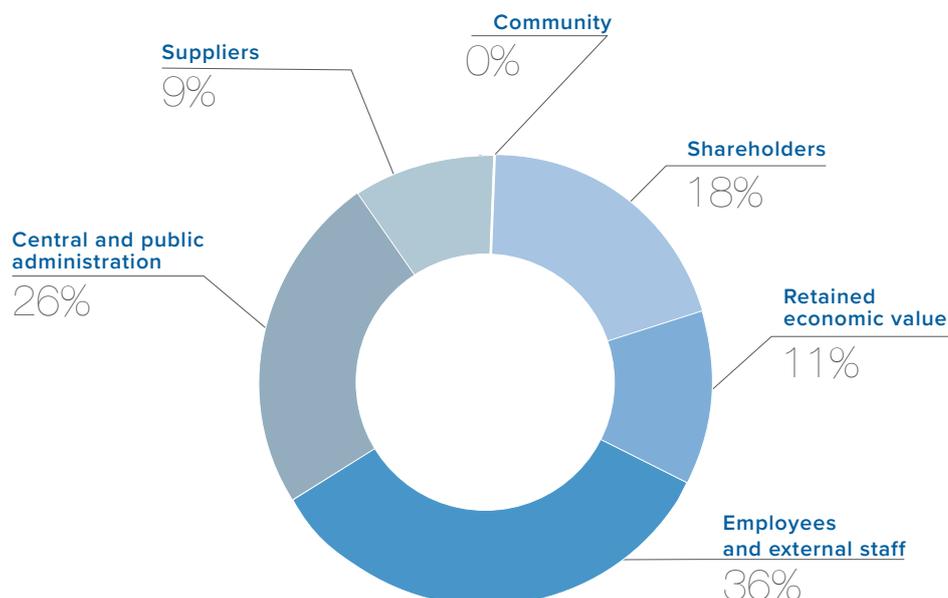
3.1. ECONOMIC VALUE GENERATED AND DISTRIBUTED

The FinecoBank Group operates in the market also with the aim of **generating long-term economic value** for all its stakeholders.

In this regard, the economic value generated by the Group during 2021, which represents the overall wealth generated by FinecoBank thanks to the

production and commercial capacity linked to its business activities, amounted to around **€1.3 billion**, of which approximately **89%** was redistributed to its stakeholders: **human resources, suppliers, shareholders, public administration** and the **community**³⁵.

BREAKDOWN OF THE ECONOMIC VALUE GENERATED



³⁵ To determine the economic value generated and distributed, the Group adopted the "Statement of determination and distribution of value added" defined by ABI (October 2019), prepared from the balances of the items in the consolidated income statement of FinecoBank Group at 31 December 2021, also taking into account the Parent Company's proposed allocation of profit for the year. The income statement has been reclassified in order to highlight the process of value creation and its distribution to the various categories of stakeholders.

Items	(Amounts in € thousand)	
	31/12/2021	31/12/2020
10. Interest income and similar revenues	250,598	278,318
20. Interest expenses and similar charges	(7,449)	(10,647)
40. Fee and commission income	871,244	720,503
50. Fee and commission expense	(73,834)	(65,201)
70. Dividend income and similar revenue	199	108
80. Gains (losses) on financial assets and liabilities held for trading	71,643	87,678
90. Fair value adjustments in hedge accounting	2,505	(259)
100. Gains and losses on disposal or repurchase of:	32,141	9,005
<i>a) financial assets at amortised cost</i>	29,243	7,235
<i>b) financial assets at fair value through other comprehensive income</i>	2,898	1,770
<i>c) financial liabilities</i>	-	-
110. Gains (losses) on financial assets and liabilities at fair value through profit or loss	(39)	(758)
<i>a) financial assets and liabilities designated at fair value</i>	-	-
<i>b) other financial assets mandatorily at fair value</i>	(39)	(758)
130. Impairment losses/writebacks on:	(586)	(9,584)
<i>a) financial assets at amortised cost</i>	(594)	(9,569)
<i>b) financial assets at fair value through other comprehensive income</i>	8	(15)
140. Profit/loss from contract changes without cancellation	-	23
160. Net premiums	-	-
170. Net other income (expense) from insurance operations	-	-
230. Other net operating income	140,813	111,869
250. Gains (losses) on equity investments	-	-
280. Gains (losses) on disposal of investments	1	(6)
320. Gains (losses) after tax from operating activities	-	-
A. TOTAL ECONOMIC VALUE GENERATED	1,287,236	1,121,049
190. b) other administrative expenses	(112,996)	(116,349)
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	(112,996)	(116,349)
190. a) staff expenses	(458,323)	(367,007)
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND EXTERNAL STAFF	(458,323)	(367,007)
340. Profit (Loss) for the year attributable to minorities	-	-
ECONOMIC VALUE DISTRIBUTED TO MINORITIES		-
Net profit attributable to shareholders	(237,947 ³⁶)	- ³⁷

³⁶ The portion allocated to shareholders corresponds to the allocation to dividends of the net profit for the year 2021 that the Parent Company's Board of Directors will propose to the Shareholders' Meeting.

³⁷ In line with the recommendations of the European Central Bank and the Bank of Italy concerning the dividend distribution and share buy-back policies that credit institutions and significant supervised groups should adopt in the economic environment impacted by the Covid-19 emergency, the Shareholders' Meeting approved the allocation of the 2020 profit entirely to reserves. At the subsequent Shareholders' Meeting of 21 October 2021, it was resolved to pay a total dividend of € 323.2 million with value date of 24 November 2021.

Items	(Amounts in € thousand)	
	31/12/2021	31/12/2020
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	(237,947)	-
190. b) other administrative expenses: indirect taxes and duties (-)	(145,162)	(116,731)
190. b) other administrative expenses: charges for resolution funds and guarantee on deposits (-)	(40,039)	(26,805)
300. Tax expense (income) related to profit or loss from continuing operations: current tax, adjustment to current tax of prior years, reduction of current tax for the year	(150,741)	(117,805)
ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND LOCAL ADMINISTRATIONS	(335,942)	(261,341)
190. b) other administrative expenses: donations (-)	(179)	(313)
ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND ENVIRONMENT	(179)	(313)
B. TOTAL ECONOMIC VALUE DISTRIBUTED	(1,145,387)	(745,010)
200. Net provisions for risks and charges	(9,890)	(7,310)
<i>a) provision for credit risk of commitments and financial guarantees given</i>	9	(39)
<i>b) other net provisions</i>	(9,899)	(7,271)
210. Impairment/write-backs on property, plant and equipment	(19,529)	(19,683)
220. Impairment/write-backs on intangible assets	(6,689)	(5,757)
250. Profit (loss) from investments (for the measurable portion) “write-downs/write-downs”, “write-downs/write-backs”, “other charges and income”)	(26)	-
260. Gains (losses) on fair value of tangible and intangible assets	-	-
270. Impairment of goodwill	-	-
300. Tax expense (income) related to profit or loss from continuing operations: adjustment to current tax of prior years, adjustment of deferred taxes	37,049 ³⁸	(19,718)
. Profit allocated to reserves	142,764	323,571
C. TOTAL ECONOMIC VALUE RETAINED	(141,849)	(376,039)

³⁸ The positive change in 2021 is mainly due to the effects of exercising the option for the tax realignment of goodwill recognised in the financial statements at 31.12.2019 as provided for by Article 110 of Legislative Decree 194 of 2020. The effects of the realignment on the income statement for the portion relating to the change in prepaid taxes and the change in deferred taxes amounted to € 34.7 million.

3.2. CAPITAL MANAGEMENT

The Group gives priority to activities aimed at managing and allocating capital based on the risks taken, in order to ensure that its operations are focused on creating value.

These activities are divided into the different phases of the planning and control process and, in particular, into the strategic planning and budgeting processes and the monitoring processes. Accordingly, in the active management of its capital, the Parent Company prepares a capital plan, in compliance with the regulatory constraints and in line with the risk profile adopted by the Group, and monitors the regulatory capital requirements, identifying the actions needed to achieve the objectives.

Capital and its allocation therefore play a very important role in setting long-term strategies, because

it represents the shareholders' investment in the Group, which must be adequately remunerated, but it is also a resource subject to external limits, set by the supervisory regulations.

Fineco's attention to capital management is reflected in its position as one of the most solid banks in Italy and Europe in 2021, with a CET1 ratio of 18.80% and a Total Capital ratio of 29.63%.

For more details, see the document "FinecoBank Group Public Disclosure – Pillar III as at 31 December 2021", published on the Bank's website.



3.3. ENVIRONMENTALLY SUSTAINABLE ASSETS

In July 2020, Regulation (EU) 2020/852 (the **Taxonomy Regulation**) came into force, with the main objective of defining environmentally sustainable economic activities by introducing environmental criteria and objectives, also with the aim of promoting more responsible allocation of capital to companies that invest in economic activities that are positively correlated with potential impacts on the environment, health and social activities. Specifically, Article 8(1) of the Taxonomy Regulation requires certain large companies subject to the disclosure requirements

of the Non-Financial Reporting Directive “NFRD” (EU Directive 2014/95), including Fineco, to provide public disclosures on how and to what extent their assets are related to environmentally sustainable objectives and activities, as defined in the Regulation.

In this respect, with regard to the year 2021, Fineco carried out an initial analysis of the part of its consolidated balance sheet assets eligible for the Taxonomy, i.e. related to activities included in EU Delegated Regulation 2021/2139³⁹.

	Eligible assets [%]	Non-eligible assets [%]	% coverage (on total assets)
Article 10 - 3a			
Total covered assets ⁴⁰	16.3%	83.7%	44.7%
<i>of which trading book and on demand interbank loans</i>		1.5%	44.7%
Article 10 – 3b			
Total exposure to central governments, central banks and supranational issuers		55.3%	100%
Total exposure to derivatives		0.4%	100%
Article 10 – 3c			
Total exposure to undertakings not subject to an obligation to publish non-financial information		0.8%	100%

³⁹ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

⁴⁰ Total assets covered correspond to total assets less exposures to central governments, central banks and supranational issuers.

The portion of the Taxonomy-eligible assets of the FinecoBank Group, amounting to **16.3% of the consolidated covered assets** and of equal value for both the climate change mitigation and adaptation objectives, is associated with the value of the stock of loans to households collateralised by residential immovable property. Indeed, there are no exposures to companies operating in the sectors of economic activity indicated in Annexes I and II of Delegated Regulation (EU) 2021/2139 and subject to the obligation to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU. The portion of eligible assets of the FinecoBank Group also does not include exposures to credit institutions and investment and asset management companies, as the eligibility quota of these entities is not publicly available at the time of drafting of this document.

FinecoBank's lending policy is focused on granting credit to Retail customers and investing in Central Government financial instruments (Government bonds), as reflected in the amount of the exposures to **central governments, central banks and supra-national issuers**, which represents 55.3% of total consolidated assets.

In line with this approach, the total exposure to **undertakings not subject to an obligation to publish non-financial information** is minimal, at 0.8% of total assets.

The figures reported include the loans and advances, debt securities and equity investments taken from the figures of the 2021 Consolidated Financial Statements, and therefore include the exposures of the parent company FinecoBank S.p.A. and the subsidiary Fineco Asset Management DAC.

In 2021, the **"New Product Process" Global Policy** was updated with the aim of ensuring that sustainability aspects are increasingly integrated into the corporate strategy and product design processes. The policy governs the assessment of the risks associated with new products and substantial changes to existing products, and it has been integrated with the assessment of sustainability risks and requires any environmental sustainability, social and/or governance objectives to be included among the features to be detailed in the product identification form.

Lastly, in light of the recent changes in the European regulations on the energy efficiency of buildings and the analysis of the eligible assets for the Taxonomy, the Bank has begun structuring a process for the systematic collection of the information needed to assess the sustainability aspects associated with residential buildings purchased by retail customers for which a loan has been requested from Fineco, with a view to the reporting on the assets aligned to the Taxonomy as defined by the technical screening criteria in Delegated Regulation (EU) 2021/2139.





04

INTEGRITY IN BUSINESS CONDUCT

- 4.1.** ORGANISATION AND MANAGEMENT MODEL
- 4.2.** FIGHT AGAINST CORRUPTION, CONFLICT OF INTEREST MANAGEMENT AND ANTI-COMPETITIVE PRACTICES
- 4.3.** PROTECTION OF HUMAN RIGHTS
- 4.4.** WHISTLEBLOWING
- 4.5.** TAX COMPLIANCE

4. INTEGRITY IN BUSINESS CONDUCT



Policy and regulatory instruments

- Compliance Culture Global Policy

Integrity in business conduct is a fundamental value for Fineco. If business is at the core of the Bank's operations, compliance and integrity are how it carries out its business activities.

The Group proactively monitors and manages compliance risks by conducting business in line with applicable laws, internal procedures, best practice standards and ethical principles. In doing so, the Compliance function regularly defines, develops and monitors the implementation of and conformity to the Bank's rules, procedures, methodologies and other compliance standards. The function also manages these processes, thus promoting an integrated compliance culture.

Compliance Culture - Tone from the Top initiatives have been implemented since 2018. These initiatives, aimed at consolidating the Bank's compliance culture, have supported the top management's efforts to interpret and disseminate a culture of

respect, prudence and integrity to all those who work for and on behalf of the organisation, enhancing internal risk mitigation procedures. The programme continued in 2021, with senior managers focusing on specific compliance issues and communicating directly with employees via e-mail or via the company intranet portal. In particular, all employees received communications regarding expectations on conduct and behaviour at Fineco. In addition, specific information was provided through communications on important topics, such as Anti-Money Laundering and Counter-Terrorism, Antitrust and Unfair Commercial Practices, Integrity Charter and Code of Conduct, and Product Governance.

4.1. ORGANISATION AND MANAGEMENT MODEL

FinecoBank S.p.A. has adopted an **Organisation and Management Model**, in accordance with Legislative Decree 231/2001 (“Model” or “Model 231”), concerning the administrative liability of entities, companies and associations. The aim of adopting the Model is to ensure that the Bank provide its own customers with banking and financial services with respect for the values and principles of integrity, professionalism, diligence, honesty, fairness and responsibility. Although organisations are not legally obliged to implement the Model, it nonetheless performs the important function of preventing offences, including corruption, that could give rise to the Bank’s administrative liability.

The Model was approved by the Board of Directors and updated in 2021, and it is aimed at all corporate bodies’ members, all FinecoBank personnel and external parties, such as, for instance: advisors, independent professionals, personal financial advisors, suppliers and business partners. The adoption of Model 231 pursues the following fundamental objectives:

- to remind and raise awareness among its intended readers of correct behaviour and compliance with internal and external regulations, rejecting any conduct contrary to the principles of sound and transparent business management to which the Bank aspires;

- to prevent offences, including criminal offences, within the Bank, through continuous monitoring of all areas of activity at risk and staff training on how to correctly perform assigned tasks;
- to implement the values stated in the relevant Code of Ethics.

The Bank’s organisational framework, a structured and complete system geared towards monitoring and preventing unlawful conduct, including those specified in specific regulations on the administrative liability of Companies, consists of the set of rules, structures and procedures to ensure the proper functioning of the Model.

In particular, FinecoBank has identified the following tools for formulating, planning and implementing company decisions and for carrying out the related controls: the Corporate Governance rules, the internal controls system, the delegation of powers system, and the Integrity Charter and Code of Conduct. Moreover, the Bank has formalised specific decision-making protocols governing the principles of conduct and the rules on controls as regards risks arising from Legislative Decree 231/2001 designed to prevent the offences, and has established additional rules of conduct in the Code of Ethics. In drafting the Model, the Bank took explicitly into account the ABI (Italian Banking Association) guidelines.

CODE OF ETHICS PURSUANT TO LEGISLATIVE DECREE 231/2001, INTEGRITY CHARTER AND CODE OF CONDUCT

FinecoBank has adopted a **Code of Ethics** to mitigate operational and reputational risk and promote a widespread culture of internal control. The Code of Ethics is an integral part of the Organisation and Management Model pursuant to Legislative Decree 231/2001. It contains a series of principles of ethics and rules intended to ensure that the conduct of all addressees is always guided by criteria of fairness, collaboration, loyalty, transparency and mutual respect, as well as to prevent the perpetration of offences or administrative offences set forth in Legislative Decree 231/2001. In order to ensure compliance with the rules set out in the Code of Ethics, the Bank undertakes to ensure that all addressees of the code (who are also addressees of the Organisation and Management Model) are aware of it and promptly receive the clarifications requested with respect to performing their work duties.

The FinecoBank Group's **Integrity Charter and Code of Conduct**, updated in 2021, set out the Group's ethical principles and standards. In particular, with the aim to promote the compliance culture, ensure high standards of professional conduct and integrity in the activities carried out within the company or on behalf of the FinecoBank Group and support the Group's commitment to sustainability issues, the Code of Conduct sets out the general principles that must be observed by all members of the executive, strategic and control bodies, employees and third parties.

Employees who violate or engage in conduct that is not in line with the obligations arising from this document may be subject to disciplinary action by the Human Resources function. Serious violations of the provisions of this Code of Conduct and of the local laws and regulations referred to in the Code may instead result in termination of employment.

4.2. FIGHT AGAINST CORRUPTION, CONFLICT OF INTEREST MANAGEMENT AND ANTI-COMPETITIVE PRACTICES



Policy and regulatory instruments

- Group Integrity Charter and Code of Conduct
- Code of Ethics pursuant to Legislative Decree 231/2001
- FinecoBank Organisation and Management Model (Legislative Decree 231/2001)
- Anti-Corruption Global Policy
- Compliance Culture Global Policy
- Global Policy on Managing transactions with possible conflicts of interest
- Antitrust and Unfair Commercial Practices Global Policy
- Whistleblowing Global Policy

The **Compliance Culture Global Policy**, adopted by the Bank in November 2016 and updated in 2021, defines the key principles of the compliance culture at Group level and at Fineco, as well as the roles and responsibilities of the internal functions responsible for implementing this policy (e.g. Compliance, Human Resources and Communication).

Fineco has a “**zero tolerance**” approach to corruption and prohibits facilitation payments. Political donations in all intangible and tangible forms are also prohibited, as specified in the Anti-Corruption Policy, and therefore no contributions of these kinds were made in 2021.

Following the introduction of the Group’s Antitrust regulations in 2016, the Bank has adopted an **Anti-trust Compliance Programme** that is monitored and reviewed on a regular basis and aims to:

- consolidate Antitrust Governance;
- consolidate compliance culture by enhancing the Bank’s reputation in the markets;
- more efficiently manage and mitigate antitrust risks and sanctions.

The Bank’s activities and organisational structures are subject to **anti-corruption** controls, as per implementation of the Organisation and Management Model in accordance with Legislative Decree 231/2001. The Group has also adopted specific mechanisms to monitor the effectiveness of the

adopted anti-corruption and anti-bribery approach, including: escalation procedures for significant and strategic issues, quarterly information requests from management, analysis and testing of the results of activities relating to managing second-level controls, compliance risk assessment processes carried out for each regulatory area of the Compliance Function, and Internal Audit inspections.

The last two mechanisms (the Compliance Risk Assessment and Internal Audit inspections) result in risk mitigation actions that need to be completed on time to ensure the management of the risks identified.

Fineco’s approach to preventing corruption and bribery is defined in the **Anti-Corruption Global Policy**, adopted in 2018, and in the related Operating Instructions (both in the process of being updated). These documents set minimum standards for anti-corruption compliance and apply to all members of Fineco’s strategic, control and executive bodies, employees, personal financial advisors and casual collaborators. The Anti-Corruption Policy aims to define principles and rules aimed at identifying and preventing potential acts of corruption in order to protect the integrity and reputation of the Group and to provide recipients with general information on the measures taken to identify, mitigate and manage the risks of corruption.

The Code of Ethics, in accordance with Legislative

Decree 231/2001, obliges all concerned to conduct all activities in compliance with current laws and regulations related to non-competition agreements and forbids any act of intimidation against the Bank's competitors.

In terms of managing conflicts of interest, in December 2021 the Board of Directors approved a new version of the **FinecoBank Group's Global Policy for the management of transactions with persons in possible conflict of interest**. This policy defines, within the Bank's and the Group's scope of operations, the principles and rules to be observed to manage risks arising from situations of possible conflict of interest due to parties' proximity to the Bank's and its subsidiary's decision-making functions. In this regard, the current version of the Global Policy incorporates the changes introduced concerning loans to corporate officers and their related parties as adopted in the implementing act for the 35th update to the Bank of Italy Circular no. 285 of 17 December 2013 (published on 30 June 2021 and in force from January 2022), in addition to – as approved by the Board of Directors on 10 June 2021 – the changes resulting

from the entry into force (from 1 July 2021) of the new Consob Regulation no. 17221 of 12 March 2010 containing provisions on related party transactions.

Lastly, Fineco approved the **Antitrust and Unfair Commercial Practices Group Policy**, updated in January 2020, which includes practical rules of conduct for the proper management of meetings with competitors and surprise inspections by the Antitrust Authorities.

In this context, it should be noted that the proceedings initiated in April 2021 by the Italian Antitrust Authority ("AGCM") against FinecoBank S.p.A., in relation to the communicated change in the clause for withdrawal from the current account due to conditions of inactivity, ended on 16 November 2021 without any finding of infringement pursuant to Article 27, paragraph 7, of the "Consumer Code". In the same measure, the Authority also announced that it had decided that the commitments proposed by the Bank on its own initiative were mandatory, as it considered them suitable for eliminating any possible unfairness in the commercial practice under investigation.



4.3. PROTECTION OF HUMAN RIGHTS



Policy and regulatory instruments

- Commitment to Human Rights
- Code of Ethics pursuant to Legislative Decree 231/2001

The Group recognises the importance of respect for human rights, considering it an essential element for proper business conduct. The “**Human Rights Commitment**” document, approved by the Board of Directors, reinforces the FinecoBank Group’s commitment to directing its operations towards ensuring and promoting respect for all human rights, in particular among its stakeholders: employees, customers, personal financial advisors, suppliers and local communities. This commitment is underpinned by the principles set out in the UN Guiding Principles on Business and Human Rights and the main international standards, including the Universal Declaration of Human Rights.

This commitment defines the roles and responsibilities, principles, rules, procedures and reporting systems that FinecoBank adopts in order to create a corporate culture that is capable of guaranteeing human dignity and a working environment that is free of any form of discrimination, and promoting the diversity and inclusion of its own staff and personal financial advisors. It highlights the protection of, the importance placed on and the commitment to recognising all forms of diversity, be it in terms of gender, physical characteristics, skills, sexual orientation, gender identity/expression, or beliefs and opinions, valuing the richness and innovation thereof to benefit the company.

The Bank pays close attention to the **indirect impacts** on human rights that may be generated through its

financial advisory activities and it promotes dialogue with customers based on clarity and transparency, in addition to considering potential risks related to the respect of human rights in investment decisions. In this regard, the FinecoAM’s Investment Committee has the power to prohibit an investment if it does not meet specific ESG requirements and companies/funds that violate UN sanctions are excluded from the investment universe.

FinecoBank is committed to promoting sustainability in its own **supply chain** by minimising the risks of human rights violations. To this end, it has improved the efficiency of the assessment of suppliers in relation to social and environmental impacts, by evaluating the characteristics of the supply chain also taking into account respect for and protection of human rights. Last but not least, the Bank is committed to raising and maintaining greater awareness among communities of issues associated with human rights.

The management and mitigation of human rights impacts are carried out in compliance with the protection of privacy and the identification and mitigation of corruption risk. Accordingly, the Bank has a whistleblowing system in place with the objective of not only reporting unlawful conduct, which is the cause of a possible violation of human rights, but also protecting the confidentiality of the identity of the whistleblower and of the person accused, in order to prevent any discriminatory behaviour resulting from the report made.

4.4. WHISTLEBLOWING



Policy and regulatory instruments

- Whistleblowing Global Policy

Whistleblowing helps to protect the company and its reputation, as well as its employees.

Through the **Whistleblowing Global Policy**, adopted in 2016 and updated at the beginning of 2020, FinecoBank has adopted a system through which employees, personal financial advisors and third parties can report any conduct that violates the law or the Bank's internal rules. Any employee, personal financial advisor or third party can use this mechanism if he or she has reason to believe that an illegal act or potentially damaging conduct has occurred or may occur.

In the event that there is any reason to suspect that unacceptable conduct has occurred or may occur, it can be reported to the company's Compliance Officer (the local anti-corruption manager), as the person responsible for the internal reporting systems, who ensures that the procedure is properly conducted.

If the Compliance Officer is hierarchically and functionally subordinate to the person to whom the complaint relates or if he or she is held responsible for the violation or has a potential interest in the report that is liable to compromise his or her impartiality and independence of judgement, the Internal Audit department may be contacted directly as a "reserve function", sending the report to the

head of the company's Internal Audit Department. This process is designed to guarantee the maximum possible confidentiality with regard to the identity of the whistleblower and the person accused/ reported and to prevent any possible retaliation or discriminatory behaviour as a result of the report.

Fineco provides employees, personal financial advisors and third parties with specific channels, available 24 hours a day, 7 days a week, for reporting irregularities, also anonymously. Specifically, the following channels are available:

- by phone, via the FinecoBank SpeakUp⁴¹ line, leaving a voice message, also anonymously;
- on the website, via the FinecoBank SpeakUp web service, leaving a written message, also anonymously;
- using the dedicated e-mail address;
- by writing to the dedicated postal address.

Information on whistleblowing is also made available to employees and personal financial advisors in a specific section of the company intranet dedicated to the importance of this issue, which provides details on how and when to make the report, and through the provision of dedicated online training sessions.

⁴¹ Please note that the Speak Up channel is managed by an independent third party.

4.5. TAX COMPLIANCE



Policy and regulatory instruments

- Code of Conduct
- “FinecoBank Group Fiscal Strategy” Global Policy
- “Fiscal Framework” Global Policy
- Local Policy outlining the escalation procedure regarding tax risk analysis and assessment and dialogue with the tax authorities

In order to ensure tax compliance, over the years the Fineco Group has adopted various documents and guidelines for tax management, including the following⁴²:

- the “**Code of Conduct**” Global Policy, which sets out the standards of conduct all employees must adhere to, also in managing the tax aspects of their activities⁴³;
 - the “**FinecoBank Group Tax Strategy**” Global Policy, which outlines the guidelines and principles for managing tax issues and, in particular, the associated risk;
 - the “**Fiscal Framework**” Global Policy, which sets out the mission of the tax function within the Fineco Group, together with the principles and rules that must be followed in managing tax matters within the Group and the main activities that must be carried out by the tax function;
 - the “**Escalation procedure regarding tax risk analysis and assessment and dialogue with the tax authorities**”, which outlines the procedure that all corporate functions must follow in order to allow the Bank to comply with the relevant obligations - deriving from the admission, in 2016, to the **Regime di adempimento collaborativo (Cooperative Compliance Regime)**, referred to in Articles 3 to 7 of the Legislative Decree of 5 August 2015, no. 128 - to recognise, measure, manage and communicate to the tax authorities the assumption of any potential tax-related risk.
- The above internal regulations are accompanied by a series of instructions detailing the management of taxation and, more generally, the fulfilment of tax obligations by the Bank. The approval of the following by the Board of Directors was particularly relevant in 2021:
- the “**Manual for the DAC6 Compliance Program**” Policy setting out the guidelines for the management of the activities necessary to ensure compliance with the regulations laid down in Legislative Decree no. 100 of 30 July 2020, transposing Directive 2018/822/EU of 25 May 2018

⁴² The legislation also includes a number of other internal rules, such as the ones on transfer pricing and the exchange of information between foreign tax authorities.

⁴³ In the Code of Conduct, more specifically, Fineco commits not to undertake any transactions, investments, products or other initiatives with the intention of avoiding and/or circumventing taxes, or obtaining undue tax advantages that violate the law. The activities undertaken by the Bank must be based on sound economic reasons: Fineco employees are prohibited from purchasing or offering, either in written or verbal form, investments, products or other transactions based solely on the tax benefits they would provide to customers or other counterparties; the information provided to the taxation authority and other relevant bodies must be correct, complete and truthful; it is forbidden to delay or hinder the activities carried out by those authorities in the framework of tax auditing activities or during inspections.

(so-called DAC 6) regarding the reporting obligation for cross-border arrangements that indicate a potential tax advantage. The policy identifies roles, responsibilities and activities for the assessment process designed to ensure compliance with regulations. In this regard, in 2021 training sessions were carried out for the Bank units mainly involved in the process, and the necessary technical support was provided to effectively fulfil the transparency obligations laid down by the DAC6 regulation;

- the updating of the internal regulations on transfer pricing with the approval of the “**Group Guidelines on Intra-Group Transfer Pricing**” Global Policy.

On the basis of the Tone from the Top principle, the Board of Directors sets Fineco's tax strategy, however, delegated powers have been assigned to the CFO and the Head of the Tax Function to deal with the specific tax-related matters. As stated in the **Group Tax Strategy**, the contribution that the Fineco Group makes from a tax perspective is a key part of the wider economic and social role that it plays in the countries in which it operates. The Group's aim is to (i) pay all of the taxes it owes and to promptly fulfil all the obligations imposed by the applicable tax laws; and (ii) ensure the efficiency of the Group's taxation, at global level, by avoiding double taxation and reducing its tax burden, only where lawfully permitted.

To this end, the Fineco Group is committed to ensuring the correct management of the tax variable, compliance with the tax rules applicable in the countries in which it operates, and ensuring constant and transparent collaboration with the taxation authorities, including through adherence to the aforementioned Regime di adempimento collaborativo (“Cooperative Compliance Regime”) that provides for means of communication and enhanced cooperation with the taxation authorities.

With this in mind, Fineco fulfils all of the transparency obligations set out in the regulations on the exchange of information between Countries. These relate, in particular, to the obligations deriving from the ratification of the international FATCA (Foreign Account Tax Compliance Act) and CRS (Common

Reporting Standard), in addition to the obligations deriving from the transposition in 2020 of the already mentioned DAC 6 Directive - Directive (EU) 2018/822 of 25 May 2018.

Each Group Company guarantees the presence of a specific internal Tax function or, in the case of small entities, of an Internal Manager. The Tax function is responsible for defining domestic, international and supranational tax scenarios and implementing appropriate and effective procedures for the correct fulfilment of tax obligations and the correct and efficient taxation of the Group. The Tax Function includes the Tax Compliance technical department, as a specialised unit of the Compliance function, whose purpose is to monitor and oversee the tax compliance risk for the Bank's operations, in order to prevent violations of tax regulations and avoid risks associated with situations that could constitute unlawful practices.

In view of the specific nature and complexity of the subject at hand, the Tax function undertakes to ensure that its own staff receive the continuous **training** (basic, further and specialist) required in order to perform their tasks. Furthermore, the Tax function promotes the dissemination of the **tax culture** among the Group's employees, as an opportunity to discuss and collaborate with other corporate functions, as well as the organisation of and participation in internal training activities.

To ensure that the above objectives are met, Fineco has put in place an effective tax risk control system (**Tax Control Framework, TCF**) as part of its corporate governance system, which guarantees a constant overview of any tax risks that might involve the Bank. In particular, the Fineco TCF provides (i) a clear attribution of roles and responsibilities to corporate bodies and functions, with adequate skills and experience, (ii) adequate processes for detecting, measuring, managing and controlling tax risks, ensuring compliance with procedures at all levels of the company, and (iii) specific procedures to remedy any shortcomings found and to trigger the necessary corrective measures.

The system for the assessment of the effectiveness of the tax compliance management procedures,

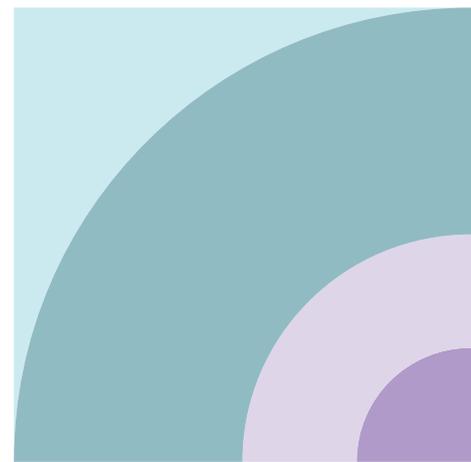
together with the analysis of the results of the assessments conducted, is carried out through a system of checks and controls, both by Fineco's internal bodies and functions and by external parties.

With regard to the **reporting** of tax-related offences, the various corporate functions are required to notify the tax function of any tax fraud offences committed by third parties for which they have received formal notification, also through the whistleblowing system.

Following admission to the cooperative compliance regime, the management of tax risk, in line with the principles set out in the Tax Strategy, is the subject of ongoing dialogue with the Italian Revenue Agency, through the analysis of the TCF. An important step in the correct fulfilment of the tax obligations is the controls carried out by the External Auditors for the signing of the tax declarations.

The Bank actively participates, via the Tax function, in meetings organised by the **representative and trade associations** of which it is a member and which promote initiatives aimed at developing good practices in tax matters, acting as spokesperson, in such forums, for the interests of stakeholders, by requesting the introduction of new rules or interventions to modify existing rules or by directly participating in the drafting thereof and the request for legislative, administrative or doctrinal clarification on issues involving interpretative uncertainty.

Stakeholders are also involved through the processes of gathering and taking on board their opinions, including through the various **meetings with investors**, for example, as well as by means of direct contact between the customer and the Bank via the **Customer Care** division.



Country by country reporting	Unit of measurement	2021		2020	
		Italy	Ireland	Italy	Ireland
Name of the resident entities		FinecoBank S.p.A.	Fineco Asset Management DAC	FinecoBank S.p.A.	Fineco Asset Management DAC
Primary activity of the organisation	-	Regulated financial services			
Number of employees as at 31/12	Head Count	1,261	44	1,226	36
Revenues from third-party sales	€/000	1,045,147	244,719	967,239	179,412
Revenues from intra-group transactions with other tax jurisdictions	€/000	119,670	-	85,951	-
Profit/loss before tax	€/000	471,709	84,268	453,094	60,077
Tangible assets other than cash and cash equivalents	€/000	149,506	841	150,883	989
Corporate income tax paid on a cash basis	€/000	99,624	10,005	108,475	7,037
Corporate income tax accrued on profits/losses	€/000	137,478	10,592	110,235	7,570

The difference between the corporate income tax accrued on profits/losses and the tax due is down to the tax advances paid by FinecoBank S.p.A. over the course of the financial year. The reconciliation of the theoretical tax rate with the actual tax rate,

stated in the financial statements, to which reference is made, is mainly down to the combined tax effect of non-significant revenues and costs with regard to determining the taxable income as required by law.



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ACCOGLIERE GLI ALTRI
È UN MODO PER ARRICCHIRE SE STESSI.
INSIEME CREDIAMO NELL'INCLUSIONE.
INSIEME, SIAMO FINECO.

OUR PEOPLE

- 5.1. MANAGEMENT OF OUR PEOPLE
 - 5.2. EQUAL OPPORTUNITIES AND FIGHTING DISCRIMINATION
 - 5.3. PROMOTING AND DEVELOPING HUMAN RESOURCES
 - 5.4. WELFARE AND INDUSTRIAL RELATIONS
 - 5.5. HEALTH AND SAFETY
- 

5.1. MANAGEMENT OF OUR PEOPLE

OUR EMPLOYEES



Policy and regulatory instruments

- Group Integrity Charter and Code of Conduct
- Code of Ethics pursuant to Legislative Decree 231/2001
- “HR Policy Framework” Global Policy

Aware that the ability to innovate and continuous evolution cannot exclude the enhancement of human capital and the development of the corresponding professionalism and talent, as well as the richness deriving from the diversity of its composition, the goal that Fineco aims to achieve every day is to become “**The Place To Be**” for its staff; that is, a workplace in which everyone can fully express their potential and aspirations, contributing to the success and sustainability of the business.

People actually constitute one of the main **Key Success Factors** and Fineco is committed to constantly investing in their development and growth by creating an inclusive and sustainable working environment that is conducive to achieving a good work-life balance.

To consolidate this culture and convey this concept within the company, Fineco has set up a regulatory framework of policies, procedures and documents governing the fundamental aspects of human resource management, including a proper and transparent selection process, correct training and remuneration of staff, and the obligation for each individual to ensure a happy, safe and non-discriminatory working environment. These principles are reaffirmed in the **Integrity Charter and Code of Conduct** applicable at Group level, in the **Code of Ethics** pursuant to Legislative Decree 231/2001, and in the **“HR Policy Framework” Global Policy**.

This last policy regulates the main processes of the Human Resources service model, including: human resource management, people engagement, skill modelling, training and development, talent acquisition, compensation and benefits. FinecoBank’s Code of Ethics deals with several factors required to ensure good personnel management, including the recruitment and selection process, which must be carried out objectively based on competence and professionalism and not involve any prejudice or discrimination, in accordance with the principle of equal opportunities.

As at 31 December 2021, the Group had a workforce of **1,305 employees** (+3.4% compared to 2020), of whom **42%** were **women**, **99%** were employed on **permanent contracts** and the majority were **based in Italy (97%)**. The professional category with the highest number of employees is the **professional employees** category (**63%**). The **average age of a FinecoBank Group employee** at the end of 2021 was 41 (in line with 2020).



42%
female employees



99%
employed on
permanent contracts

Number of employees

BY GENDER	2021			2020		
	Men	Women	Total	Men	Women	Total
BY EMPLOYMENT CONTRACT						
Permanent	754	536	1,290	727	524	1,251
Temporary	7	8	15	3	8	11
BY TYPE OF EMPLOYMENT						
Full time	756	450	1,206	725	443	1,168
Part-time	5	94	99	5	89	94
BY EMPLOYEE CATEGORY						
Executives	30	6	36	29	6	35
Managers	317	129	446	302	116	418
Professional employees	414	409	823	399	410	809
Total	761	544	1,305	730	532	1,262

BY EMPLOYMENT CONTRACT	2021			2020		
	Perm.	Temp.	Total	Perm.	Temp.	Total
BY GEOGRAPHICAL AREA						
Italy - Milan ⁴⁴	984	7	991	956	4	960
Italy - Reggio Emilia	262	8	270	259	7	266
Ireland	44	-	44	36	-	36
Total	1,290	15	1,305	1,251	11	1,262

BY AGE GROUP	2021			2020		
	≤ 30	31-50	>50	≤ 30	31-50	>50
BY EMPLOYEE CATEGORY						
Executives	-	18	18	1	17	17
Managers	3	333	110	5	328	85
Professional employees	183	558	82	193	543	73
Total	186	909	210	199	888	175

BY EMPLOYEE CATEGORY	2021			2020		
	Executives	Managers	Professional employees	Executives	Managers	Professional employees
BY GEOGRAPHICAL AREA						
Italy - Milan ⁴⁵	27	381	583	26	362	572
Italy - Reggio Emilia	3	46	221	2	42	222
Ireland	6	19	19	7	14	15
Total	36	446	823	35	418	809

⁴⁴ This includes the Pero Data Processing Centre, despite the fact that it is located outside the municipality of Milan.

⁴⁵ This includes the Pero Data Processing Centre, despite the fact that it is located outside the municipality of Milan.

Fineco's staff is comprised of two main groups:

- **highly qualified staff** with specific skills, mainly in the product, commercial and ICT areas;
- **young people** (so-called **Millennials** and **Generation Z**), hired mainly in Customer Care, which serves as a "talent incubator" where they have the chance to acquire thorough knowledge of the Bank's products, services and processes.

In 2021, partly due to the situation related to the global health emergency, there was a sharp acceleration in **digitisation** in all HR processes. Fineco, as a digital native bank, was able to quickly adapt to this change, shifting the entire recruitment process completely to digital. Indeed, for several years now, the Bank has been using the video interview, a tool that offers a unique candidate experience and speeds up the screening process while also reducing travel times and the use of means of transport. Fineco establishes contact with 'digital natives' through the channels of communication that they use most frequently, namely social media and job fairs, which, especially in recent years, have become

digital events. FinecoBank's partnership with the top universities in Italy continued in 2021 through its participation in **Digital Job Fairs** promoted by some of the main universities in Milan (Bicocca and Cattolica) and Pavia, as well as other national and international digital fairs.

With regard to the main entry point for new employees joining FinecoBank, the **Customer Care**, at the end of a period (of approximately 2 years) of on-the-job training there is the opportunity to further specialise in Customer Care or to embark upon a horizontal growth process at FinecoBank through intensive job rotation. In this regard, in 2021, 9 people took advantage of the opportunity to learn about and work within other areas of the Bank and at the end of 2021 around 15% of the total workforce was employed in *Customer Care*, in line with last year.

Fineco has always aimed for organic growth designed to improve the professionalism of the company. Many of the vacancies are, in fact, filled by internal staff.

Hires and terminations by gender, age group and geographic location

HIRING RATES AND NUMBERS ⁴⁶	2021		2020	
	Number	Rate	Number	Rate
BY GENDER				
Men	54	7%	43	6%
Women	31	6%	30	6%
Total	85	7%	73	6%
BY AGE GROUP				
≤ 30	63	34%	44	22%
31-50	21	2%	27	3%
>50	1	-	2	1%
Total	85	7%	73	6%
BY GEOGRAPHICAL AREA				
Italy - Milan	62	6%	48	5%
Italy - Reggio Emilia	9	3%	9	3%
Ireland	14	32%	16	44%
Total	85	7%	73	6%

TERMINATION RATES AND NUMBERS ⁴⁷	2021		2020	
	Number	Rate	Number	Rate
BY GENDER				
Men	24	3%	19	3%
Women	18	3%	17	3%
Total	42	3%	36	3%
BY AGE GROUP				
≤ 30	27	15%	14	7%
31-50	13	1%	22	2%
>50	2	1%	-	-
Total	42	3%	36	3%
BY GEOGRAPHICAL AREA				
Italy - Milan	30	3%	26	3%
Italy - Reggio Emilia	6	2%	6	2%
Ireland	6	14%	4	11%
Total	42	3%	36	3%

⁴⁶ The hiring rate is the ratio between the number of new recruitments over the course of the year and the number of employees at year end (by gender, age group and geographic location).

⁴⁷ The termination rate is the ratio between the number of employees that have left over the course of the year and the number of employees at year end (by gender, age group and geographic location).

The **Code of Ethics** and the **Integrity Charter and Code of Conduct** stress to the Heads of the business units the importance of maintaining a positive environment within the company in order to encourage collaboration and improve employee satisfaction. To this end, FinecoBank measures the motivation and level of engagement of employees and, based on their input, defines and implements specific action plans to focus on in subsequent years. In 2020, a new survey was launched to determine not only the employee Engagement Index, but also the level of Fineco's reputation among the employees (**Engagement & Reputation Survey**). The response rate was 68%, indicating strong employee interest in these topics, while the Engagement Index stood at 82%. People Care, Working Environment, Work-Life Balance, Best Place To Work and People Develop-

ment are the fields on which Fineco is focusing as a result of the findings of various feedback initiatives involving all employees.

Work on these topics continued in 2021 through the following initiatives:

- **Induction:** welcoming new employees who meet with Human Resources to learn about and explore their new working environment.
- **Induction 1 year later:** digital onboarding involving new hires in a half-day of information/training sessions with the Deputy General Managers and Human Resources, and a virtual game (escape room) involving all the participants.
- **Focus groups** in which colleagues are involved in discussions on issues relevant to the implementation of products and services.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

Since the beginning of the pandemic, a series of initiatives have been put in place to help employees manage their work-life balance. Timely intervention and constant monitoring of the evolution of the pandemic were the watchwords of the HR approach, also in 2021. More details on the initiatives implemented can be found in the subsequent chapters specific to the areas of competence, in addition to which the following should be noted:

- Continuous updating of the **Coronavirus Emergency and FAQ** section of the company intranet, where information can be found on the initiatives implemented during Covid and the management of working days (at home and in the office) and the health situations.
- **BookingNext:** to ensure the safety of all staff in 2021, a booking system accessible from the company intranet, BookingNext, was introduced for weekly in-office attendance. This enables maximum in-person staff capacity to be maintained for each organisational unit, while ensuring social distancing.
- **SMS Alert:** automatic trigger system for sending text messages to all employees for urgent communications.

OUR PERSONAL FINANCIAL ADVISORS

In line with the Bank's strategy, the Network's strategy is based on the fundamental pillars of **growth**, **transparency** and **quality** of customer relations, **innovation**, and **efficiency**.

The **quality of the relationship with customers** comes first: it is important to establish a relationship of trust between customers and advisors, based on the advisor's ability to identify customer needs and expectations, and to devise and agree on investment and overall wealth management solutions. Working on medium-term time horizons helps to ensure effective financial and asset planning, able to mitigate the effects of market volatility, as well as reducing the related emotional impacts, avoiding the limitations of a short-term perspective and consolidating the relationship between customer, advisor and bank.

Quality of the services offered remains fundamental. Thanks to cutting-edge investment solutions, personal financial advisors are able to offer portfolios that meet customers' needs and ensure constant monitoring of risk over time, while taking the objectives and the risk tolerance into account. The contribution of Fineco Asset Management, which is increasingly distinguishing itself for its capacity for innovation and its speed in implementing solutions, is decisive in this respect. Furthermore, the open architecture platform, one of the most comprehensive on the market, means that the investment solutions that the Group is able to create ('Guided Products & Services') allow the advisor to work minimising conflicts of interest and ensuring the best possible solutions to customer needs.

The **quality of the network** is also showing signs of major progress, with per capita assets increasing by 11% in 12 months (from €30.6 million to €33.9 million) and a significant increase in the managed component and advisory services. Personal financial advisors with assets exceeding € 20 million accounted for 62% of the network as at 31 December 2021, with 88% of assets under management that highlights a low level of concentration.

Continuous improvement of **operational efficiency** is a key element in sustaining growth and quality. Our **cyborg-advisory** model is constantly being strengthened: thanks to a highly advanced advisory platform in terms of both technology and investment solutions, the personal financial advisors are able to manage an increasing number of customers, also remotely, providing timely assistance and offering new proposals or portfolio rebalancing options based on different market scenarios and changes in needs.

Innovation is, therefore, one of Fineco's key areas of focus, allowing advisors to spend more time on customer relationship management. **X-Net**, is a cyborg advisory platform specifically for the personal financial advisors, which has been developed in-house and is under continuous development. It offers an integrated solution that, unlike pure robo-advisory systems, is able to exploit the advantages of digital technology and reconfigure the role of the advisors to amplify the most sophisticated aspect of their work.

In addition, through the adoption of digital signatures and the **Web and Mobile Collaboration** service, customers have been given the opportunity to easily and securely manage investment proposals from their personal financial advisors remotely, directly from their mobile phones or PCs, with a double benefit both for customers, who are offered a more convenient and flexible service, and in terms of resources saved.

The **FinecoBank Personal Financial Advisor Network**, the third largest⁴⁸ in Italy in terms of assets under management, is organised on three levels in ascending hierarchical order: *Personal Financial Advisor (PFA)*, *Group Manager* and *Area Manager*. PFAs represent the base of the pyramid and are the people almost exclusively responsible for the customer management; Group Managers are the intermediate role in the network, who, in addition to managing customers, also have the managerial task

⁴⁸ Source: Assoreti, September 2021.

of coordinating the PFAs within local areas, generally limited to one or more provinces; Area Managers are the most senior role in the network and are mainly dedicated to promoting business development and coordinating staff in the geographical areas assigned to them (part of a region or one or more regions, depending on the size of the area and the number of personal financial advisors covering it).

As at 31 December 2021, the network was composed of **2,790 advisors** (2,305 men and 485 women), of whom **271** joined during the year (116 seniors and 155 beginners) In 2021, there was significant net growth in the network with 184 net arrivals, reflecting the appreciation of the model and the very healthy environment.

NUMBER OF PERSONAL FINANCIAL ADVISORS BY GENDER	2021			2020		
	Men	Women	Total	Men	Women	Total
BY ROLE						
Area Manager	26	-	26	26	-	26
Group Manager	168	9	177	170	8	178
Other PFAs	2,111	476	2,587	1,964	438	2,402
Total	2,305	485	2,790	2,160	446	2,606

NUMBER OF PERSONAL FINANCIAL ADVISORS BY AGE GROUP	2021			2020		
	≤ 30	31-50	>50	≤ 30	31-50	>50
BY ROLE						
Area Manager	-	5	21	-	7	19
Group Manager	-	65	112	-	75	102
Other PFAs	189	1,125	1,273	109	1,116	1,178
Total	189	1,195	1,406	109	1,198	1,299

Organic growth continues to be the main driver of the Bank's business development. In 2021, net sales through the network of financial advisors totalled € 9.9 billion, up 24% year-on-year. There are three main drivers behind this trend: the high level of customer satisfaction (which continues to be the main generator of new referrals), the quality of the products and services offered, and the progressive increase in the network's productivity, supported by the continuous updating and use of digital platforms. A seemingly counter-intuitive element, but which is actually entirely consistent with the natural and intrinsic drive for growth, is the fact that 52.6% of total net sales came from newly acquired customers (over 75,600 current accounts opened during the year).

As regards the **recruitment of new personal financial advisors**, the priority objective for 2021 was

to improve the quality of the network. The selection therefore focused on **qualified professionals** with proven experience. The Group seeks to attract professionals who share the Group's vision and values: transparency in customer relationship management, ability to use technology intelligently, desire for professional growth and drive to meet market challenges. New employees are provided a thorough induction process, aimed at facilitating the onboarding of customers into Fineco. Particular attention is given to financial support with a high degree of flexibility and personalisation. In 2021, 116 new senior advisors joined our Network.

Another fundamental pillar for growth is the Bank's investment in **junior talent**, necessary to promote generational change in the network and update the working methods and professional culture. Candidates are selected through partnerships with

universities, smart monitoring of social and digital communication channels and targeted use of more traditional channels. The Bank also provides training support, which starts from preparation for the qualification exam and continues through to the end of the fourth year of work within the network, financial support through a “package”, enhanced in 2020, able to maintain the new recruit for the first 36

months of work, and operational support provided by a dedicated trainer. A total of 155 young people were added to the network during the year.

Taking into account senior advisors and young beginners, 271 new advisors joined the network in 2021. Also worth noting is the low turnover of the network in this period (3.1%), largely consisting of retirements.

NEW HIRES (2021)	Women	Men	Total
Beginners	29	126	155
Senior	20	96	116
Total	49	222	271

The implementation of the network strategy does not involve a rigid top-down approach, but is always based on **listening to the needs**, suggestions and ideas originating from the advisors who have direct contact on the community and are more aware of customer expectations. To this end, the Bank organises periodic consultations with the network. In 2021, in light of the ongoing pandemic situation, meetings with the network continued to be web-based and several opportunities were organised to exchange results, assess initiatives and activities implemented or to be implemented, analyse the needs of customers and advisors, and discuss the launch of new products, projects and upcoming releases. Specifically, the Group organised the following:

- **2** Area manager meetings;
- **5** Web conferences with Area Managers to exchange and align results;
- **6** Discussion sessions in small groups with Area Managers;
- **1** Web conference with all the senior private

- bankers followed by 4 theme-based workshops;
- **1** Managers Convention (Area Managers, Group Managers and Senior Private Bankers);
- **6** days dedicated to recruiting and meetings, including training sessions, with area managers and group managers to discuss methods and strategies and plan activities and objectives;
- **in addition to 15 days** dedicated specifically to the adoption of the recruiting platform, in which all the features available were presented through demos and practical exercises.

Additionally, **23 days** were dedicated to the so-called “area plenaries”, meetings where the Area Manager and a senior figure from the Bank meet with the personal financial advisors to take stock of the results achieved, the objectives to be pursued and the new developments in the pipeline.

All these moments of engagement give rise to ideas and identify needs for creating and revising products and processes with a view to boosting decisiveness and efficiency and achieving increasingly ambitious results.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

The continuing state of emergency due to the pandemic has encouraged the use of digital processes by customers and personal financial advisors. The long-standing adoption of technological tools also facilitated the use of digital platforms for an increasing part of the activities, such as meetings with customers, which were previously carried out exclusively in person.

5.2. EQUAL OPPORTUNITIES AND FIGHTING DISCRIMINATION

OUR EMPLOYEES



Policy and regulatory instruments

- Group Integrity Charter and Code of Conduct
- Code of Ethics pursuant to Legislative Decree 231/2001
- Gender Equality Global Policy
- Global Policy on Combating Harassment, Sexually Inappropriate Behaviour and Bullying
- Commitment to Human Rights

As also stated in the **Code of Ethics**, diversity of gender, thought, experience and skills represents a form of value that enhances Fineco's professionalism, not to mention a source of strength in an ever-changing competitive environment, and one that should be valued as a source of new ideas. A **Global Policy on Gender Equality** was adopted in 2013 and updated in 2020, outlining principles and guidelines for ensuring a level playing field on which all employees, regardless of gender, can achieve

their full potential. The document also aims to identify principles and guidelines for a Human Resources management system that helps create a gender-balanced leadership pipeline in which men and women are equally represented and the contributions of both genders equally valued in decision-making processes at all levels of the organisation. **As at 31 December 2021, approximately 42% of Fineco's employee population was made up of women.**

The FinecoBank Group is committed to respecting civil principles and freedoms, such as fundamental human rights, as stated in the Commitment to Human Rights.

With this in mind, the Group does not tolerate any form of discrimination based on age, race, nationality, citizenship, political opinions, religion, marital status, gender, sexual orientation, sexual identity, disability, personal characteristics and experiences or any other aspect that might distinguish an individual over the course of his or her life, such as personal or corporate culture, the type of employment contract they have, their professional role or their hierarchical position within the organisation. Furthermore, those bound by the **Integrity Charter** and **Code of Conduct** are encouraged to promote an environment based on equal opportunities and to treat others with dignity and respect and under no circumstances

discriminate or tolerate any sort of discrimination or harassment. The **Combating Harassment, Sexually Inappropriate Behaviour and Bullying Global Policy** was also issued in 2020, reflecting the Bank's commitment to supporting a happy, inclusive and professional working environment free of all forms of harassment, sexually inappropriate behaviour and bullying.

No incidents of discrimination in the workplace were brought to the attention of the Group in 2021.

Fineco has always stressed the importance of gender pay equality on all levels and, again in 2021, the **Gender Pay Gap** and **Gender Balance** KPI

was included in the specific objective “Stakeholder value” relating to ESG factors within the performance evaluation reports for the CEO and General Manager and all the Bank’s Identified Staff with regard to the **short-term incentive system**. The approach used to calculate the gender pay gap takes into account population clusters that enable assessment based on the concept of equal pay for equal work, while also evaluating the organisational complexity of the roles and the uniformity of the professional skills. Analyses performed showed that there was no significant gender pay gap within Fineco.

According to the GRI 405-2 standard methodology, the ratio of women’s to men’s basic salaries⁴⁹ in 2021 totalled 87% for executives, 96% for managers and 101% for professional employees, while in 2020 the figures were 88%, 94% and 100% respectively. The ratio of women’s to men’s total remuneration⁵⁰ in 2021 totalled 71% for executives, 95% for managers and 101% for professional employees, while in 2020 the figures were 76%, 94% and 99% respectively.

Since 2019, FinecoBank has annually signed an association agreement with **Valore D**, an organisation with a network of over 180 companies committed to ensuring an inclusive culture within organisations and in Italy. Fineco has thus initiated access to new training courses and the possibility of sharing best practices with other member companies. Furthermore, also since 2019, Fineco has decided to use Valore D’s **Inclusion Impact Index** methodology to map its diversity and inclusion policies in an integrated manner and gauge their actual organisational impact with the aim of identifying not only its strengths but above all those areas in which it should continue to invest in the future.

The Group is also constantly committed to supporting **people with disabilities** and belonging to protected categories, which, as at 31 December 2021, came to a total of 55, of which 5 were middle managers and 50 were professional employees. In this

context, in 2021 Fineco participated in two digital events aimed at promoting diversity management and the employment of people with disabilities and from protected categories: (i) **Digital Diversity Day**, organised in partnership with private companies, universities, public institutions, media and communities, held in June; (ii) **Inclusion Day** held in October. In addition, in 2021 the collaboration continued with **Jobmetoo**, an online recruiting company that matches companies with candidates from protected groups, offering the opportunity to participate in workshops on subjects including the management and empowerment of staff with disabilities.

A **Diversity Manager** has been appointed within the Bank, providing a point of reference for activities and initiatives relating to the issue of diversity and reinforcing the commitment to developing a culture of inclusion and viewing diversity as a source of strength and competitiveness for the Bank.

Fineco is also committed to the management and continuous monitoring of employees returning from **maternity and paternity leave** with a view to ensuring that they enjoy equal conditions and gender treatment. In this regard, the analysis was carried out also in 2021 in relation to three themes: Position and role, Flexibility and Promotions, which highlighted that out of the total of 22 people returning from leave in 2021:

- **Position and role:** 100% returned to the same role as before the period of absence, also in the case of senior roles;
- **Flexibility:** 68% returned to full-time work without requesting any kind of flexibility, while 32% requested part-time work or more flexible working hours;
- **Promotions**⁵¹: 33% received a promotion or salary increase or a bonus during the period of maternity leave.

⁴⁹ The basic salary is understood as the Gross Annual Salary (GAS). Due to the specific nature of the role entrusted to the CEO, this calculation excludes the CEO’s basic salary. The information reported includes 35 executives in 2021 and 2020, so changes in the individual pay structure may lead to significant variations in the gender ratio.

⁵⁰ Total remuneration is understood as the GAS combined with any additional amounts paid, such as bonuses, benefits, overtime and daily rates. Due to the specific nature of the role entrusted to the CEO, this calculation excludes the CEO’s total remuneration. The information reported includes 35 executives in 2021 and 2020, so changes in the individual pay structure may lead to significant variations in the gender ratio.

⁵¹ The figures on the recognition of bonuses and promotions refer only to the resources eligible for an evaluation (15).

OUR PERSONAL FINANCIAL ADVISORS

Fineco adopts policies that also ensure gender equality within the personal financial advisor network. This means that the parameters for defining objectives, assessments, remuneration and rewards for advisors are absolutely meritocratic and objective and independent of gender, as they refer exclusively to qualitative and quantitative factors linked to the performance achieved.

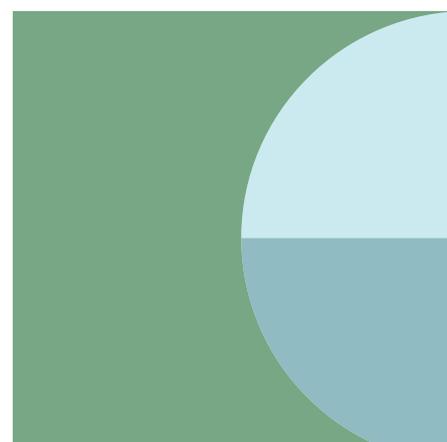
As confirmation of this, the **Integrity Charter** and **Code of Conduct Policy**, also aimed at the personal financial advisors, promotes an environment based on equal opportunities, dignity and respect, and the addressees of the Policy are not permitted under any circumstances to engage in or tolerate discrimination or harassment. Specifically, the personal financial advisors are also required to respect the principles of civil freedom and reject all forms of discrimination, to be replaced by the fundamental importance of assessing everyone skills and abilities, and backed up by a special effort to nurture and integrate the people who join the Group.

In absolute terms, **17% of the network is made up**

of women, broadly in line with the industry average. In this regard, it is worth noting that the profession of personal financial advisor has a strong technical and relational content, and the legacies of the past – even though mistaken and disproved by more recent evidence – have always led to the belief that men are more suited to the profession. In the last few years Fineco has been seeing a change in trend and the percentage of women in this profession, although still low, is increasing significantly.

For years, the Bank has focused on and believed in its **Youth Project** aimed at supporting those entering the profession and in this area female participation is decidedly higher, demonstrating that the new generations are more open and attentive to fulfilling their ambitions.

Fineco also provides support measures for PFAs on **maternity leave**, including, for example, the possibility of temporarily transferring their customer portfolios to another PFA in the same geographical area, while partially retaining the fees deriving from those assets.



5.3. PROMOTING AND DEVELOPING HUMAN RESOURCES

OUR EMPLOYEES



Policy and regulatory instruments

- Group Integrity Charter and Code of Conduct
- Code of Ethics pursuant to Legislative Decree 231/2001
- “HR Policy Framework” Global Policy
- “Mandatory Training” Global Policy
- “Training and Professional Development” Global Policy
- “Mandatory Training” Circular
- “Managing compulsory employee training” Process
- “Training and Professional Development” Process

Developing human resources is a strategic factor for Fineco and, for this reason, appropriate training plans and programmes designed to develop the individual’s skills and capabilities are encouraged.

To this end, an online training platform for all employees was released at the beginning of 2021 with a dedicated course offering and a comprehensive training catalogue covering various topics. In line with the previous year, in order to ensure training in complete safety, most of the courses were conducted in e-learning mode (virtual classrooms and online courses) with the support of external training companies or the expertise of internal colleagues. In 2021, Fineco delivered over 40,000 hours of training involving all employees, equating to an average of over 31 hours of training per employee.

With the aim of strengthening the risk and compliance culture, in 2021 the Bank again gave special attention to **compulsory training** for all employees, which includes learning tests and surveys. Some of the topics covered were: Banking Transparency, Market Abuse, MiFID II, Antitrust, Operational Risk, Code

of Conduct and GDPR. Within the units responsible for providing information to customers, compulsory IVASS insurance training, professional refresher courses for the purposes of Consob regulations and annual skills assessment on the subjects identified by ESMA were also provided.

To ensure compliance with **occupational health and safety** regulations, Fineco also provided appropriate training to all the staff concerned: basic training courses for new workers or supervisors; five-yearly refresher courses for workers and supervisors on an external certified training platform; basic and refresher training courses for safety officers; annual refresher course for Worker Safety Representatives organised through virtual classes.

To ensure **business continuity** in crisis situations, remote training courses were organised by key staff for replacement staff for a total of 527 hours, while the new recruits within **Customer Care** were

provided a total of 8,073 hours of technical training.

To improve business development and enhance employee **specialisation**, training sessions were organised on technical skills, in collaboration with specialist internal trainers, external suppliers, strategic partners and universities. An example of this is the “**Executive Program in Compliance**” training course organised for internal control functions in cooperation with the Catholic University of Milan.

The range of training courses has been expanded to include courses devoted to the subject of **Sustainability**, which is now firmly established as a key focus for Fineco, covering the three dimensions of economic, environmental and social sustainability, as well as the application of sustainable choices within the Bank. A special focus was also dedicated to the Environmental Management System, implemented by Fineco in accordance with the EMAS Regulation, through two days of training for the functions directly involved in the activities related to the System.

An online catalogue of courses on **behavioural** topics such as communication, personal effectiveness, leadership, teamwork and motivation has also been created on the Learning Next platform. The catalogue is freely accessible and is structured through different learning modes: interviews, quizzes and exercises.

In 2021, FinecoBank continued its **Leadership Training Program**, aimed at all managers, team

leaders and those new to human resource management. Between 2019 and 2021, around 100 people were involved in the project.

Through the collaboration with Valore D, in 2021 Fineco took part in a number of training initiatives specifically designed to promote **diversity** and **inclusion** in the company, covering topics such as unconscious stereotyping, inclusive language, working in diverse teams, empowering staff, and gender and sexual harassment in the workplace. In addition, two online courses were launched for all employees under the title: “Unconscious Bias” and “Combating Harassment, Sexually Inappropriate Behaviour and Bullying”.

With regard to **language training**, the new Voxy language training platform was launched in 2021 for all employees, based on artificial intelligence and learning programmes tailored according to their initial knowledge level and interests. In addition, the usual group and individual training courses were carried out by telephone or in virtual classrooms, involving around 320 employees. Legal English courses have been introduced for some executive staff.

A great deal of importance is also placed on **training on the job** and **job rotation** pathways, which are extremely useful when it comes to ensuring that employees receive appropriate training in an effective and practical manner.

	2021	2020
AVERAGE HOURS OF TRAINING PER CAPITA		
BY GENDER	31.4	33,3
Men	34.2	35.4
Women	27.5	30.4
BY EMPLOYEE CATEGORY	31.4	33.3
Executives	41.2	30.1
Managers	26.5	28.3
Professional employees	33.5	36.0
TOTAL TRAINING HOURS		
BY TRAINING AREA		
Technical	13,207	13,651
Foreign language	4,917	11,319
Mandatory	21,410	16,569
Behavioural	1,418	444
Total	40,952	41,983

All Group employees undergo an annual performance evaluation by their respective managers that not only takes into account performance and results linked to specific and common objectives but also identifies future

opportunities for learning and development. The **Performance Management** tool responds to the need to make the assessment objective and identify the behaviour expected to achieve results. This assessment process consists of several stages:



The process therefore comprises two official discussion sessions between the assessor and the person being assessed, one during the assignment of objectives and the second during the feedback phase, with the aim of enhancing **talent development** and **employee engagement**. To this end, **Executives** and **Talents** are assessed not only based on performance levels, but also on 3 levels of potential (from potential reached to high potential).

The annual review provides an opportunity to plan, identify and manage career and succession plans in line with the performance and expectations of those concerned and identify activities to support the development of sustainable leadership. By 2020, 97% of employees had undergone an annual performance evaluation using the Performance Management tool⁵².

The compensation and **salary review** process, for its part, is closely linked to the performance evaluation system. The Head of each unit proposes a promotion and/or pay rise for their staff, which is analysed by the Human Resources department in accordance with the principles of fairness, transparency and consistency and through a careful and accurate Pay for Performance analysis, which looks at the consistency between the distribution of individual performance evaluations for the year and the relative average bonus paid.

In support of the values of sustainable behaviour embraced by FinecoBank, the **remuneration** strategy is based on the fundamental principles of clear and transparent governance, regulatory compliance, continuous monitoring of market trends and practices, consistency between remuneration and performance and between remuneration and value creation, motivation, and retention of all staff. The **Remuneration Policy**, which is submitted annually for approval to the Bank's Board of Directors, on proposal from the Remuneration Committee, and subsequently to the Shareholders' Meeting, establishes the guidelines for common remuneration practices throughout the Bank.

More specifically, for **employees** Fineco is committed to ensuring equal pay and benefits, regardless of age, race, culture, gender, disability, sexual orientation, religion, political affiliation and marital status. Accordingly, the Bank has adopted an approach to total remuneration that comprises a balance of fixed and variable, monetary and non-monetary components, each designed to have a specific impact on employee motivation and retention. All fixed remuneration is set on the basis of pre-established, non-discretionary criteria, considering the skills, levels of professional experience and responsibility of each employee. Variable remuneration, on the other hand, is aimed at recognising results achieved by establishing a direct link between remuneration and short-, medium- and long-term risk-adjusted performance, while avoiding incentives that could induce staff to behave in ways that are not consistent with the Bank's sustainable performance and risk profile.

For employees belonging to the **Identified Staff** (including the CEO and General Manager and the Executives with Strategic Responsibilities), the fixed and variable components of remuneration are balanced, also by setting the maximum ratio between the two components in advance, in compliance with the applicable regulations. Remuneration levels are also set taking into account the Bank's strategic objectives, risk management policies and other key elements of the business operations. Variable remuneration is based on incentive schemes linked to annual performance, together with long-term incentive plans.

Short-term variable remuneration is linked to the achievement of specific individual objectives set in advance, which are assigned taking into account market practices, the metrics of the Bank's Risk Appetite Framework, and the position held by the employee within the Bank, using indicators aimed at strengthening the sustainability of the business and creating value for shareholders in the medium- to long-term. For Risk Takers in particular, payment and deferral (maximum of 60% of the incentive) in cash

⁵² The most recent data available is for the 2020 assessment year, as the performance review takes place at the beginning of the year following the year of assessment. Therefore, the percentage of employees who have undergone an evaluation of their annual performance for 2021 will be available after this document has been published.

and shares is also envisaged, and all amounts are subject to malus and/or claw-back clauses, where applicable. The 2021 Individual Scorecard for each Risk Taker maintains an appropriate balance between **quantitative/strategic factors** (which represent 70% of the overall scorecard) and sustainable factors (which represent 30% of the overall scorecard). In particular, the specific “**Stakeholder Value**” objective includes a number of ESG goals, integrated into the Group’s 2020-2023 Strategic Plan, and the objective has been maintained relating to “**Tone from the top on conduct and compliance culture**” concerning integrity in conduct and the promotion of a compliance culture within the organisation.

With the launch of the new 2021-2023 **Long-Term Incentive** (LTI) Share Plan for employees, specific

ESG performance **targets** have been introduced, linked to the Customer, People and Product areas, in line with the 2020-2023 Multi-Year Plan. In general, the long-term incentive plans aim to strengthen the link between variable remuneration and the company’s long-term results and to further align the interests of the management with those of shareholders. Bonuses are paid entirely in shares and, as with short-term incentives, are subject to deferral periods and malus and claw-back clauses.

For further details on remuneration and incentive policies and compensation in the event of early termination of employment see “Section I - 2021 Report on Remuneration Policy” and the “Termination Payments Policy”, both of which are available in the Governance section of the FinecoBank website.

OUR PERSONAL FINANCIAL ADVISORS

In line with the personal financial advisors' primary role of helping people achieve their medium- to long-term financial goals, several training initiatives were organised during 2021 to provide new insights on subjects, such as excess liquidity and an equity culture, to support customers in their investment decisions, subjects that will continue to be central in 2022.

In the first half of the year, there was a major commitment of resources and energy with a view to enhancing **managerial performance**: a structured course completely in digital format which saw the more than 200 network managers also discuss their visions and ambitions. Training on **products, new developments** and evolving **business services** also continued to be a key focus, while the private banking segment continued to benefit from targeted training on top-level content such as: philanthropy, art advisory, asset protection and private insurance.

A total of **over 215,000 hours of training** were provided in 2021 (approximately 77 hours per personal financial advisor) against over 170,000 hours in 2020 (approximately 66 hours per personal financial advisor), including:

- 137,000 hours of training on mandatory topics;
- 50,000 hours of training on Fineco product-related issues;
- 5,000 hours of highly specialised training for the Private Banking PFAs through a dedicated course;
- dozens of videos, media, web conferences, webinars and dedicated sessions;
- a rich e-learning platform dedicated to detailed study and the provision of classroom materials;
- highly qualified trainers and leading figures from the financial and academic spheres.

Training on **mandatory topics**, to strengthen the risk and compliance culture, continues to be a key aspect. Indeed, the 2021 training offer for all Personal Financial Advisors was updated and personalised with targeted content, and the results were continuously monitored to ensure that all PFAs had mastered the

subjects, thereby helping to protect the Bank against operational, legal and reputational risks. The focus was on providing courses aimed at compliance with and knowledge of the applicable regulations and the products in the portfolio, particularly insurance products. Accordingly, specific online courses were delivered on regulatory (14 courses) and product (21 courses) topics. Special focus was also maintained on the subjects of possessing and maintaining the knowledge and skills required of the Personal Financial Advisor Network.

To comply with the requirements of the regulations on the review of development and training needs, in 2021 a specific **Knowledge and Skills Assessment** was again made available to the entire PFA Network. Any skills gaps identified by the assessment were filled through specific online training courses. Lastly, in relation to maintaining and updating the knowledge and skills required of Personal Financial Advisors, the delivery continued of a 30-hour training course, validated for **CONSOB, IVASS and EFPA** purposes, on specific new and updated topics.

In 2021, Fineco continued its investment and focus on **young personal financial advisors** who want to enter the profession. The advisors were supported with a four-year training course, which is constantly monitored and updated in terms of content, aimed at acquiring the technical and behavioural skills needed to practise the profession. Specifically, in 2021 a total of 50 dedicated courses were delivered, for a total of over 6,000 hours of training, with a considerable increase over the previous year coherently with the increase in the number of young advisors joining the Network.

A special focus was also given to **Sustainability** topics: in April 2021 two training events were held via web conference for the PFA network which addressed the fundamental concepts of sustainability and responsible finance, linking them to the Fineco Group's Sustainability approach and how all this is reflected in the management and financial advisory activities of the Fineco Centers.

	2021	2020
AVERAGE HOURS OF TRAINING PER CAPITA		
BY GENDER	77.2	65.8
Men	77.2	65.5
Women	77.5	67.6
BY ROLE	77.2	65.8
Area Manager	136.1	79.8
Group Manager	108.7	75.8
Personal Financial Advisor	74.0	65.0
TOTAL TRAINING HOURS		
BY TRAINING AREA		
MANDATORY	136,929	109,066
Compliance	45,278	17,361
Product insurance issues	4,381	12,031
IVASS/CONSOB maintenance	77,130	74,994
New IVASS registrations	10,140	4,680
BUSINESS AND YOUTH PROJECT	78,577	62,515
Products	50,680	46,173
Technical	7,546	2,338
Behavioural	20,351	14,004
Total	215,506	171,581

Also in relation to **ESG**, which is now a core part of the cultural identity of the personal financial advisors, from July 2021 Fineco has chosen to support the **EFPA ESG Advisor** certification for its personal financial advisors. This certification is aimed at all professionals who want to acquire comprehensive knowledge in the environmental, social and governance domains, which are increasingly necessary and useful for financial advice and planning, and represents a European-level attestation of continuous professional development. The certification includes a compulsory preparatory course for registration for the exam organised by EFPA. Obtaining the certification remains a personal choice for the individual

personal financial advisors, however, with the aim of raising awareness and offering an incentive to the network, the Bank provides a one-off contribution to personal financial advisors who complete the process. As at 31 December 2021, a total of 181 Fineco personal financial advisors had obtained EFPA ESG Advisor certification.

With regard to **performance evaluation** for the PFA Network, a set of tools to support the management of the network has been developed by the Network and Private Banking Sales Department. Specifically:

- internal reporting and analysis which periodically summarises data on sales and measure deviations

- from assigned budgets and desired targets;
- benchmarking with main competitors based on reports provided by trade associations (ASSORETI, ASSOGESTIONI and AIPB) and/or studies by brokerage houses on listed peers;
 - regular meetings with management departments to compare results and identify specific initiatives and actions designed to enhance performance;
 - monitoring of operational anomalies, in collaboration with the designated Departments, with intervention by the units supporting the work of the network's management units.

In terms of the Network's **remuneration strategy**, the provisions of the Remuneration Policy also apply to the Personal Financial Advisors of FinecoBank

classified as Identified Staff, in line with the specific remuneration requirements established for them. To adapt the rules on the structure of employee remuneration, which are based on the coexistence of a fixed and a variable component, to the specific features of the Personal Financial Advisors, who are connected to the company through a self-employment contract, the regulations have established that remuneration must be separated between a "recurrent" and a "non-recurrent" component.

For more details on the remuneration and incentive policies for the Personal Financial Advisors see "Section I - 2021 Report on Remuneration Policy" available in the Governance section of the FinecoBank website.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

The health emergency related to Covid-19 was again a major challenge in 2021 and led the Bank to continue the now firmly established process of **digital** training. The constant and systematic use of the various platforms for customer meetings by advisors has validated Fineco's long-standing choice of investing more in remote training and communication, and how to improve it. From the educational perspective, the increasing functionality of digital platforms has led to a growing focus on trying to make **meetings more interactive**, by experimenting with live polls, surveys and the use of videos.

In line with previous years, meetings with third-party companies were promoted for in-depth analysis of **macroeconomic situations** in light of the new challenges posed by the pandemic: it is essential to gain a full understanding a multitude of factors, including social dynamics, technological developments, regulatory changes, and micro- and macro-economic/production trends at national and international level.

5.4. WELFARE AND INDUSTRIAL RELATIONS

OUR EMPLOYEES



Policy and regulatory instruments

- Global Policy on “Combating Harassment, Sexually Inappropriate Behaviour and Bullying”
- Gender Equality Global Policy

FinecoBank wants to support the well-being of its employees and their families, which is why its **Welfare System** is continuously evolving and improving. In line with FinecoBank’s Remuneration Policy, benefits are aligned by generally applying common criteria for each employee category. Benefits are offered that complement national pension, health care and work-life balance support systems for employees and their families, throughout their working lives and also after retirement. In addition, special conditions are offered for access to various banking products and other services of FinecoBank.

FinecoBank has developed **Insurance Plans** for employees, following a process involving consultation with the worker representatives, consisting of the following policies: medical and hospital expense reimbursement, life, accident, permanent disability, work-related and personal use car insurance, and full incapacity to work. In addition, Fineco offers its employees and family members the opportunity to take out a long-term care insurance policy, which guarantees a life annuity in the event of loss of self-sufficiency. The work also continues on researching and developing additional insurance cover to be offered to employees at favourable conditions.

The activities of the **Joint Committee on Work-Life Balance, Innovation and Welfare** continued, whose meetings are guided by the principles of mutual dialogue, promotion and improvement of

work-life balance, in the belief that an appropriate balance between working and private life has a positive impact on the work environment, employee engagement, productivity and loyalty, also helping to improve people’s quality of life and well-being. The Committee met 5 times in 2021 with the aim of developing and improving services and initiatives in 4 macro areas:

- **SAVINGS:** pension funds, mortgages, loans, financial support at preferential rates, and welfare accounts.
- **FAMILY:** contributions for families with children and support for elderly and disabled family members.
- **WORK-LIFE BALANCE:** home working, flexible working hours, part-time hours, leave of absence and sabbatical years.
- **HEALTH:** supplementary health care, insurance cover and prevention campaigns.

The remote **medical assistance** service and **home swabs** for Covid-related symptoms continued in 2021, alongside the telephone counselling service.

The communication campaign dedicated to the Welfare Plan also continued, with the creation of **digital information corners** where employees were able to request more information on the various services available. In addition, employees were given the possibility of carrying any amounts remaining in the Welfare Account over to 2022, which will be available until June 2022.

Lastly, the **renovation of the work spaces** at the Milan office continued, helping to achieve the Group's aim of creating a better workplace for its people.

All the employees of FinecoBank S.p.A. are covered by collective bargaining agreements⁵³.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

The **Crisis Committee**, which was set up in 2019, continued its work aimed at identifying actions to be taken following the measures adopted at government level, in addition to analysing future developments and consequences at company level.

With the main objective of protecting the health of its employees, Fineco has developed specific welfare initiatives, in addition to adopting the safety measures prescribed by its Prevention and Protection Service, in accordance with the ministerial decrees and the protocols signed by the company and the trade unions. To ensure that each measure adopted was made more effective by the contribution of the workers, their representatives and, in particular, the Worker Safety Representatives (WSRs), the measures adopted over time were submitted to the trade unions and the WSRs, agreeing on the instructions issued at management level for the protection of the health and safety of the workers.

In swiftly adopting the recommendations contained in the initial ministerial decrees, **100% of employees** were set up to be able to **work from home**. After a period of return to the office for one day a week, at the end of 2021 the internal rules issued allowed for remote work 5 days a week, an option that is available throughout the year for vulnerable workers to ensure they have greater protection. Fineco has made the following available to everyone to help ensure all colleagues have experienced the situation in the best possible way:

- **Home Working Leaflet**: useful suggestions to be followed when working from home
- **Tips&Tricks, from home and in office**: some useful tips on how to manage the new working normal
- **Home Working Kit**: which includes a chair, monitor, keyboard and mouse to make home workstations more comfortable.

To support parents in the event of Covid infection or quarantine of their school-age children, they have been allowed to work from home 5 days out of 5 during the year and given 3 days paid leave in the event of school closures for their children up to 14 years old.

The Bank has continued the **#BikeToFineco** initiative, aimed at reducing the use of public transport, which allows all employees to request a refund of their annual BikeMi or MoBike subscription, for staff in Milan, and MoBike, for staff in Reggio Emilia.

⁵³ The figure stated refers to the Group's Italian division (which accounts for 97% of employees), the employment relationships of which, where Professional Areas for Middle Managers and Executives are concerned, are regulated by the respective National Collective Bargaining Agreements (NCBAs) for the credit sector. Among other things, this NCBA establishes the minimum number of weeks' notice to be given to employees and their representatives regarding significant changes that could have a considerable effect on them, amounting to 50 days (around 7 weeks). As far as Fineco AM is concerned, there are no agreements resulting from collective bargaining.

OUR PERSONAL FINANCIAL ADVISORS

The focus on the well-being of workers and their families is also equally strong for the Personal Financial Advisors network. In line with the roles assigned and the portfolios managed, benefits are awarded on the basis of uniform criteria and range from the supplementation of national pension and welfare systems to special conditions for access to various FinecoBank banking products and other services.

A number of benefits of increasing value are awarded, based on the role held and the assets managed by each personal financial advisor. These benefits relate to:

- insurance cover for death and permanent disability;
- health insurance to cover medical examinations and tests, hospitalisation, surgery and specialist care;
- investment-linked insurance policy (with different investment lines to be chosen by the policyholder) which provides for a liquidation upon termination of the work activity;
- car contribution.

The entire network is also offered subsidised current account and mortgage conditions, in line with that available for employees.



5.5. HEALTH AND SAFETY

OUR EMPLOYEES



Policy and regulatory instruments

- Code of Ethics pursuant to Legislative Decree 231/2001
- Commitment to Human Rights
- Health and safety at work (circular no. 131/2019)

In its efforts to protect the Health and Safety of its people, Fineco is committed to complying with the regulations, properly assessing risks and consequently designing and planning prevention and protection measures to minimise those risks, as set out in the Commitment to Human Rights.

The **Code of Ethics**, on the other hand, lists the obligations that all those bound by it are required to comply with in order to ensure safe, healthy and dignified working conditions and healthy working environments, in accordance with the applicable regulations and available technology. Furthermore, FinecoBank S.p.A.'s **internal circular no. 131 of 2019** outlines the roles and duties of FinecoBank's various structures and corporate figures with regard to activities relating to the application of and compliance with Legislative Decree 81/2008 on the protection of health and safety in the workplace.

FinecoBank has implemented an effective **Health and Safety Management System**, in line with the regulatory requirements, coordinated and managed by the Prevention and Protection Service, comprising an external Prevention and Protection Officer (PPO), an external Company Doctor (responsible for coordinating two other doctors, one in Milan and one in Reggio Emilia), an internal Safety Officer and two Worker Safety Representatives (WSRs), one for

the Milan office and one for the Reggio Emilia office. FinecoBank ensures a suitable working environment in terms of health and safety in the workplace through a system for the monitoring, management and prevention of risks related to the performance of the professional activities, relating, for example, to the presence of electrical systems and appliances, the use of video display equipment and work-related stress. This management system also standardises the methods of engagement of the FinecoBank relevant employees and units, implementing the actions related to the application and fulfilment of the requirements of Legislative Decree 81/2008 as amended. The Health and Safety Management System thus defined applies to all employees.

Several aspects of health and safety management are also further addressed in the implementation of the Environmental Management System⁵⁴ pursuant to EMAS Regulation no. 1221/2009/EC, which provides for the supervision of environmental impacts that could also have implications in terms

⁵⁴ The EMAS environmental management system applies to all Fineco employees and personal financial advisors in Italy.

of people's health and safety (e.g. fire management and management of the presence of asbestos). The most important aspect for Fineco concerns **fire prevention measures**. In this regard, the Bank complies with all the general occupational health and safety measures in accordance with Legislative Decree no. 81/2008, including maintaining the Fire Prevention Certificate for the Milan and Reggio Emilia offices, and organises the necessary relations with the competent public services in terms of first aid, rescue, firefighting and emergency management. An evacuation test is carried out annually at the company premises, the results of which are duly recorded and any anomalies are promptly taken into account and addressed. In 2021, simulated Evacuation Tests were carried out due to the pandemic emergency situation.

Suppliers are also subject to appropriate professional and technical controls. These include checks carried out on insurance cover, collective bargaining agreements applied, average annual workforce, social security compliance, and any suspension orders. Where necessary, Fineco and the supplier discuss the Interference Risk Assessment Document or the Safety and Coordination Plan, where applicable, to identify any risks in the environments where the supplier is called upon to operate.

The main **occupational health and safety risks**, along with the corresponding management approach and mitigation measures, are identified and outlined, based on the provisions of Legislative Decree 81/2008, as amended, by means of specific controls performed twice a year in the presence of the 81/2008 Representative, representing the Employer, the PPO and the Company or Coordinating Doctor, following which minutes are produced and countersigned by all those present. In 2021, such types of risk were deemed to be medium-low.

Staff in the real estate function and a specific e-mail address are available to workers to **report any hazards or risks**. If workers consider it appropriate not to continue an activity that they believe is harmful to them, they can report this to the Human Resources officers and FinecoBank will analyse

the concerns raised, with the aid of the PPO and the Company Doctor. Suppliers, on the other hand, can contact the liaison staff of the real estate unit to report dangerous situations.

Fineco also provides its employees with an **occupational health service**. The Company Doctor carries out an annual inspection of company sites to check for cases of unfitness (such as overcrowding, incorrect use of video terminals and company equipment) and reports the results of those inspections to the Coordinating Doctor. This process includes company medical examinations, as required by Legislative Decree 81/2008 as amended, whose type and frequency is defined according to the activities carried out by each worker and in relation to their age.

As envisaged by Legislative Decree 81/2008, the two **WSRs**, appointed among the trade union representatives and who represent all the Group employees working in Italy, participate in specific activities such as safety meetings, inspections and the drafting of documents. While discussions or reports between the WSRs and Fineco's Management in relation to occupational health and safety are always ongoing, the official meeting took place in early December 2021, prior to the end-of-year report. This meeting was attended by the two WSRs, the Coordinating Doctor, the PPO and the 81/2008 Representative, and minutes were drawn up and signed by all the parties involved.

With the aim of maintaining a high level of attention on matters related to the health of workers, the monitoring of objective data regarding workloads and work patterns continued in 2021, as detailed in the **Related Work Stress Assessment** carried out in 2020.

In addition, a structured process for **analysing occupational accidents** has been put in place, which provides for immediate verification of incidents, with the involvement of the INPS (National Social Security Institute) in the event of serious accidents. The process also includes an annual review of the risks, in collaboration with the WSRs, Company Doctor, 81/2008 Representative and the PPO.

FREQUENCY ⁵⁵ OF ACCIDENTS	2021		2020	
	NUMBER	RATE	NUMBER	RATE
DEATHS AS A RESULT OF WORK-RELATED INJURIES	-	-	-	-
Italy	-	-	-	-
Ireland	-	-	-	-
WORK-RELATED INJURIES WITH SERIOUS CONSEQUENCES⁵⁶ (EXCLUDING DEATHS)	-	-	-	-
Italy	-	-	-	-
Ireland	-	-	-	-
RECORDABLE WORK- RELATED INJURIES	-	-	-	-
Italy	-	-	-	-
Ireland	-	-	-	-
HOURS WORKED⁵⁷	2,051,287		2,025,330	
Italy	1,965,487		1,955,130	
Ireland	85,800		70,200	

⁵⁵ Represents the frequency of accidents in relation to the total number of hours worked by Group employees over the course of the year. This data is obtained by dividing the number of accidents by 1,000,000 – the total number of hours worked.

⁵⁶ "High-consequence work-related injury" refers to a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

⁵⁷ This data is obtained from the average number of employees, multiplied by the per capita hours worked in a single day (7.5 hours/day) and by the actual days per capita worked, net of sick leave days.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

In line with the numerous regulatory measures adopted, the “**Coronavirus Safety Procedure**”, drawn up by the PPO in collaboration with the Safety Officer, the Coordinating Doctor and the Human Resources department, was issued and periodically updated. This procedure has been sent to all employees, who are required to read it, and sets out the measures adopted and to be adopted for the management of company activities (such as access to premises, management of breaks, management of suppliers, management of people with symptoms, etc.).

The health and safety of employees has always been a top priority for Fineco. Accordingly, the Bank took immediate action to provide additional assistance for employees by the following means:

- **Company Doctor**, involved from the outset in implementing the measures contained in the decrees and protocols, who plays a key role drawing up internal procedures (e.g. for the management of people who have tested positive) and in the preliminary assessments necessary for the adoption of protective devices, as well as the management of “vulnerable workers” and the return to the workforce of individuals previously infected with Covid-19.
- **Health Emergency Assistance Service**, through a medical consultation service for health emergencies via telephone or video conference (for employees and their families) available 24 hours a day, 7 days a week.
- **Covid-19 Psychological Support Service**, giving all staff access to psychological support geared towards promoting well-being, improving quality of life and adaptive behaviour during this time of emergency.
- **Continuous updating of the risk assessment document** in accordance with the applicable regulations. This document is made available to all employees via publication on the company intranet.
- **Reservation and delivery service for home swabs** for employees and their household family members. Fineco bears the full cost of the service for the employee and 50% of the cost for family members. The service has also been extended to members of the Board of Directors and the Board of Statutory Auditors.
- **Provision of flu vaccines**, in collaboration with the San Raffaele Hospital, to our employees and their families.

Those coming to the Bank in person have been continuously monitored to ensure the correct application of the relevant safety protocols. Specifically, the Bank has:

- put up signs with all the instructions contained in the protocols;
- installed thermal scanners to measure people’s temperature at the entrance to company premises;
- carried out extraordinary sanitisation of all air ducts and installed the latest generation of high antibacterial electrostatic filters in the air conditioning systems;
- replace and sanitised all the fan-coil filters.
- installed air purifiers, inside lifts, equipped with electrostatic filters and UV-C rays, to sanitise the air inside the cabin and the control panel;
- implemented staggered entries/exits to allow workers using transport to avoid peak travel times, where possible;
- delivered PPE such as sanitising gel and surgical masks;
- sanitised premises on a daily basis;
- implemented the “Booking Next” tool for booking workstations and car parks, enabling better organisation and monitoring of entries.

Additionally, in October 2021, in implementation of Law Decree no. 127 of 21 September 2021, checks were initiated of the EU Covid-19 Green Certificate, using the application “Verification C19”, for those accessing workplaces to carry out work activities in any capacity, also on an outsourcing basis.

OUR PERSONAL FINANCIAL ADVISORS

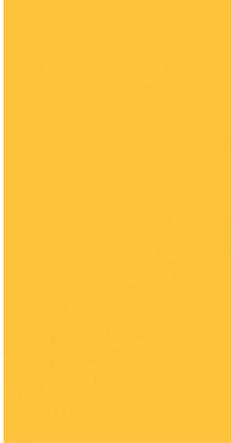
Although FinecoBank does not have any specific health and safety obligations towards its Personal Financial Advisors as imposed by Legislative Decree no. 81/2008, as amended by Legislative Decree no. 106 of 2009, the Bank has nevertheless adopted a number of measures for the **prevention of risks present in the Fineco Centers**, i.e. in the financial shops where Personal Financial Advisors operate.

Personal Financial Advisors working within buildings managed by FinecoBank receive appropriate **training** on health and safety. In addition, the Bank has decided to carry out specific inspections in the Fineco Centers, to check that the premises and equipment comply with current health and safety regulations, accompanied by training for the managers of the financial shops, to properly instruct them

on how to maintain and run the Fineco Centers, in compliance with the provisions of Legislative Decree 81/2008. In this regard, in 2021 the real estate department engaged external professionals to perform the building management activities in order to verify the **fitness** of all the shops where the Personal Financial Advisors work, in accordance with the provisions of Legislative Decree 81/2008 as amended. This process is scheduled to end in 2022.

As with employees, Personal Financial Advisors working in buildings managed by FinecoBank can **report any risks** in the Fineco Centers by contacting the real estate unit directly. Worth noting in this regard was the implementation of a reporting system in 2021 through a specific application (RefTree).

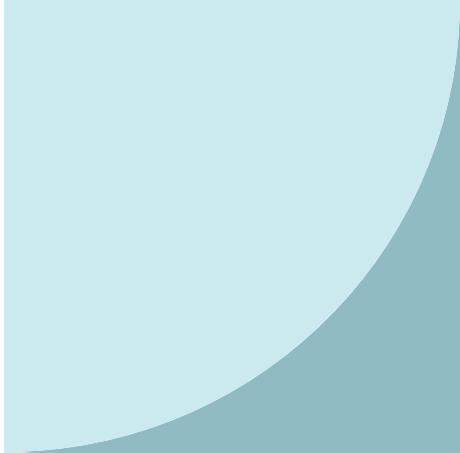




06



OUR CUSTOMERS

- 6.1.** CUSTOMER SATISFACTION AND QUALITY OF SERVICE
 - 6.2.** FAIRNESS AND TRANSPARENCY
 - 6.3.** PRIVACY AND DATA PROTECTION
 - 6.4.** CYBER SECURITY AND FRAUD MANAGEMENT
 - 6.5.** RESPONSIBLE PRODUCTS AND INVESTMENTS
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6. OUR CUSTOMERS



Policy and regulatory instruments

- Group Integrity Charter and Code of Conduct
- Code of Ethics pursuant to Legislative Decree 231/2001
- Guidelines for the preparation of marketing and advertising initiatives (Circular no. 48/2021)
- Global Policy - Privacy

The success of the Group is founded upon the relationship of trust established with its customers, with regard to whom Fineco is committed to engaging in its activities and offering services focused on excellence, always adhering to strict standards of professional ethics and taking inspiration from the principles of fairness, transparency and simplicity in all services and communications.

Observing proper conduct when engaging in business activities is of fundamental importance to Fineco, and the company's **Integrity Charter and Code of Conduct** serve to formalise the obligation of employees and personal financial advisors to act with due diligence and with the necessary professionalism in every interaction with customers,

always considering their needs, expectations and any potential benefits first and foremost. In this regard, the **Code of Ethics** also stipulates that relations with the Bank's customers (regardless of whether public or private) must be founded upon the criteria of honesty, courtesy, transparency, fairness, professionalism and collaboration.

6.1. CUSTOMER SATISFACTION AND QUALITY OF SERVICE

For twenty years, Fineco has been committed to making life simpler for its customers, courtesy of the unique nature of its business model, which is designed to offer innovative, simple and efficient services.

Increasing digitisation in Italy is changing consumer behaviour and expectations in everyday life. This structural trend increasingly encourages customers to choose their main bank on the basis of the quality of the services and products offered and the overall customer experience, rather than merely in accordance with geographical proximity. For this reason, the **continuous improvement of the customer experience** is crucial for Fineco, and this in turn is founded upon the concept of simplicity, which is a characteristic feature of the Group.

To **simplify the lives of customers**, the FinecoBank

offering is based on the **One Stop Solution** concept: the customer can access banking, brokerage and investment services through a single current account. However, offering a “single solution” is not enough: Fineco’s goal is to **deliver excellence at all times**.

Thanks to our deeply-rooted internal IT culture, Fineco is able to take full advantage of the value derived from knowing our customers, who use the Group’s proprietary platforms extensively.

For this reason, the Bank is constantly engaged in the development of products and services that are easy to use, of the highest quality, and which can satisfy all the financial needs of customers.

In 2021, the number of customers stood at 1,400,353, an increase of 60,000 net new customers compared to last year.

NUMBER OF CUSTOMERS BY TYPE ⁵⁸	2021		2020	
	Number	Percentage	Number	Percentage
Retail	1,302,412	93%	1,258,785	94%
Private	78,759	6%	65,502	5%
Legal persons (such as institutional bodies or associations)	19,182	1%	17,606	1%
Total	1,400,353	100%	1,341,893	100%

Communication with customers is based on constant dialogue through the internal **Customer Care** service and the network of personal financial advisors. In order to do this, customers must also have access to appropriate channels for **sharing any feedback and complaints** that they may have, and that help the Bank gathering the information

necessary in order to implement the processes of continuous improvement and to refine the products and services that lie at the heart of Fineco’s success. FinecoBank manages around **320,000 contacts each month by phone, e-mail, chat and SMS** with high levels of service, of which around 90% are processed directly during the conversation with the

⁵⁸ The number of customers by type shown in the table refers to natural persons with a Fineco current account, and not to the number of current accounts. Persons with more than one contractual relationship with the bank have only been taken into consideration once (each user has been classified according to one of the relationships that he/she holds with Fineco). The number is different from that listed in the consolidated management report because it does not include customers who own products other than current accounts and the holders of technical accounts for which the corresponding ordinary account is closed.

customer. Customer complaints are always analysed, understood and recorded, with great attention placed on this activity in order to improve the service quality provided. In 2021, 2,742 complaints were received (compared to 3,473 in 2020) and 2,719 were processed (of these, 219 were received in 2020)⁵⁹.

Another extremely important indicator for assessing the overall relationship between the Bank and its customers is the **Customer Satisfaction Index** (TRI*M new index, produced by TNS, an independent firm and market leader), which has improved significantly since last year, reaching a score of **101** in 2021 (our Tri*M score in 2020 was 98). In recent years this has also been accompanied by the development of a more structured management of the Fineco profiles on **Trustpilot**, an online platform for product and service reviews, where users can give a score of 1 to 5 to the company they are reviewing: Fineco is the No. 1 bank in Italy in terms of number of ratings and score, at **4.7** out of 5. This score reflects a track

record of satisfaction and positive feedback, with 83% of reviews at the top of the rating.

In addition, in order to be able to measure the rate of customer satisfaction during each interaction via the contact channels in a more accurate manner, a **feedback** system regarding services and products has been implemented: at the end of each interaction, the customer is asked to provide his/her level of satisfaction with the assistance received, or the reasons for his/her dissatisfaction. These comments are analysed on a daily basis, and are the driving force behind Fineco's ongoing review of its internal processes, to ensure that these are always ready to respond to changing customer needs, with a view to simplifying services and rendering them increasingly accessible. In this regard, in 2021 there was a significant decrease in the number of customers expressing dissatisfaction from 4% to just over 3% (of which less than 1% related directly to dealings with the Customer Relationship Management staff).

⁵⁹Please note that the deadline for processing the 2021 complaints that have not yet been handled is 2022.

6.2. FAIRNESS AND TRANSPARENCY



Policy and regulatory instruments

- Group Integrity Charter and Code of Conduct
- Code of Ethics pursuant to Legislative Decree 231/2001
- Guidelines for the preparation of marketing and advertising initiatives (Circular no. 48/2021)
- Global Policy - Privacy

Transparency has always been one of the cornerstones of the relationship of trust that exists between Fineco and its customers, and is a fundamental element of company culture. In addition to the issues addressed in the **Group's Integrity Charter and Code of Conduct**, as well as in the Code of Ethics, the Group has also issued a specific internal circular called **Guidelines for the preparation of marketing and advertising initiatives** (no. 48/2021). This is designed to facilitate the consolidation and dissemination of an internal culture that is founded upon the principles of honesty, fairness and compliance with the relevant regulations, and clearly stipulate that a certain behaviour towards the customer can be defined as incorrect when it results in any form of alteration in the actions and perception of the consumer with regard to the product/service offered, regardless of the actual damage caused to the latter.

For this reason, Fineco is committed to ensuring all communications are distinguished by the simplicity of the way in which they are written, courtesy of the **direct** and **immediately comprehensible language** employed. When present, any sources relating to qualitative-quantitative numerical evidence or detailed conditions are always provided within the same information document, and are easily verifiable.

The procedure for creating, approving and publishing

the content of communications to customers, including marketing communications, follows a strict process of internal approvals that includes first-level controls, carried out directly by those who produce the content, and subsequent controls by the compliance and legal departments and all of the offices concerned. All communications destined for customers are generated and produced by Fineco's internal staff, without the involvement of external third parties; this provides an additional guarantee of privacy and control over the flow of publication.

Within Fineco, **transparency** means accessibility to information at all times, along with dedicated, immediate and "all-in-one" assistance. Indeed, courtesy of a complex system of *data analytics*, Fineco is able to profile communications destined to be sent to users with extreme granularity, ensuring that each cluster of contacts only receives information that is relevant or interesting to them. Marketing materials, such as e-mail communications and website pages, follow predefined layout templates that make it easier for the user to access the information. The responsive structure enables most e-mail communications to be optimised for reading on mobile devices, automatically adapting to different screen resolutions.

In 2021 there were no cases of non-compliance with regard to commercial communications

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

During the year, the Bank reported on the various initiatives undertaken to support customers affected by the pandemic. In particular, the main communications concerned:

- Advance payment of CIG (temporary redundancy funds) to customers who requested it;
- Suspension of loans and mortgages, publicised through messages in the public area of the site;
- 110% Ecobonus and Sismabonus, publicised in the public and private sections of the website.

Communication plans were developed on the Personal Financial Advisors Network, through e-mails and communications on the X-Net platform, regarding the following:

- operations for the management of the Bank-Advisor and Advisor-Customer relationships, aimed at maximising the simplification and digitisation of processes;
- organisation and management of the closing and reopening of Fineco Centers and the organisation of events with customers and prospects, in full compliance with regulatory requirements.

6.3. PRIVACY AND DATA PROTECTION



Policy and regulatory instruments

- Global Privacy Policy

The safeguarding of customer privacy and information is a fundamental consideration in all of Fineco's activities, and the Group is dedicated to ensuring that the collection and processing of personal data is carried out in compliance with the legal provisions and regulations in force in this field. To this end, Fineco has adopted a **Global Policy on Privacy**, applicable to all Group companies, the latest version of which was approved in January 2021, and has issued further specific internal regulations (applicable to the entire Group) on data protection, such as the detection and management of data breaches, the appointment of external data managers, the duties and responsibilities of the data protection officer, and the management of the register of processing.⁶⁰

With particular regard to the **customer protection**, a number of policies and procedures have been adopted to protect customer data and to offset any potential risks, including the disclosure or misuse of personal data. The measures adopted internally by FinecoBank cover all business processes, from the design of products and services to training, incentives and interaction with the data subjects, and they include:

- the adoption of a **Group Privacy Policy**;
- the establishment of a **regulation on the use of electronic tools** (e.g. e-mail, internet, laptops and smartphones) during work, to set out the principles of conduct on the correct use of those tools, including rules on security, personal data protection, confidentiality and protection of the Bank's workers;
- the dissemination of specific **guidelines on the Data Retention Period and the Rights of Data Subjects**;
- a **Data Privacy Impact Assessment (DPIA)**, to regulate the assessment of the impact of the processing of personal data in cases where there is

a potential high risk to the rights and freedoms of the data subjects;

- the updating of the "**Data Protection Agreement**" document used for the appointment of Data Controllers, in order to adapt it to the innovations that have occurred in the external and internal context and to guarantee the protection of data processed by third parties on behalf of the Bank.

These instruments are published and made available to all Addressees on the corporate portal, and communicated at the time of recruitment to each employee, or at the start of the collaboration to each consultant worker, who uses the Bank's information systems, with acknowledgement that they have viewed their contents.

In order to support this, it should be noted that during the course of 2021, Fineco continued to develop and improve the measures required in order to implement the new regulations set out under the GDPR, including adhering to the principles of **data protection by design** and **by default**, a **data protection impact assessment**, the fine-tuning of the **data processing activity register** and the **strengthening of security measures**.

Over the course of 2021, the Bank ensured that it continued to provide all staff with a **mandatory privacy training plan**, which serves as a general introduction to the topic of personal data protection.

In engaging in these activities, the Data Protection Office (DPO) has assumed an increasingly central role, both with regard to the general management of privacy issues and to the launch of new projects that have a direct or indirect impact on the protection of personal data, in order to assess the feasibility of these and the most appropriate means of implementation.

⁶⁰ The Policy has been drawn up in implementation of EU Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation - "GDPR"); the Personal Data Protection Code, containing the provisions for the alignment of the national legislation to the GDPR (Legislative Decree 196/2003 as updated by Legislative Decree 101/2018), the measures, guidelines and opinions of the Data Protection Authority of the European Data Protection Board (former Article 29 Working Party).

The DPO is supported by the **Compliance Function**, making sure that the privacy legislation is adhered to and overseeing the implementation of any relevant updates and alignments with the regulations. The function also monitors compliance with the points stipulated in the measures provided by the Antitrust Authority, thus ensuring non-compliance risk control.

In this respect, the Bank has implemented a **data breach management procedure** that sends notification to the DPO of any breaches detected internally or by external entities (including customers); this retrieves information from the relevant departments and assesses the impact on privacy. For each breach, the necessary measures to reduce the risk of similar occurrences in the future are assessed, with the help of the competent Bank structures.

Data protection is also carried out through **fraud monitoring** in accordance with European and national legislation, security regulations and best-practice industry standards, in order to ensure that information systems are protected from attacks or incidents that could compromise the rights of data subjects. In the event of a data breach, the Bank, in its capacity as Data Controller, will proceed with assessing this and sending out any communications/ notifications necessary pursuant to articles 33 and 34 of the GDPR, in the manner and within the time limits indicated therein.

With regard to the handling of **reports and complaints regarding privacy-related issues**,

Fineco has formalised and adopted a number of specific internal procedures designed to ensure that these are given due consideration, and dealt with within the time-frame established by the GDPR.

The data protection management model can be audited by the **Internal Control Functions**.

In particular, it is worth mentioning the ex-post controls carried out by the Compliance function in order to verify the effective application of internal rules and the effectiveness of the measures put in place to eliminate or mitigate any non-compliance. This includes the identification of the main legal requirements and their association with a risk level, which are defined by comparing the result of an indicator against the limit set by the individual control. In 2021, no specific internal audits were conducted in this area, but the level two controls continued to be implemented according to the framework adopted.

Over the course of 2021, the Bank received **3 substantiated complaints** concerning violations of the personal data of customers which were proven to be (even if only partially) well founded, although these did not represent a risk or source of potential harm to customers and their rights and freedoms. With regard to possible data leaks, thefts or losses, following the strengthening of the detection capacity of the competent structures and in line with the results of the surveys carried out in 2021, **17 events** were detected for which the Bank determined that there was no damage to the customers and put in place appropriate corrective measures⁶¹.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

In the context of the pandemic, the need to contain Covid-19 infections has led to the application of specific measures to ensure the safe conduct of professional activities. The implementation of these measures required the involvement of the Data Protection Officer to balance them with the right to privacy of all categories of stakeholders potentially impacted by such measures, starting with the Bank's staff, in compliance with the principle of privacy-by design. The Data Protection Officer has, as part of their responsibilities, ensured the correct transposition of the guidelines and indications defined by the Antitrust Authority with reference to the new protection requirements that have emerged during the pandemic, providing assistance and advice. In particular, in 2021, in implementation of Legislative Decree no. 127 of 15 October 2021, the protocol for entering the workplace through the Covid-19 EU Green Certification check was drawn up by the HR function with the support of the DPO.

⁶¹With regard to Fineco AM, there were no substantiated complaints regarding privacy breaches or events of data theft or loss.

6.4. CYBER SECURITY AND FRAUD MANAGEMENT

Fineco's distinctive business model is based on the innovative distribution of financial services that combines the efficiency of mobile and online digital channels, able to reach a variety of customer targets. The Bank's transactional **platforms** and advisory **services** are developed in-house using state-of-the-art **proprietary technologies** to make customer experience a more fluid and intuitive experience on all channels.

Given the growing digital complexity of the world we live in, information security has become crucial for the banking industry. The most topical issues are undoubtedly cybercrime, online fraud, identity theft and hacktivism.

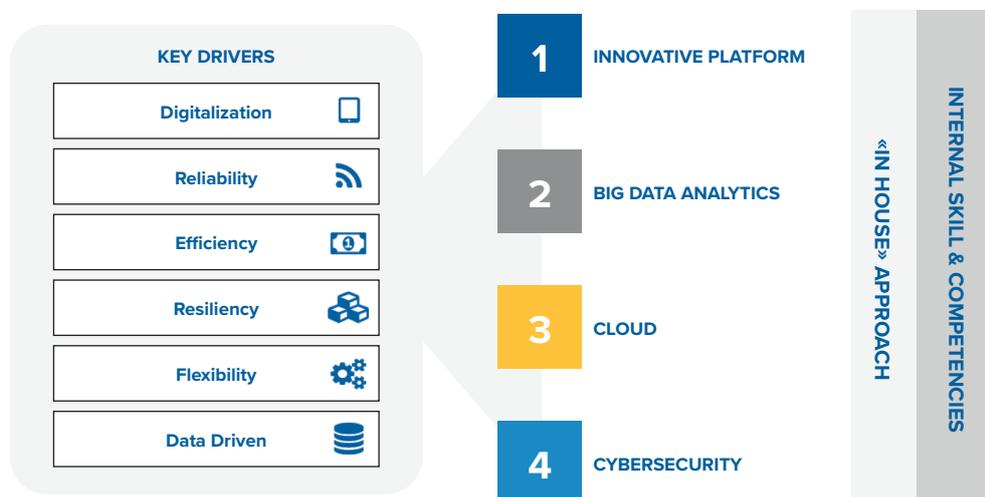
Special attention is paid to the issues of **Cyber Security & Fraud Management** right from the design of the systems. They are seen as key to properly defining the solutions and services offered, including taking advantage of opportunities offered by evolving regulation, in order to offer customers full security while maintaining simplicity of use.

The steps taken to improve IT security management help mitigate the Group's exposure to operational and reputational risks. The necessary measures are taken to **minimise the risks** inherent in the services offered, applying best practice in the field of security and ensuring that management vision and ICT risk are aligned, as well as the uniform application of the rules on information systems. Specifically, the processes and activities for the governance and management

of IT security and the related risk are organised based on a model involving the Bank's corporate bodies and the various corporate functions, in accordance with their respective responsibilities and in line with the verifications connected to the three types of controls established in the Internal Control System. In this context, the "human factor" continues to be one of the most important protection rings for Fineco, which is why it is essential to continue ensuring that both our customers and employees are aware of possible threats, enabling them to recognise them and react appropriately. Various initiatives have been developed, such as targeted training and specific communication campaigns, as well as participation in simulations of adverse cybersecurity scenarios.

The increase in the complexity of the operating environment, as well as the information systems supporting the company's operations, has prompted Fineco to adopt a structured approach to governing both IT and Security. This has been achieved by leveraging the strength of the management's commitment in this area, which sees the information system and technology as key factors for success in increasing value for the Bank's customers.

The diagram below shows the main **drivers** considered for the definition of the ICT & Security strategic objectives and the related **enablers**, i.e. the technological elements that are fundamental for the implementation of the strategy established:



These points are detailed in the **ICT & Security Strategic Guidance Document**, updated and approved by the Board of Directors in 2021. This document is the cornerstone of a broader set of documents governing FinecoBank's ICT & Security Governance and sets out the Bank's strategic objectives for Information & Communication Technology and Security, established on the basis of the business objectives included in the Business Plan and in compliance with regulatory developments. The ICT & Security strategy takes into account: the inputs and indications in the Group Multi-Year Plan; the technological context and the main trends in the industry; possible innovations for the mitigation and prevention of cybersecurity risks; the current regulatory requirements with particular attention to the regulatory context surrounding ICT and ICT security; the existing ICT and ICT Security Strategy.

The main ICT & Security **project initiatives**, identified to achieve the objectives described in the Strategic Guidance Document, are annually shared with and approved by the CEO and General Manager. The progress of these initiatives is continuously monitored to ensure their alignment with the strategic objectives, promptly communication of any problem arising during the course of the various projects and, consequently, identify and implement appropriate corrective solutions to avoid jeopardising the fulfilment of the plan.

In terms of consultation with the **Corporate Bodies**, through the *Summary Report on ICT Adequacy and Costs*, the Head of the ICT & Security Office, in agreement with the Deputy General Manager of the Global Banking Services Department, presents an annual summary assessment of the implementation of the strategy to the Board of Directors, and, where the information is available, produces a comparison at Italian level with other banks listed on the stock exchange or using industry sector analyses as a reference (e.g. CIPA - ABI, Gartner). During 2021, through the work of the Head of the CIO Department, further information was shared with the Board of Statutory Auditors on the ICT & Security Strategy, the performance in relation to security incident management, the disaster recovery situation,

the ICT & Security regulatory framework, and the cyber events simulation conducted by FinecoBank. Lastly, an induction session was held for the Board of Directors in February 2021 on the impact of technology and cybersecurity on FinecoBank's business model, which had an 80% attendance rate.

FinecoBank dedicates and invests considerable resources in pursuing these strategic objectives. In fact, around **17% of its staff** work in the ICT & Security Department.

This Department includes the dedicated **Information Security & Fraud Management** team, which is responsible for supporting and managing the adoption of policies and guidelines aimed at ensuring the security properties of the information and corporate assets in various areas, such as applications, network, asset management, device management, and patch/change/vulnerability management, in order to avoid system breaches and data loss or damage.

In 2021, FinecoBank used independent third parties to conduct a security assessment to identify potential threats and vulnerabilities that could affect systems/services, with the aim of verifying the security measures in place and considering the implementation of additional protection measures, where necessary. In addition, the Bank underwent an **External Independent Assessment** of the security measures relating to SWIFT operations, which generated a positive outcome.

The **Information Security & Fraud Management** team also manages information security incidents using a structured and integrated incident response framework, whose guidelines are set out in the ICT Security Incident Management and Emergency and Crisis Management Group Policies. Specific detailed processes have also been developed to ensure swift and effective handling of the different types of events. The main objectives of the security incident management process are:

- to minimise the impact of damaging events;
- to quickly identify and implement the appropriate counter/containment measures;

- to identify and implement all the post-incident recovery operations.

These objectives are pursued through a consistent approach to the management of security incidents, which includes an effective combination of **prevention activities**, aimed at preventing incidents and proactively identifying/detecting events that could lead to potential security incidents, and **responsive activities**, aimed at responding to incidents by adopting strategies to manage and contain them.

The incident management strategy can therefore be summarised as follows:



The **Information Security team & Fraud Management** team, also handles the fraud management for customer transactions:

FinecoBank's security strategy consists of a multi-layered approach, based on in-depth knowledge of its customers, behavioural analysis and risk assessment, designed to enhance and improve the effectiveness of the existing anti-fraud process, while maintaining a high level of user-friendliness. Over the years, the internal development in this area has enabled FinecoBank to achieve some of the best results in the Italian and European banking industry,

In terms of **sourcing**, over the years FinecoBank's strategic choice has been to internally handle all technological and security activities that could make a significant contribution to the development of business. This has allowed the Bank to offer customised and distinctive products, maintain a high level of know-how and internal control over the evolution of its technology and services, retain intellectual property of the applications developed and their supporting algorithms and ensure cost competitiveness and rapid time to market, in addition to better and consistent performance in service delivery.

particularly in relation to banking and payments fraud. This has been made possible by a sourcing policy and an internal development approach, which have allowed the Bank to have a very high level of control on fraud, allowing it to adapt quickly to new trends.

The **independent verification** was conducted by an external third party in 2021, which generated a positive outcome, aimed at assessing the methodology and model adopted and the fraud rates in accordance with Delegated Regulation (EU) 2018/389 (PSD2).

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

Given the undoubted increase in operational risk due to the opening up of company applications to the outside world as a result of the extension of **home working to 100%** of staff, special attention was given to the countermeasures to be adopted to mitigate the increased ICT risks. These include increasing the use of **strong authentication** for users in accordance with the levels of risk associated with individual activities, adapting threat detection systems with specific measures, and reviewing and strengthening the technical architecture that allows remote access.

Specific communications regarding the correct use of company resources in the new working context of remote working have supported internal users in adopting the appropriate behaviours in relation to the new operational context. In terms of **CyberSecurity**, the Bank's security systems continued to see a sharp increase in 'reconnaissance' activities on its systems exposed on the internet, which is often carried out by cyber criminals in preparation for the launch of cyber-attacks. Additional mechanisms and countermeasures have been introduced to reduce cyber risk, maintaining Fineco's previous track record of not having registered any major incidents or incidents with a significant impact on cybersecurity.

6.5. RESPONSIBLE PRODUCTS AND INVESTMENTS



Policy and regulatory instruments

- Product Governance Policy
- Global Policy - New Products Process
- Policies on integrating sustainability risks into advisory services
- Fineco AM Responsible Investment Policy

Fineco's aim is to work on consolidating its strategy for sustainable growth, in the belief that investing responsibly means helping to generate a positive social and environmental impact in the long term, minimising risks without sacrificing opportunities for yield and growth of the business. The **Advisory, Third Party & Private Banking Solutions** and **Product and Services** functions are responsible for promoting and implementing this strategy within the Group's products.

In line with the strategy, in 2021 the Group continued to enhance the integration of sustainability into its business activities. Indeed, in the update of the **New Product Process – Global Policy**, the process of assessment of the risks associated with new products and substantial changes to existing products was integrated with the assessment of sustainability risks, establishing the requirement for any environmental, social and/or governance objectives to be included among the features of the products contained in the product identification form.

In addition, in line with EU Regulation 2088/2019 (Sustainable Finance Disclosure Regulation - SFDR), in March 2021 Fineco adopted the document **"Policies on integrating sustainability risks into advisory services"**, which provides information on the policies currently established by FinecoBank, as an intermediary offering investment advisory services, for the integration of sustainability risk into the provision of those services and considering the

principal adverse impacts on sustainability factors generated by the advised investments. In this respect, it is worth noting that the Bank integrates **sustainability risk** into the provision of its services using an **ESG Rating** assigned by an external provider, providing investors with an immediate tool for better understanding the extent to which the economic value of the investment could be at risk due to issues related to the environment, the social sphere or the governance of the underlying assets, in addition to making them more aware of their investment choices. The rating is currently only assigned to (i) UCITS and SICAVs and (ii) Exchange Traded Products, and only if there is a minimum level of asset coverage for the instrument rated, based on quantitative thresholds set by the data provider.

Using the same external provider, Fineco regularly maps the **SFDR classification** of the funds currently in its platform. This allows Fineco to compare its positioning with the Italian and European averages. To comply with the new regulations and keep pace with consumer needs, from 1 January 2021 the Bank has committed to favouring the evaluation, selection and inclusion of funds with an ESG rating in its range of offerings, effectively increasing the ESG offering available to customers.

As at 31 December 2021, FinecoBank's asset management offering consisted of an open architecture with 6,377 funds from the top 70 global investment houses.

ESG ASSESSMENT OF FUNDS IN THE PLATFORM	2021			2020		
	N° ISIN	%	AuM [€ bn]	N° ISIN	%	AuM [€ bn]
ESG-rated funds	5,278	83%	30.2	3,610	57%	13.7
<i>of which with rating ≥ average</i>	3,880	74%	24.6	2,708	75%	10.9
Non-ESG-rated funds	1,099	17%	6.3	2,748	43%	16.6
Total funds	6,377	100%	36.5	6,358	100%	30.3

ESG ASSESSMENT OF ETFs IN THE PLATFORM	2021		
	N° ISIN	%	AuM [€ bn]
ESG-rated ETFs	5,065	77%	4.1
<i>of which with rating ≥ average</i>	3,928	78%	3.2
Non-ESG-rated ETFs	1,519	23%	1.1
Total ETF	6,584	100%	5.2

SFDR CLASSIFICATION OF FUNDS IN THE PLATFORM	2021		
	N° ISIN	%	AuM [€ bn]
SFDR Article 6 funds⁶²	3,246	51%	20.8
SFDR Article 8 funds⁶³	2,844	45%	14.2
SFDR Article 9 funds⁶⁴	264	4%	1.0
Unclassified funds	23	0%	0.5
Total funds	6,377	100%	36.5

With particular reference to the **Investing** area, advisory services are focused on offering solutions that take ESG criteria into account during the creation of model portfolios, through specific quantitative and qualitative analyses and with the support of ESG ratings of the main providers that are widely recognised by the market, such as **Morningstar and Sustainalytics**. In the area of wealth management, the **Private Value Lines** have been distributed since March 2019; the investment process for these is founded upon a Best in Class approach, which selects the issuers in a portfolio in accordance with ESG criteria, giving priority to the best issuers and identifying best practices in the various sectors. As at 31 December 2021, the Assets Under Management connected to the Private Value Lines amounted to €273 mn, up 40% compared to 2020. In the first quarter of 2021, the **Private Global Lines** were

launched, which invest in ETFs and Securities with an average portfolio rating of over 6, on a scale of 1 to 10, according to the MSCI sustainability rating. As at 31 December 2021, the Assets Under Management connected to the Private Global Lines totalled €32 mn. The Private Value and Private Global lines are among the products classified under Article 6 of the SFDR.

With regard to **supplementary pension schemes**, in October 2020 the investment policy of the **Core Pension**, an open-ended pension fund managed by Amundi and distributed exclusively by Fineco, was changed on all the lines, with the integration into the existing investment process of exclusion and selection criteria based on analysis and the assignment of sustainability ratings. As at 31 December 2021, the Assets Under Management

⁶² Funds not classified as SFDR Article 8 or Article 9 funds..

⁶³ Funds that, in addition to other characteristics, promote environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made comply with good governance practices.

⁶⁴ Funds that have sustainable investments as their objective.

of Core Pension amounted to €497 mn, up 65% compared to 2020.

With regard to **Banking and Credit Products**, the process of dematerialising processes and services continued in 2021 with a view to favouring digital and paperless oriented processes in order to promote and encourage environmental sustainability in all its forms. Specifically:

- a dedicated digital platform was introduced for the collection of mortgage documentation, replacing the traditional postal delivery or e-mailing of previously printed, completed and scanned documentation;
- the Credit Lombard Acceptance Letter (previously sent by post) was digitised and uploaded to the Private Area of the website;
- the possibility was introduced for customers to digitally sign requests for addition/migration on Credit Lombard entered by the personal financial advisors from the X-Net platform, eliminating the need to produce and print paper documents also for these types of request;
- the periodic Loan Statement (previously sent by post) was digitised and uploaded to the Private Area of the website;
- a process for changing residence directly online was introduced;
- the possibility was introduced for Fineco customers to request the SPID (Sistema Pubblico di Identità Digitale – Public Digital Identity System), which allows them to access government online services using a single digital identity, directly from the reserved area of the website.

In 2021, the success of the **green mortgage** continued, which enables the financing of the purchase of class A or B energy properties through a mortgage loan, at favourable conditions compared to the standard price list. Over the course of the year, 18% of all new purchase mortgage agreements fell into the green mortgage category, amounting to a total of €140.7 mn, or roughly 21% of the total amounts disbursed by the Bank in the same year.

Lastly, the offering to customers relating to the **transfer of tax credits** under the 110% Superbonus initiative for the energy upgrade and reduction of

seismic risk of buildings continued, with a completely paperless process and the most competitive offering on the market. In 2021, a total of €207.8 mn of tax credits were purchased from retail customers.

The **Banking and Credit Products** structure regularly monitors sales volumes and product developments on the market, also by analysing competitors, to identify any signs of an ineffective offering or find new ideas for the launch of new products, also from a sustainability perspective. Where appropriate these are added to the road map of pipeline projects and their progress is monitored in collaboration with the Sustainability Office.

Moreover, with the recent green bond transactions and sustainable bond issuance, the green finance market represents an increasingly important proportion of the financial market as a whole, particularly in Europe. In this regard, during 2021, Fineco also continued to take this type of financial instrument into consideration in its financing decisions, as an integral component of its sustainability strategy. At 31 December 2021, the Group held a sustainability portfolio consisting of **ESG bonds** amounting to approximately €891.5 mn, corresponding to 3.76% of Fineco's total portfolio; in particular, ESG covered bond issues amounted to approximately €64 mn, or 8.4% of the total covered bonds in the portfolio.

The Irish company **Fineco Asset Management DAC (Fineco AM)** is also continuously looking for opportunities to develop its sustainable product and service offering, and to promote a responsible approach to investment. The increasing integration of ESG criteria into investment processes is a priority for Fineco AM.

Since 2020, Fineco AM has turned its attention to the performance fees of the products it distributes, i.e. the costs charged to the customer if the manager is able

to outperform the benchmark used for comparison. Fineco's idea was to apply a special sustainability label called **“No Performance Fees”**



which indicates to customers which funds entail such charges. The goal is to raise awareness among the entire asset management sector of the impact of performance commissions on the sustainability of the business and on the relationship with the end customer.

In 2020, the Company became a signatory to the internationally recognised **United Nations Principles for Responsible Investment (UN PRI)**, which allow it to publicly demonstrate its commitment to including environmental, social and governance (ESG) factors in the investment decision process and the properties of the investments. In line with this approach, in February 2021, Fineco AM's Board of Directors approved the **Responsible Investment Policy**, updated in early 2022, which lays down the commitment to manage the funds in a responsible and sustainable manner, setting out guiding principles and a framework for integrating responsible investment analysis throughout the investment process.

During the same period, Fineco AM carried out a **classification of all funds under management** according to **SFDR Articles 6, 8 and 9** and included, at prospectus and supplement level, the relevant **pre-contractual information** to comply with the SFDR by the regulatory deadline of 10 March 2021, including submission to the Central Bank of Ireland and the *Commission de Surveillance du Secteur Financier* for the Irish and Luxembourg umbrella. In the last months of the year, the pre-contractual disclosure of Fineco AM's funds was supplemented to comply with Regulation 2020/852 (EU Taxonomy), including

qualitative and, where possible, quantitative information, as well as a statement of the principle of “do not significant harm”.

With the aim of increasing **transparency** in communicating with the public in relation to Fineco AM's commitment to ESG issues, a summary of the sustainable investment process for the range of funds of funds and ESG Target Global Coupon was published on the website in addition to the Responsible Investment Policy and the list of funds under management classified as SFDR Articles 8 and 9.

During the year, specific **ESG due diligence** activities were carried out on the managers of funds under delegated management, in order to verify the robustness of the sustainability strategy adopted by the manager.

With the aim of increasingly integrating ESG issues into investment policies, in 2021 Fineco AM set up an **internal working group** that meets on a weekly basis to discuss relevant ESG topics that have an impact on the company and the funds under management. Finally, the year also saw the acquisition of a licence for an **external ESG data and information provider** to assist Fineco AM's investment and risk teams in screening and assessing ESG aspects of the funds under management, including sustainability risks.

As of 31 December 2021, **ESG funds** classified as **Art. 8 and 9 SFDR** account for approximately 30% of Fineco AM's total Asset Under Management, with the aim, over time, of reaching 50%.

ASSETS UNDER MANAGEMENT OF FINECO AM ESG PRODUCTS⁶⁵ [€/MN]	2021	2020
SFDR Article 8 funds – internally managed	3,128	1,502
SFDR Article 8 funds – externally managed	3,813	1,911
SFDR Article 9 funds – internally managed	-	-
SFDR Article 9 funds – externally managed	224	-
Total ESG AUM	7,165	3,413

⁶⁵ For the latest list of ESG funds under management, please refer to the Sustainability section of Fineco AM's website.

For these products, the due diligence and fund analysis procedures take ESG criteria into account. Fineco AM aims to integrate these criteria into the due diligence procedures of all future investments and external investment managers for any new mandates, to align with the responsible investment principles to which the company has adhered or will adhere in the near future (e.g. UN PRI, UN Global Compact, Modern Slavery Act), in addition to aligning with the principles of its Responsible Investment Policy.

To this end, Fineco AM continues to actively seek fund managers that are committed to investing responsibly, positively assessing aspects such as the investment manager's participation in the UN Principles for Responsible Investment, the integration of ESG criteria into the valuation process of investments, the managers' active engagement with companies in which the fund invests and the

use of voting rights to positively influence ESG standards.

Furthermore, Fineco AM's **Investment Committee** has the power to prohibit an investment if it does not meet specific ESG requirements, also by following a specific list of sanctions to combat the financing of terrorism.

The assets subject to screening are those covered by the analyses performed by Morningstar and MSCI. Specifically, the positive screening identifies funds that explicitly refer to sustainability-related activities, impacts or strategies in their prospectuses or offer documents (e.g. diversity, renewable energy, low carbon and local community development). Negative screening excludes funds that invest in specific sectors considered controversial from an environmental and social sustainability perspective (e.g. alcohol, controversial weapons, gambling, tobacco, nuclear power, palm oil, pesticides, thermal coal).

ASSETS SUBJECT TO POSITIVE AND NEGATIVE ENVIRONMENTAL AND SOCIAL SCREENING	2021	2020
% of assets subject to positive environmental and/or social screening	12.8%	10.8%
% of assets subject to negative environmental and/or social screening	27.0%	15.9%
% of assets subject to combined positive and negative environmental and/or social screening	14.4%	6.3%

The removal of third-party funds and the launch of mandates with selected partners has allowed Fineco

AM to increase its exposure to ESG-screened funds.

FINANCIAL INCLUSION

Fineco provides a product and service offering that promotes financial inclusion and access to financial services and products.

In particular, in order to improve the **financial inclusion of population groups in difficulty**, Fineco offers the possibility of subscribing to two different types of current account at preferential rates, namely the **Basic Account A** and the **Basic Account B**, both aimed at facilitating access to basic financial services for economically disadvantaged groups. The offering includes not only a predetermined number of free services and transactions, but also free provision of a debit card. In particular, the Basic Account A does not provide for any stamp duty for customers with an ISEE of less than €11,600/year or any current account fee for pensioners with a pension of less than or equal to €18,000/year, while the Basic Account B account is aimed at retirees with a pension of less than or equal to €18,000/year and offers a limited number of free transactions.

Fineco also adopted a number of initiatives during 2021 aimed at promoting **access to banking and financial services for young people**:

- in line with the so-called Support Decree⁶⁶, it has allowed the application of a zero substitute tax to loans for first home purchases by borrowers who are no older than 36 (in the year of the deed of exchange) and whose ISEE (financial status indicator) is no more than €40,000;
- it has extended the free-of-charge account, already available up to 28 years of age, to customers aged 28 to 30;
- it has introduced a reduction in fees, for young people under 30, on orders in Italian and international equities and ETFs, and eliminated the monthly fee for Capital Accumulation Plans (CAPs) in ETFs and fixed fees for CAPs in SICAVs.

Furthermore, in the **Product Governance Policy**,

revised and approved in July 2021, the “**Degree of Vulnerability**” was introduced as a relevant element for determining the target market for banking and financial products, to be understood as belonging to a class of vulnerable customers (e.g. persons with disabilities or reduced functionality in the use of technology) such as to compromise the use of the banking services offered. This additional consideration allows Fineco to intercept, if necessary, opportunities for the development of new banking and financial products aimed at these categories of customers.

Within the context of its initiatives designed to **improve accessibility to services**, and in line with its mission to simplify the lives of its customers, Fineco has rolled out a number of solutions to make it easier for blind or visually impaired people to use the website and the app. In this regard, the **Fineco APP** is structured in a way that makes it compatible with screen reader programs (“Voice Assistant” for the Android version and “Utility Voice Over” for the iOS version), enabling the entire contents of each of the pages to be read; the website is also developed to ensure compatibility with the main screen reader software. This allows menus, text and images to be reproduced by speech synthesis systems, by means of specially integrated codes.

At the level of the user experience, particular attention is dedicated to the design of the information architecture in order to ensure easy navigation of the content, as well as to the correct contrast between the background and the text, using a legible typeface, and to the labelling of the images inserted, so that these can be recognised and correctly interpreted by the speech synthesis software. In addition, components that may reduce the usability of the content are avoided, including animated images, scrollable text and blurred backgrounds.

⁶⁶ Decree-Law no. 41 of 22 March 2021: Urgent measures in support of businesses and economic operators, labour, health and local services, related to the Covid-19 emergency.

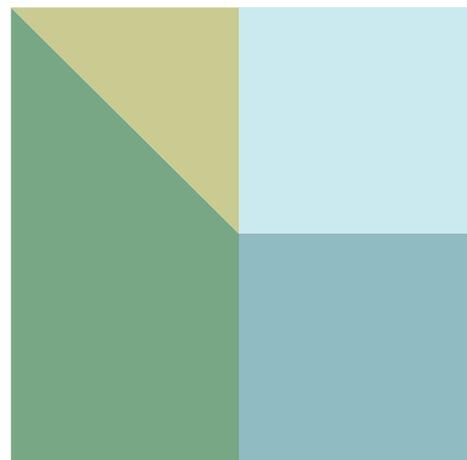
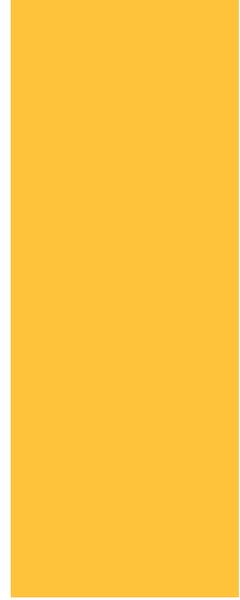


07



ENVIRONMENT

- 7.1.** DEMATERIALISATION
- 7.2.** WASTE AND WASTEWATER MANAGEMENT
- 7.3.** ENERGY CONSUMPTION AND EMISSIONS





Policy and regulatory instruments

- Code of Ethics pursuant to Legislative Decree 231/2001
- Global Policy - FinecoBank Group Environmental Policy
- Global Policy - Reducing energy consumption

The very nature of Fineco's business model is geared towards minimising direct environmental impact, focusing mainly on the responsible use of resources, increasingly favouring the dematerialisation processes inherent in the business, and compliance with all environmental regulations and self-regulatory codes.

Within FinecoBank's **Code of Ethics**, which is the cornerstone of the Organisation and Management Model adopted pursuant to Legislative Decree No. 231/2001, the **Protection of the Environment** is a key principle, aimed at ensuring full and substantial compliance with environmental legislation in all the activities carried out. Furthermore, the Code of Ethics explicitly states the Bank's commitment to carefully evaluate the environmental consequences of every choice it makes in its work, both in relation to the consumption of resources and the generation of emissions and waste directly linked to that work, and to activities and behaviours that it does not directly control, carried out by third parties such as customers and suppliers.

As part of the management of environmental compliance measures, the Real Estate Unit has been designated as a **Specialised Structure**⁶⁷ with regard to regulations on responsible consumption, waste disposal and pollution reduction at premises used by the Bank and the personal financial advisors.

The provisions of the Code of Ethics are accompanied by the FinecoBank Group's **Environmental Policy** approved by the Board of Directors in 2020, which sets out Fineco's general intentions and direction

with respect to its environmental performance, including compliance with all relevant environmental regulatory obligations and a commitment to continuous improvement in environmental performance.

As already announced in previous reports, in 2021 Fineco completed the first implementation of the **Environmental Management System** in accordance with the EU Eco-Management and Audit Scheme Regulation no. 1221/2009/EC (EMAS Regulation), which, at the end of December 2021, was being assessed by the Ecolabel and Ecoaudit Committee - EMAS Italy Section - for the purposes of EMAS Registration. In this context, in January 2021 the CFO was appointed as the **Management Representative** pursuant to the EMAS Regulation, who, with the aid of the Sustainability Office reporting directly to her, is responsible for ensuring that the EMS is established, implemented and maintained in accordance with the requirements of the above-mentioned international standard, and for reporting to the Top Management on the performance of the Environmental Management System for the purpose of its review, including recommendations for improvement.

In June 2021, the Board of Directors also approved

⁶⁷ For more information on the tasks assigned to the Specialised Structures in the area of sustainability, see the "Sustainability Governance" section in the chapter "1.3 The Governance System" of this document.

the **2021-2024 Environmental Programme**, prepared in accordance with the requirements of the EMAS regulation, which defines the environmental objectives, the operational actions, the company units responsible for their achievement, the resources allocated, the time frames and, where possible, the quantitative targets.

In implementing the Environmental Management System, Fineco has also adopted a series of **operating procedures** aimed at regulating several processes related to the management of environmental aspects in the Bank. As an example, it is possible to mention the activity relating to the Environmental Management System Review, under which the EMS is subject to **periodic reviews** carried out at least annually by top management, aimed at assessing the effectiveness of the system and its continued suitability and adequacy with respect to the evolution of the company and the environmental objectives and targets set. The reviews are also used for the planning and execution of internal environmental audits and management of the findings from the environmental management system, with the establishment of **periodic internal environmental audits** of the company premises and the Fineco Centers, aimed at the systematic, documented

and objective assessment of the compliance of the Environmental Management System. To support the advisory network in the internal and external environmental audits at Fineco Centers, Fineco has provided two **handbooks** with instructions on how to manage the main environmental aspects, including: waste management, cleaning products and equipment, purchase of paper and other office materials, consumption of resources and energy, and maintenance of heating systems.

The main elements of the Environmental Management System identified, including the environmental performance of the last two years, are recorded in the Environmental Statement, which is subject to external verification by an accredited environmental verifier appointed by Fineco. With regard to the reporting produced in 2021, in May 2021 the Board of Directors approved FinecoBank's first **Environmental Statement**, which will be published on the company website after having obtained the EMAS Registration.

With regard to **environmental compliance**, in 2021 as in 2020, no sanctions were imposed for non-compliance with environmental regulations and laws, nor were any complaints received.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

The introduction of home working, as a measure implemented to ensure business continuity during the pandemic, enabled FinecoBank employees to manage almost all operational processes entirely remotely. In this regard, an analysis was conducted of the business continuity measures to identify the residual processes that would need to have an alternative recovery site, where essential employees could be transferred to in a potential crisis scenario of unavailability of workplaces.

This analysis identified a small number of workstations at the two main company sites and therefore led to the decommissioning of the entire recovery site in Piazza Napoli in Milan. The termination was formalised via registration in the Business Register with effect from 01 March 2021.

7.1. DEMATERIALISATION

Historically, the FinecoBank Group has focused its efforts on minimising its environmental impact mainly through **dematerialisation** processes, thanks to innovations that significantly reduce paper flows. The aim is to make processes more sustainable by reducing material consumption: the use of paper can in fact be limited through the use of technology.

Over the years, Fineco has implemented a number of initiatives aimed at increasingly reducing paper consumption and favouring the use of technology. In particular, since 2012, a function has been introduced that allows the Bank to provide the customer with a digital copy of the **account opening agreement**, countersigned in acceptance, eliminating the need to print out the agreements to be able to sign them.

Subsequently, customers were also given the opportunity to provide digital and electronic handwritten signatures. Indeed, since 2013, **remote digital signatures have been available for existing customers**, allowing them to sign agreements and documents directly from the reserved area of the Fineco website or app and avoid having to print the documentation to sign it. In the same year, **electronic handwritten signatures** were also activated, allowing current and future customers to sign agreements digitally in the presence of a Fineco personal financial advisor. The signature represents an advanced electronic signature and is collected via a signature tablet connected to the Advisor's company computer or tablet. Today, this type of signature is used to sign current account opening agreements, agreements for Plus and Advice services, and the anti-money laundering questionnaire for individuals.

In 2015, the Bank also introduced **remote digital signatures for new customers**, a function that allows future customers wanting to open a current account

with Fineco to sign all the necessary documents without having to print them out.

Another initiative that became fully effective from 2021 was the **digitisation of Advice and Plus requests for economic changes**, as well as the digital sending of certificates, through which it has been agreed to send documentation regarding changes in service conditions by uploading them onto a dedicated platform.

Within its internal back office activities, the Bank has digitised the saving of daily printouts, the transmission of anti-money laundering questionnaires for legal entities via e-mail attachments, and the management of the closure of relationships and successions without the support of printouts.

The initiatives described, complemented by the latest digital signature on Credit Lombard applications, the Digital Courier, and the digitalisation of Loan Transparency Letters, Loan Acceptance Letters and the E/C Guarantee File, have generated considerable benefits in terms of reduction in paper consumption, enabling the Bank and its customers to **save more than 54 tonnes of paper** in 2021 alone.

In addition, as part of the implementation of the EMAS Environmental Management System, from 2021 the reporting of office paper consumption has been extended to all the Fineco Centers, and the figures for 2020 have therefore been restated to enable comparison with the year being reported.

Overall, in 2021 the Group's paper consumption amounted to approximately **40 tonnes of paper** (-13% compared to 2020), **57%** of which has a **Forest Stewardship Council (FSC)** certification and **91%** has the **EU Ecolabel** of environmental excellence.

OFFICE PAPER CONSUMPTION	2021		2020	
	Kg	%	Kg	%
Total office paper used	40,225		46,585	
of which FSC-certified paper	22,813	57%	24,225	52%
of which EU Ecolabel-certified paper	36,457	91%	29,455	63%

7.2. WASTE AND WASTEWATER MANAGEMENT

In view of the Group's business model and operations, the impacts arising from the production and disposal of waste and the supply and discharge of water resources are not significant for Fineco. Nevertheless, the Group has taken measures to manage and monitor these aspects.

The **waste** produced at FinecoBank's sites mainly consists of non-hazardous materials such as paper and cardboard, toner and other waste that can be considered municipal waste (plastic, organic, various packaging). With regard to the company premises, the service of collecting and sending waste consisting of paper and toner for treatment has been outsourced to a specialist company, while the other types of urban waste produced are sent to the respective municipal public waste collection services. For the Data Processing Centres (DPCs), paper and cardboard waste is managed by the host companies, while the servers that are no longer used are sold and hard disks and tapes are assigned to specialised destruction and disposal companies contracted by Fineco. For the Fineco Centers, waste disposal is managed by the managers of the individual financial shops. Specifically, for the Fineco

Centers with a lease agreement registered to Fineco, a declaration is made to the municipality concerned for the waste disposal tax due by FinecoBank.

With regard to electronic equipment that can no longer be used in the company, the Bank, with a view to the pursuit of a circular economy, has chosen to sell this material to specialist companies. The material is then destroyed or disposed of in accordance with the legal requirements if it has completely outlived its usefulness and is no longer functional. Conversely, if the asset is considered obsolete but functional, it is reconditioned for resale or donation for humanitarian purposes (e.g. missions and social works).

The **water supply** is from the aqueduct and is mainly used for sanitary facilities and office cleaning. As a result, total water consumption at the sites has fallen dramatically over the last two years due to the extensive adoption of homeworking at both the Milan and Reggio Emilia sites, and came to around 25,000 m³ in 2021. **Wastewater** is discharged into the public sewerage system, in accordance with the applicable regulations.

7.3. ENERGY CONSUMPTION AND EMISSIONS

As part of FinecoBank's commitment to minimising its environmental impact, the Group introduced measures for monitoring energy consumption and CO₂ emissions in 2019. At operational level, FinecoBank monitors its energy consumption for the Milan, Reggio Emilia and Dublin offices, the Data Processing Centres (DPCs) and the Fineco Centers where the utilities are registered directly in the Bank's name.

In terms of commitments aimed at reducing the Group's energy consumption, in addition to the provisions of the Environmental Policy, in October 2021 the Board of Directors approved the **"Reducing energy consumption" Global Policy** containing guidelines on the reduction of energy consumption at buildings occupied and/or managed by Group Companies, to the extent respectively feasible, in order to promote virtuous personal behaviour and/or practices by all Group Companies. Within the framework of the environmental commitments described above, the Group also promotes the adoption of responsible behaviours and practices by employees outside company premises, in the area of Home Working and Smart Working and, more generally, in their daily lives. Similarly, it encourages the dissemination of a culture geared towards limiting energy consumption and reducing the use of natural resources by the Personal Financial Advisors of the Group's commercial networks.

In 2021, the Energy Manager, in the person of the

Head of the Real Estate function, conducted specific analyses, in collaboration with a specialist energy management consulting firm, aimed at **designing energy efficiency measures**. The main initiatives aimed at reducing the energy consumption of the company's offices and financial shops carried out in 2021 include the **renovation** to improve the energy efficiency of the common areas of the Milan headquarters by **relamping** using LED lighting and installing **light timers** and other energy efficiency devices. Finally, the energy savings deriving from the installation of inverters to regulate the operating speed of the fans of all the Air Treatment Units in the Milan headquarters, which took place in 2020, were monitored. These interventions led to energy savings of over **770 GJ** in 2021.

A **single national supplier** was also selected for the supply of natural gas and electricity, whose contract will start from January 2022. The supplier was chosen on the basis of the company's certifications and the Guarantees of Origin envisaged by Directive 2009/28/EC, which certify the usage of renewable sources produced in Emilia Romagna and Lombardy, regions where the Bank's main offices are located.

Below is a summary of the categories of sites included in the scope of the Non-Financial Declaration, including the classification of the corresponding energy consumption and emissions.

TYPE OF SITE	Energy consumption classification	Emission classification
Company office		
Milan P.zza Durante	Internal to FinecoBank	- Scope 1 for fuels - Scope 2 for electricity
Reggio Emilia ⁶⁸ Via Rivoluzione d'Ottobre	External to FinecoBank	- Scope 3
Dublin ⁶⁹ Fineco Asset Management	External to FinecoBank	- Scope 3
Service sites		
Data Processing Centres ⁷⁰	External to FinecoBank	- Scope 3
Fineco Centers		
Leased by FinecoBank		
Electrical utilities		
Registered to FinecoBank	Internal to FinecoBank	- Scope 2
Not registered to FinecoBank	External to FinecoBank	- Scope 3
Natural gas utilities		
Registered to FinecoBank	Internal to FinecoBank	- Scope 1
Not registered to FinecoBank	External to FinecoBank	- Scope 3
District heating utilities		
Registered to FinecoBank	Internal to FinecoBank	- Scope 2
Not registered to FinecoBank	-	-
Leased by PFAs ⁷¹	External to FinecoBank	- Scope 3

With regard to **mobility management**, in 2021 Fineco drew up its own **Home-Work Travel Plan** (HWTP), aimed at developing sustainable mobility tools to reduce the environmental impact of vehicle traffic in urban and metropolitan areas.

The development and promotion of measures designed to orient employee home-work travel towards alternative forms of mobility to the individual use of private vehicles is based on the analysis of data on the transport offering in the local area and

the travel habits and needs of employees, collected by means of a specific questionnaire.

Under the HWTP, a specific company portal will be created in 2022, which each employee will be able to access to use services designed to promote sustainable mobility (such as “traffic info”, “route finder”, “purchase of travel passes at reduced rates and in instalments”) in addition to the initiatives already made available to employees.

Additionally, as part of FinecoBank’s environmental

⁶⁸ The building is owned by UniCredit and the corresponding utilities are registered to UniCredit.

⁶⁹ Fineco AM’s offices occupy part of one floor inside a building that is shared with other companies and utilities are shared based on the occupied commercial space.

⁷⁰ The management of the two data processing centres is outsourced to third-party companies that operate in buildings and with utilities over which Fineco has no operational control.

⁷¹ FinecoBank does not own the utilities at any Fineco Center leased by PFAs.

commitment, a **Corporate Mobility Manager**, pursuant to Article 229, paragraph 4, of Decree-Law no. 34 of 19 May 2020 (so-called “Relaunch Decree”), was appointed in 2021 within the Human Resources Department. With the support of the Sustainability Office, the Mobility Manager reports on the work carried out to the “Corporate Governance and Environmental and Social Sustainability” board committee and the Sustainability Management Committee.

Lastly, in June 2021, the policy on the allocation of cars for mixed private and business use was revised, with a **car list consisting solely of hybrid/electric cars**.

FinecoBank Group’s total **energy consumption** in 2021 was approximately 54 TJ, of which approximately 75% **was due to indirect consumption**, i.e. purchasing electricity and heat. As regards electricity consumption, in 2021 the Group purchased around 70% of its **electricity from renewable sources**.

ENERGY CONSUMPTION WITHIN THE ORGANISATION, BY SOURCE [GJ]	2021	2020
Total	22,423	21,734
Total direct energy consumption	7,591	7,106
Heating	6,340	6,190
Natural gas	6,340	6,190
Car fleet⁷²	1,251	916
Gasoline	239	120
Diesel	1,012	796
Total indirect energy consumption	14,832	14,628
Electricity	14,764	14,558
From non-renewable sources	54	472
From renewable sources	14,710	14,086
District heating	68	70
From non-renewable sources	68	70
From renewable sources	-	-

With a view to continually improving the quality of data, for this Sustainability Report Fineco has made several changes to the method of estimating data on energy consumption outside the organisation⁷³

i.e. where Fineco does not have operational control of the utilities. As a result, the figures for 2020 have been restated to enable comparison with the year being reported.

⁷² It should be noted that, as indicated in the ABI Lab Guidelines on the application of GRI (Global Reporting Initiative) environmental standards in banks, December 2021 version, 70% of overall consumption was for company cars under continuous mixed-use leasing, and that the consumption of the car fleet does not include Fineco Centers.

⁷³ For the consumption of natural gas and electricity by the Fineco Centers with utilities registered in the name of PFAs, the estimation method has been refined by considering the following factors: (i) a larger sample of Fineco Centers was considered than in the previous year, because all Fineco Centers operating during the year were included, in proportion to the months of operation of each of them, rather than the list of active properties at the end of the year; (ii) the mapping of the Fineco Centers using gas for heating

ENERGY CONSUMPTION OUTSIDE THE ORGANISATION, BY SOURCE [GJ]	2021	2020
Total	31,341	31,563
Total direct energy consumption	5,768	5,846
Heating	5,768	5,846
Natural gas	5,768	5,846
Total indirect energy consumption	25,573	25,716
Electricity	23,484	24,094
From non-renewable sources	11,915	10,868
From renewable sources	11,569	13,226
District heating	2,089	1,623
From non-renewable sources	2,089	1,623
From renewable sources	-	-

In order to objectively monitor and identify the Group's environmental performance, **direct (Scope 1) and indirect (Scope 2) energy-related greenhouse gas emissions** have been calculated. These are respectively the CO₂e emissions directly caused by the Group's activities (deriving from the consumption of fuel used for heating and from the

motor vehicle fleet) and the indirect CO₂e emissions deriving from the consumption of electricity and heat purchased. The **other indirect emissions (Scope 3)** are related to paper consumption and the activities of Fineco Centers of which Fineco has no direct control over environmental performance as it does not own the corresponding utilities.

was based on a subdivision of financial shops between those located on higher floors, with gas heating, and on lower floors, with electric heating. This resulted in a significant increase in the number of Fineco Centers included in estimate of natural gas consumption; (iii) the average natural gas consumption per m² used as a basis for the estimate also took into account the climate band where the building is located and the months of use in the various bands; (iv) the average electricity consumption per m² used as a basis for the estimate also considered whether the lease was in the name of Fineco - more complex air conditioning systems - or the Personal Financial Advisors - systems similar to domestic systems; (v) the proportion for estimation was based on operational m² rather than the contractual m² used in the previous Sustainability Report.

DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1), BY SOURCE⁷⁴ [t CO₂e]	2021	2020
Total	461	426
Heating	368	358
Natural gas	368	358
Car fleet	93	68
Gasoline	18	9
Diesel	75	59

INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2), BY SOURCE⁷⁵ [t CO₂e]	2021	2020
Location-based approach	1,150	1,211
Electricity	1,145	1,205
District heating	5	6
Market-based approach	12	67
Electricity	7	61
District heating	5	6

⁷⁴ The energy conversion factors and emission factors used are those indicated in the ABI Lab guidelines on the application of the Global Reporting Initiative's (GRI) environmental standards in banks, December 2021 version.

⁷⁵ The energy conversion factors and emission factors used are those indicated in the ABI Lab guidelines on the application of the Global Reporting Initiative's (GRI) environmental standards in banks, December 2021 version. In particular, the reporting standard used (GRI Sustainability Reporting Standards) provides for two different approaches to calculating Scope 2 emissions, namely "Location-based" and "market-based". The location-based approach uses average emission factors relating to the specific national energy mix of electricity production (emission factor used of 279.3 gCO₂e/kWh from the Italian Banking Association Guidelines 2021). The "Market-based" approach involves the separation of electricity and thermal energy purchased from renewable sources with certificates of Guarantees of Origin, as well as using the national "residual mix", which is 459 gCO₂/kWh for Italy (Source: European Residual Mixes 2021, AIB), as the emission factor.

OTHER INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3), BY SOURCE⁷⁶ [t CO ₂ e]	2021	2020
Total	2,334	2,485
Heating	334	338
Natural gas	334	338
Electricity	1,822	1,994
From non-renewable sources	924	899
From renewable sources	898	1,095
District heating	162	134
From non-renewable sources	162	134
From renewable sources	-	-
Paper consumption	16	19
Office paper	16	19

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

From the outset of the pandemic, FinecoBank has equipped all its staff with Personal Protective Equipment (PPE). First, a professional thermal scanner operated by specialised personnel was installed, and then each access turnstile was fitted with a device for detecting body temperature and verifying the presence of a mask.

From 15 October 2021, in implementation of Decree-Law no. 127 of 21 September 2021, verifications were initiated of the EU Covid-19 Green Certificate, using the “Verifica C19” application, for those accessing workplaces to carry out work activities in any capacity, also on an outsourcing basis.

From a facilities perspective, the following measures have been introduced:

For the Milan office:

- more frequent cleaning and sanitisation of all primary air ducts, fan coils and air treatment units than stated in the corresponding contracts
- installation of electrostatic filters on all air treatment units, this being the most appropriate system for combating any forms of bacteria that may enter from the air outside
- use of external air only for all air treatment units
- monitoring of air both prior to and following the introduction of the above measures
- installation of air purification devices in lifts

For the Reggio Emilia office:

- use of external air only for air treatment units, even if advanced with ambient CO₂ operation
- installation of air purification devices in lifts.

⁷⁶ The energy conversion factors and emission factors used are those indicated in the ABI Lab guidelines on the application of the Global Reporting Initiative's (GRI) environmental standards in banks, December 2021 version, and CEPI Statistics 2020 for office paper consumption.

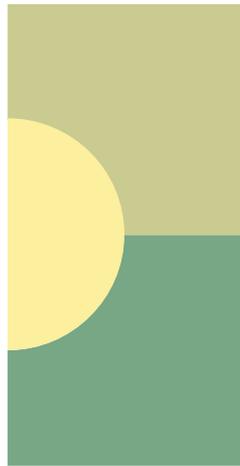
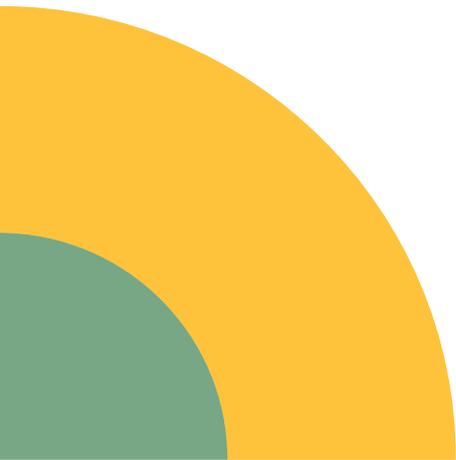
08





COMUNITY

- 8.1. COMMUNITY SUPPORT
- 8.2. FINANCIAL EDUCATION



8.1. COMMUNITY SUPPORT

Since its foundation, FinecoBank has been committed to supporting effective charitable projects in various areas of intervention, including social and health care, training, education, culture and art, scientific research and environmental protection.

Besides the generous donations it makes throughout the year, the most important charitable event is the **Christmas Charity Campaign “Christmas with Fineco”**, promoted every year on the Fineco website. In addition to the donation by the Bank to organisations for selected projects every year, the campaign also allows for customers and non-customers to make donations.

In 2021, donations allocated by Fineco to Associations and non-profit organisations amounted to approximately €179,000. Specifically, €100,000 was donated to support FAI - Fondo Ambiente Italiano, €60,000 was distributed in equal parts to four projects selected as part of the Christmas solidarity campaign, and around €19,000 was donated to other associations active at local level: Aisla, Anvolt, Cesvi, Donna e Madre, Fondazione De Marchi, Fraternità e Amicizia, I SempreVivi, and LIFC.

To be approved, projects must be promoted by non-profit organisations (NGOs, Foundations, Associations, Religious bodies, Universities, Public Institutions) whose activities cover a wide area across the country. The projects supported by Fineco are all in Italy. The process of identifying associations and approving donations involves a careful selection by the **Identity & Communications** structure and an assessment by the Compliance and Tax Affairs structure and by the associations themselves, by requesting and studying specific documentation concerning the association and the initiative for which the contribution is being requested. A questionnaire is also submitted to the organisations in order to

avoid taking on initiatives that would benefit entities involved in acts of corruption.

As part of its Christmas Charity Campaign, in 2021 Fineco focused on four projects:

CADMI - The association’s mission is to provide a place for support and counselling to women who experience violence and abuse. CADMI is one of the founding associations of the National Network of Anti-Violence Centres and has a 35-year history that gained it recognition at national level. Fineco has contributed to the *“Una casa sicura”* (A safe home) project, which aims to provide a range of support (financial and psychological) to women and children who are victims of violence, which has increased dramatically with lockdowns, in houses managed by the association.

PANE QUOTIDIANO – The association’s mission is to provide basic foodstuffs to those in need, every day, free of charge. Fineco has contributed to the purchase of two refrigerated vehicles and related equipment to expand the association’s activities, distributing food to various areas of the city of Milan where needed rather than just in its centres.

ITACA PROJECT – The association’s mission is to promote information, prevention, support and rehabilitation programmes for people with mental health problems and their families. Fineco has contributed to the *“Back to life”* project, which aims to help a group of 40 young people and adults with serious mental disorders return to active life and resume rehabilitation, socialisation, sports, and cultural and training activities after the pandemic.

VIDAS – The association’s mission is to defend the right of ill people to be cared for, also when they are longer curable, by meeting their physical, psychological, social and interpersonal needs and

supporting their families. Fineco has contributed to the creation of the home care project for patients requiring professional and continuous care, with a particular focus on the elderly and the chronically ill.

ENVIRONMENTAL SUSTAINABILITY AND CULTURAL INITIATIVES

The Group confirmed its important collaboration with the Italian environmental association **FAI (Fondo Ambiente Italiano)**: FinecoBank has been a Corporate Golden Donor of FAI since 2017, a title that recognises companies that are most active in the area of culture and the protection of artistic heritage. Specifically, in 2021 Fineco was the main sponsor of the “Giornate FAI di Primavera” (FAI Spring Days) and the “Giornate FAI d’Autunno” (FAI Autumn Days), the two most important public events dedicated to Italy’s cultural and environmental heritage with the involvement of the Ministry of Culture.

Fineco has also launched the **LifeGate PlasticLess®** project, aimed at protecting the health of the sea by collecting floating waste, including plastics and microplastics, in the waters of ports and nautical clubs, promoting a circular economy and consumption model that reduces, reuses and recycles waste. FinecoBank has chosen to support LifeGate in its important project by installing 6 Seabins with the aim of removing 3 tonnes of floating waste in just one year. Seabins have been installed in the following locations: La Spezia, Punta Ala (Grosseto), Portoferraio (Livorno), Polignano a Mare (Bari), Riva del Garda (Trento), and Alghero (Sassari). This activity was accompanied by 6 web meetings aimed at informing and raising the awareness of the local population and beyond about this issue.

In 2021, FinecoBank provided its support for the first time to **TEDxMilano**, the local TED (Technology, Entertainment and Design) event held in Milan, which was divided into two events, on 9 and 10 June, at the Triennale di Milano. The first event, TEDxYouth@

Milano, dedicated to young people, was based on the theme “Chaos”, while the second evening focused on the theme “Equilibria”. In November, the third event supported by Fineco was held, entitled “Countdown”, which focused on the global climate emergency. Fineco gave its employees free access to the 3 events, which are usually fee paying.

September saw the start of a series of 3 events organised by **Fondazione Feltrinelli**, supported by Fineco. The “Going Digital” programme, curated by Alec Ross, explored the theme of the social urgency of technological innovation, on one hand, and the importance of protecting the data of individuals that is intercepted-managed-used by the “web”, in all its forms, on the other hand.

Since November 2020, the Bank has also continued its collaboration with the City of Milan as part of the **“Cura e adotta il verde pubblico”** (Look after and adopt green public spaces) project. This project involves the redevelopment of urban green areas in Milan, in the area between Corso Como, Corso Garibaldi and Largo La Foppa. The aim of the sponsorship project, which will last around three years, is to contribute to the conservation and improvement of existing green areas, by selecting various types of plants, including ornamental grasses and ancient olive trees, known for their beauty, adaptability and resistance to the most diverse environments and climatic conditions, with a total of 516 new plantings.

In addition, in terms of support to local communities, a new three-year project has been started for the regeneration of the NOLO district, where our offices

are located. The intervention is part of the **“Tunnel Boulevard”**, a wide-ranging regeneration initiative aimed at transforming and redefining the entire route along the Via Pontano tunnel (linking Via Padova and

Viale Monza) with participatory social design, public art and urban art, involving a total of five railway tunnels, starting from this one.

TYPE OF COMMUNITY CONTRIBUTION (€)	2021	2020
By Fineco	480,950	679,000
Charitable donations	179,000	313,000
Sponsorships ⁷⁷	301,950	366,000
By customers through Fineco	250,862	2,153,000
Funds raised and donated	250,862	2,153,000 ⁷⁸
Total	731,812	2,832,000

⁷⁷ The amount shown includes VAT at 22%. Consequently, the total amount of sponsorship net of VAT is €247,500.

⁷⁸ The value of donations from customers in 2020 is significantly higher than the value for 2021 as a result of the great success of the fundraising campaign, carried out in 2020, in support of two important Italian hospitals that were among the most affected by the Covid-19 epidemic, the ASST Fatebenefratelli Sacco, based in Milan, and the Istituto Nazionale Per Le Malattie Infettive Lazzaro Spallanzani, based in Rome.

8.2. FINANCIAL EDUCATION

In line with the previous year, in 2021 FinecoBank continued to strengthen its activities aimed at increasing financial education, engaging both customers and prospects in these initiatives. The main objective of these has remained to increase **awareness** and **knowledge** of the **way in which the financial markets function**, and of the best and most appropriate **use of financial instruments** in order to better manage resources.

A host of topics were, in fact, covered by these educational initiatives, from **behavioural finance** to the key rules for **proper financial planning**, with a view to providing those involved with the tools they need to ensure they have clear objectives and time-frames in mind, enabling them to diversify and manage their emotional response in complex market phases, avoiding irrational choices which could compromise investments. The training also covered more methodological topics such as **supplementary pensions, asset management and accumulation plans**. Together with the contribution of the **Fineconomy** page, a series of events was created to provide a deeper understanding of the long-term market environment and to help money savers make informed investment choices. Towards the end of the year, Fineco created a satisfaction survey to gain a better understanding of whether the participants had enjoyed the webinar, whether they had understood the content and whether they needed further clarifications or explanations.

In 2021, FinecoBank provided its contribution once again to the **Financial Education Month**⁷⁹ in October, by organising a series of online events aimed at providing an opportunity to learn more about savings, with a particular focus on accumulation plans with the webinar entitled “Investing (or not investing) is always a choice”, and about supplementary pensions with the webinar entitled “Pension and standard of living: secure your future”.

The collaboration continued with the **international**

trading specialists who add value to Fineco’s training offering by making their expertise and experience in financial markets available to the participants. To best cater to the level of knowledge of financial markets of the different types of participant, 3 different cycles of 4 sessions each have been created, each of which has dedicated content. They start with basic sessions, where explanations are provided on how the products and platforms function, and then move on to more advanced sessions, where the concepts of technical and fundamental analysis are examined in more depth, also with the aid of external professionals.

Furthermore, FinecoBank’s current catalogue includes a **weekly section** that is designed to explain the market context and increase the awareness of participants in terms of their investment choices.

With regards to customers, educational initiatives are organised by means of a collaboration between the **Business Training** and **Private Banking and PFA Network Sales Department**, which has been organising specific events for customers throughout the country for a number of years now.

The pandemic prompted a radical rethink of **customer events**, which was not just limited to their transformation into digital format. Thanks to the flexibility of the platforms, it was possible to revise the structure and maximise contacts. The events involving the bank’s top management involved far more participants than the in-person initiatives. For the events organised by the network managers, it was possible to implement a more effective segmentation of topics and customers. Two other aspects should also not be underestimated: first, the opportunity, generated by the market volatility, to reassert more firmly the key points and importance of financial planning; second, the possibility of more frequent use of qualified external speakers able to offer customers specialist insights. In line with previous years, a total of 1,673 events were held

⁷⁹ Initiative proposed by the Committee for the Planning and Coordination of Financial Education Activities. This Committee was set up by decree of the Minister for Economic Affairs and Finance, in agreement with the Minister for Education, University and Research and the Minister for Economic Development, in implementation of Decree-Law no. 237/2016, converted into Law no. 15/2017, containing “Urgent provisions for the protection of savings in the credit sector” with the aim of promoting and coordinating initiatives that help increase financial, insurance and social security-related knowledge and skills among the population.

in 2021, with the participation of almost 57,500 customers and prospects.

Furthermore, there has been a strong commitment to raising awareness of the broader issue of **asset planning** for some years now. To this end events are organised for high-end customers. The aim is to raise awareness among the advisors and customers of the need for proper management of all their assets and their effective transmission to future generations. The meetings of this type (11 during the year, involving around 1,200 private banking customers) are held by staff from the **Private Banking Advisory** team (and, in some cases, by accredited external professionals). The digital format of the events has not changed the monitoring metrics, which are still quantitative, based on data collected on net sales and assets under management for the individual participants or the opening of new accounts for prospects. The PFAs and Network Managers involved in the individual events have full access to the results of the monitoring. The process is supervised by the

Sales Department with a view to maximising its effectiveness.

The events specifically dedicated to wealth management advice, because they are targeted at high-end customers, are subject to the same monitoring as all the other events but this is accompanied by more detailed follow-up by network colleagues who discuss the themes of the events and customer needs in one-to-one meetings. Here again, the use of digital tools enables more comprehensive follow-up.

In 2021, the end-to-end processes that manages the engagement of customers and prospects in events organised by the Network and by the Bank for the Network was also digitised. This has enabled the improvement of the customer experience, as well as more precise monitoring of each individual step of the process (from invitation, to registration, to the post-event follow-up), while obviously also duly managing data privacy consents.

MANAGEMENT OF THE IMPACTS OF THE COVID-19 PANDEMIC

Covid-19 has not had any kind of impact on activity, which, thanks to the expertise previously acquired through years in the field of digital training, has continued uninterrupted. In response to the pandemic, the delivery of customer events was quickly reorganised, immediately switching to web-based formats to continue the interaction with customers. In recent months, in-person events have also resumed without abandoning web-based events.

The contents were revised and updated accordingly: a wide range of topics were covered, from scenario analysis to the macroeconomic situation, from retirement planning to behavioural finance, through to how specific instruments can meet particular needs. On some occasions, FinecoBank hosted influential speakers, including asset managers, economists, strategists, researchers and university professors. Feedback from customers has generally been positive and gratifying. Of the 1,673 events in 2021, 1,278 were held online, while 7 out of the 11 events held for high-end customers were conducted online.

SUBSEQUENT EVENTS

On 24 February 2022, a **military operation by Russia in Ukraine** began, triggering a military conflict and an international crisis.

The European Union immediately instituted an ad hoc **sanctions package** affecting trade with Russia and banning the import of products such as mineral fuels, tobacco, cement, iron or steel. The European Parliament, which met in an extraordinary session in Brussels on 1 March 2022, started the discussion on a gradual broadening of sanctions and restrictions on imports of Russia's most important export commodities, including oil and gas, bans on new investments from the European Union in the Russian Federation and vice versa, blocking of Russian banks' access to the European financial system and exclusion of the Russian Federation from the SWIFT system (exclusion from the SWIFT system has so far been selective).

In early March, the European Commission made it official that the ongoing military conflict would cause the economy to slow down. The EU executive has decided to give governments some freedom in setting up public budgets in 2023, will not open excessive deficit procedures in the spring and will not apply the rule requiring a debt cut of one-twentieth per year. Eurostat announced that inflation in February was 5.8% per year, compared to 5.1% in January. Core inflation (which excludes energy, food, alcohol and tobacco) increased from 2.3% to 2.7% but it is energy prices (up 31.7%) that are adding to the inflationary spiral.

From the point of view of its **investment portfolio**, the Group is not directly exposed to Russian assets affected by the conflict and indirect exposures, represented by guarantees received as part of pledge-backed financing transactions (Credit Lombard and pledged overdraft facilities), are not significant. If the conflict results in a decline in economic growth (Italy and Spain in particular), this scenario may lead to higher impairment losses for the exposures held, loans and debt securities, due to the update of the Forward Looking Information component required by IFRS 9. **Fineco AM's products** also have a limited direct exposure in Russian assets.

With reference to: (i) the obligations to freeze funds

with respect to sanctioned subjects and entities, (ii) the restrictions on the purchase and sale of certain securities because they are issued by or linked to sanctioned issuers, (iii) the restrictions on financial flows to and from Russia, both in terms of prohibition of credit exposure in favour of sanctioned subjects and in terms of prohibition of accepting deposits from Russian citizens or natural or legal persons residing in Russia, except for specific exceptions, if the total value exceeds 100.000 euro, (iv) the obligations to report to the competent authorities, the Group uses controls to monitor the names of sanctioned persons and entities and the ISINs of sanctioned financial instruments, necessary to initiate the consequent asset freezing activities required by the regulations. Fineco does not have any direct exposure and has not frozen any exposure. Finally, the Group has information tools that allow it to monitor the constant evolution of the regulatory framework.

This dramatic humanitarian crisis requires concrete and immediate help from everyone. This is why Fineco has decided to **support the Soleterre Onlus Foundation**, which from the first hours of the crisis has been working to save the lives of young patients in the oncology wards in Ukraine and of their families, ensuring their protection, therapeutic continuity, support and shelter. The association also guarantees the delivery of essential medical supplies in a dramatic context, where there are great difficulties in finding sustenance and medicines, by constantly supporting the National Cancer Institute and the Institute of Neurosurgery in Kiev, as well as the paediatric hospital in Lviv. Soleterre has been present in the area for 19 years and manages in the Ukrainian capital, as well as in Italy and 4 other countries, a home for children with cancer and their families for the time necessary for treatment.

In particular, Fineco will contribute € 200,000 in addition to the donations sent by its customers. Moreover, the Bank encourages also those who do not have a Fineco current account to donate by means of a bank transfer addressed directly to the Onlus, having reported the payment details on the Fineco web page dedicated to the initiative.

BOUNDARY OF IMPACTS RELATING TO MATERIAL TOPICS

Material topics	Where the impacts occur	Involvement of the Group
TRANSPARENCY		
Fairness and transparency in the sale of products and services and reporting of ESG risks	FinecoBank Group	Generated by the Group
PEOPLE DEVELOPMENT		
Human resources management policies	FinecoBank Group	Generated by the Group
Management of welfare and industrial relations	FinecoBank Group	Generated by the Group
Protection of health and safety at work	FinecoBank Group, excl. Fineco Centers for which FinecoBank does not have any specific health and safety obligations	Which the Group contributes to
Training of human resources	FinecoBank Group	Generated by the Group
Protection of diversity, equal opportunity and inclusion	FinecoBank Group	Which the Group contributes to
Non-discrimination policies	FinecoBank Group	Which the Group contributes to
EFFICIENCY AND SOLIDITY		
Economic performance and capital strength	FinecoBank Group	Generated by the Group
CONTROL AND RISK MANAGEMENT SYSTEM		
Risk management (financial and ESG risks)	FinecoBank Group	Generated by the Group
ENVIRONMENTAL SUSTAINABILITY		
Reducing environmental impacts	FinecoBank Group, including Fineco Centers	Generated by the Group and directly connected through a business relationship

Material topics	Where the impacts occur	Involvement of the Group
FAIRNESS		
Fighting corruption	FinecoBank Group	Which the Group contributes to
Prevention of anti-competitive behaviour	FinecoBank Group	Which the Group contributes to
Socio-economic, environmental and tax compliance	FinecoBank Group	Generated by the Group
Protection of privacy	FinecoBank Group	Generated by the Group
Clear approach to markets	FinecoBank Group	Generated by the Group
RESPONSIBLE FINANCE		
Inclusion and financial education	FinecoBank Group	Generated by the Group
Responsible products and investments	FinecoBank Group	Generated by the Group
INFORMATION SECURITY AND CYBER SECURITY		
Identification and management of IT security risks	FinecoBank Group	Generated by the Group
INNOVATION AND CUSTOMER EXPERIENCE		
Innovation and digitisation to improve service quality	FinecoBank Group	Generated by the Group

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GRI 201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	61-62	
Fighting corruption			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	71-72	
103-3	Evaluation of the management approach	71-72, 74	
GRI 205: Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken		No incidents of corruption were recorded in 2021
Prevention of anti-competitive behaviour			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	71-72	
103-3	Evaluation of the management approach	71-72, 74	
GRI 206: Anti-competitive behaviour (2016)			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	72	
Socio-economic, environmental and tax compliance			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	68-70, 75-77, 132-133	
103-3	Evaluation of the management approach	68-70, 75-77, 132-133	

GRI Standard	Disclosure	Page/ Link	Notes/ Omissions
GRI 207: Tax (2019)			
207-1	Approach to tax	75-76	
207-2	Tax governance, control and risk management	76-77	
207-3	Stakeholder engagement and management of concerns related to tax	77	
207-4	Country-by-country reporting	78	
GRI 307: Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	133	
GRI 419: Socio-economic compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area		No non-compliance with social and economic laws and regulations was recorded in 2021
Reducing environmental impacts			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	132-136, 138	
103-3	Evaluation of the management approach	132-136, 138	
GRI 301: Materials (2016)			
301-1	Materials used by weight or volume	134	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organisation	138	
302-2	Energy consumption outside the organisation	139	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	140	
305-2	Energy indirect (Scope 2) GHG emissions	140	
305-3	Other indirect (Scope 3) GHG emissions	141	
Human resources management policies			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	

GRI Standard	Disclosure	Page/ Link	Notes/ Omissions
103-2	The management approach and its components	82, 85, 87-90	
103-3	Evaluation of the management approach	82, 85, 87-90	
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	86	
Management of welfare and industrial relations			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	102-104	
103-3	Evaluation of the management approach	102-104	
GRI 402: Labour and Industrial Relations (2016)			
402-1	Minimum notice periods regarding operational changes	103	
Protection of health and safety at work			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	105-107	
103-3	Evaluation of the management approach	105-107	
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	105	
403-2	Hazard identification, risk assessment and incident investigation	106	
403-3	Occupational health services	106	
403-4	Worker participation, consultation, and communication on occupational health and safety	106	
403-5	Worker training on occupational health and safety	94-95	
403-6	Promotion of worker health	106	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	106, 109	
403-9	Work-related injuries	107	
Training of human resources			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	

GRI Standard	Disclosure	Page/ Link	Notes/ Omissions
103-2	The management approach and its components	94-95, 99-100	
103-3	Evaluation of the management approach	94-95, 99-100	
GRI 404: Training and education (2016)			
404-1	Average hours of training per year per employee	96	
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GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	21, 91-93	
103-3	Evaluation of the management approach	21, 91-93	
GRI 405: Diversity and equal opportunity (2016)			
405-1	Diversity of governance bodies and employees	20, 83-84	
405-2	Ratio of basic salary and remuneration of women to men	92	
Non-discrimination policies			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	21, 91-93	
103-3	Evaluation of the management approach	21, 91-93	
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	91	
Fairness and transparency in the sale of products and services and reporting of ESG risks			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	115-116	
103-3	Evaluation of the management approach	115-116	
GRI 417: Marketing and Labelling (2016)			
417-3	Incidents of non-compliance concerning marketing communications	115	

GRI Standard	Disclosure	Page/ Link	Notes/ Omissions
Protection of privacy			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 151-151	
103-2	The management approach and its components	117-119	
103-3	Evaluation of the management approach	117-119	
GRI 418: Customer privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	118	
Responsible products and investments			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	123-127	
103-3	Evaluation of the management approach	123-127	
GRI-G4 Financial Services Sector Disclosures			
G4 - FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line	124-126	
G4 – FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line	124-126	
G4 – FS11	Percentage of assets subject to positive and negative environmental or social screening	127	
Financial inclusion and education			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	128-147-148	
103-3	Evaluation of the management approach	128, 147-148	
GRI-G4 Financial Services Sector Disclosures			
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GRI Standard	Disclosure	Page/ Link	Notes/ Omissions
Innovation and digitisation to improve service quality			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	113, 125	
103-3	Evaluation of the management approach	113, 125	
Identification and management of ICT security risks			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 151-151	
103-2	The management approach and its components	119-122	
103-3	Evaluation of the management approach	119-122	
Clear approach to markets			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	115-116	
103-3	Evaluation of the management approach	115-116	
Risk management (financial and ESG risks)			
GRI 103 Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	56-57, 150-151	
103-2	The management approach and its components	22-25	
103-3	Evaluation of the management approach	22-25	

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of
FinecoBank Banca Fineco S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of FinecoBank Group (hereinafter "Group") as of December 31, 2021 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 15, 2022 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "3.3. *Environmentally sustainable assets*".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), which they have identified as *reporting framework*.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements as of December 31, 2021 of the Group;

4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of FinecoBank Banca Fineco S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company and subsidiary level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for FinecoBank Banca Fineco S.p.A., which we selected based on its activities and the contribution to the performance indicators at the consolidated level, we carried out remote meetings, during which we have met its management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of FinecoBank Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and GRI Standards.

Our conclusion on the NFS of FinecoBank Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "3.3. *Environmentally sustainable assets*".

DELOITTE & TOUCHE S.p.A.

Signed by
Alessandro Grazioli
Partner

Milan, Italy
March 31, 2022

This report has been translated into the English language solely for the convenience of international readers.



FinecoBank Banca Fineco S.p.A.

in abbreviated form “FinecoBank S.p.A.”, or “Banca Fineco S.p.A.” or “Fineco Banca S.p.A.”.

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