



2022 Sustainability Report

CONSOLIDATED NON-FINANCIAL
STATEMENT

in accordance with Legislative Decree 254/2016 (NFS)

FINECO



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LETTER FROM THE CEO

Dear Stakeholders,

In a complex global scenario with new challenges, the year 2022 was marked by the outbreak of the military conflict between Russia and Ukraine, which generated an international diplomatic crisis with significant geopolitical, economic and social repercussions worldwide.

In this context of uncertainty, the crisis did not have a significant impact on the Fineco Group, due to the absence of direct and indirect exposures in assets whose value is affected by the conflict. There were no significant impacts either in terms of management of liquidity, which remained solid and stable, or in terms of strategic objectives and direction, characterised by an increasing **integration of sustainability into the business model**. Established from the outset as a company oriented towards long-term sustainable growth, Fineco has in fact continued to operate in line with 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”.

This goal is pursued through the Group’s continuous investment in the three pillars of **transparency, efficiency and innovation**, which have always guided our strategy and our growth journey, offering customers 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 cornerstone of our approach to sustainability. Accordingly, in 2022 we adopted the **Net Zero Commitment**, setting ourselves the important goal of achieving net zero CO₂ emissions by 2050.

The commitment to combating climate change is part of the Group’s subscription to the United Nations sustainability initiatives – namely the Principles of the *Global Compact*, the *Principles for Responsible Banking* and the *Principles for Responsible Investment* – and is part of the **ESG Plan**, which saw the achievement of important milestones during the year. In terms of client offering, Fineco Asset Management has strengthened its range of **ESG products** and the integration of environmental, social and governance criteria into its investment management activities. The Bank has also expanded the availability of ESG-rated funds and the range of ESG-rated financial products, meeting the important challenge of offering customers products and services that are increasingly aligned to their sustainability preferences.

In September 2022, FinecoBank obtained EMAS Registration, a recognition that certifies the **excellence of the Environmental Management System**, implemented throughout the Italian offices and Fineco Centers according to the requirements of the European EMAS Regulation.

In the knowledge that the ability to innovate and continuous evolution cannot be separated from the nurturing

of human capital and the richness derived from the diversity of its composition, we have continued to invest in the growth of our employees and personal financial advisors and the development of their talents and professional skills. For the fourth year running, the Bank has won the **Top Employer Italia** award, standing out for the focus on its staff and on the development of their skills, creating a positive and stimulating workplace.

This fourth **Non-Financial Statement** reports on the commitments and actions taken to continue to accompany our Stakeholders in the journey towards ever greater sustainability, which we will all have to take. We are proud to say that **social responsibility** is part of who we are, and is consistently 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 represents **Consolidated Non-Financial Statement** (below also “NFS” or “Non-Financial Statement”) of the FinecoBank Group (below also “Group” or “Fineco”), prepared in accordance with Articles 3 and 4 of Legislative Decree 254/2016 and the GRI Standards for the period 1 January 2022 to 31 December 2022. Specifically, the 2021 version of the GRI Universal Standards and the 2016 versions of the GRI Topic Standards have been adopted, taking into account the GRI G4 “Financial Services” Sector Disclosures.

A new addition to this NFS is the data and information to meet the requirements of Annex IV of Regulation 1221/2009/EC (EMAS Regulation¹), and those arising from the adoption of the United Nations Principles for Responsible Banking (PRB), as set out in the related reporting template.

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 2022 with respect to the main sustainability topics. The reporting period (1 January to 31 December 2022) is the same as that of the Consolidated Financial Statements.

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 on the “Preparation and publication of the consolidated Non-Financial Statement of the FinecoBank Group”. In addition, 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 specially 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 2022 in relation to the topics expressly cited in Legislative Decree 254/2016 (environment, society, personnel, human rights, anti-corruption and bribery), as well as the main risks associated with these topics and the management approach.

The content of the NFS and the related indicators reported have been defined taking account of the topics identified in Legislative Decree 254/2016, starting from the results of the materiality analysis approved by the Board of Directors on 11 October 2022, which identified the main topics considered material for the Group and its stakeholders. 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;
- in the same context, the Group’s activities do not entail significant impacts on the health and safety of employees, as they are mainly office-based. Even though this topic was not found to be material following the update of the Materiality Analysis carried out in 2022, it has been reported in this NFS, as it is referred to in Article 3 paragraph 2 of Legislative Decree 254/2016;
- 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 sanitation and office cleaning activities. This topic, even though

¹ The data and information contained in this document meeting the requirements of the EMAS Regulation for the preparation of the Environmental Statement will be formally validated by the environmental verifier during the EMAS verification by June 2023.

not material, falls within the scope of the Environmental Management System implemented by FinecoBank in accordance with EMAS Regulation and is referred to in Article 3, paragraph 2 of Legislative Decree 254/2016, and is subject to limited reporting in this NFS.

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.

In line with the 2022 Consolidated Financial Statements of the FinecoBank Group, the reporting scope includes the Parent Company FinecoBank S.p.A. and its subsidiary Fineco Asset Management DAC, a fully consolidated company based in Ireland, and excludes the newly formed Fineco International Ltd, based in England, a fully owned subsidiary of FinecoBank S.p.A. but not yet operational at the end of the reporting year.

Vorvel SIM S.p.A.², with registered office in Italy, a company subject to significant influence, in accordance with IAS 28, has been accounted for using the equity method within the 2022 Consolidated Financial Statements and is excluded from the scope of this NFS.

Moreover, health and safety data refer to Group employees only and not to other non-employee professionals, a category comprised mostly of personal financial advisors, self-employed workers who provide intellectual services in places outside the Bank's direct control and towards whom FinecoBank does not have the specific health and safety obligations that Legislative Decree 81/2008, as amended, demands of employers. Any other limitations in the scope of the data are duly noted in the text.

Data and information in this document, unless otherwise specified, refer to the year 2022; 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 2023 and approved by the Board of Directors of FinecoBank S.p.A. on 14 March 2023.

This document has undergone a limited assurance engagement (as defined by ISAE 3000 Revised) by KPMG S.p.A., which in a separate report has certified the information presented in accordance with Article 3, paragraph 10 of Legislative Decree 254/2016.

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

The NFS is available online, from the date of publication of 27 March 2023, in the following sections of the Fineco website:

1) Sustainability: <https://about.finecobank.com/en/sustainability/>;

2) Investors - Corporate sustainability reporting:

<https://about.finecobank.com/en/investors/rendicontazione-societaria-di-sostenibilita/>

² With effect from 12 December 2022, the company HI-Mif SIM S.p.A. changed its name to Vorvel SIM S.p.A..

01



GROUP PROFILE

- 1.1.** HIGHLIGHTS
- 1.2.** WHO WE ARE, STRATEGY AND BUSINESS MODEL
- 1.3.** SUSTAINABLE DEVELOPMENT GOALS AND COMMITMENTS SUBSCRIBED
- 1.4.** ESG RATINGS AND INDICES
- 1.5.** ESG PRIZES AND AWARDS
- 1.6.** MEMBERSHIP OF ASSOCIATIONS

1.1. HIGHLIGHTS



1,336
Employees



564 **Women**
772 **Men**



2,918
Personal Financial Advisor



426
Fineco Center



1,456,829³
Customers



20.8%
CET1⁴



10.3 bn €
Total net sales



428.8 mn €
Net profit adjusted⁵



106.6 bn €
Total Financial Asset

of which:

30.6 bn € direct

52.1 bn € Asset Under Management

23.9 bn € Asset Under Custody



44 tonnes
Paper saved through dematerialisation initiatives



-16% emissions
of CO₂e
vs. 2021 (Scope 1 e 2⁶)



47.7 TJ
Energy consumption



100%
Electricity⁷ from renewable sources

³ 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 (1,487,250) 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.

⁴ Common Equity Tier 1 capital ratio.

⁵ Net profit adjusted for non-recurring items recognised in 12M22.

⁶ Market-based.

⁷ The figure refers to electricity consumption related to the buildings where the utilities are registered to Fineco.

1.2. WHO WE ARE, STRATEGY AND BUSINESS MODEL

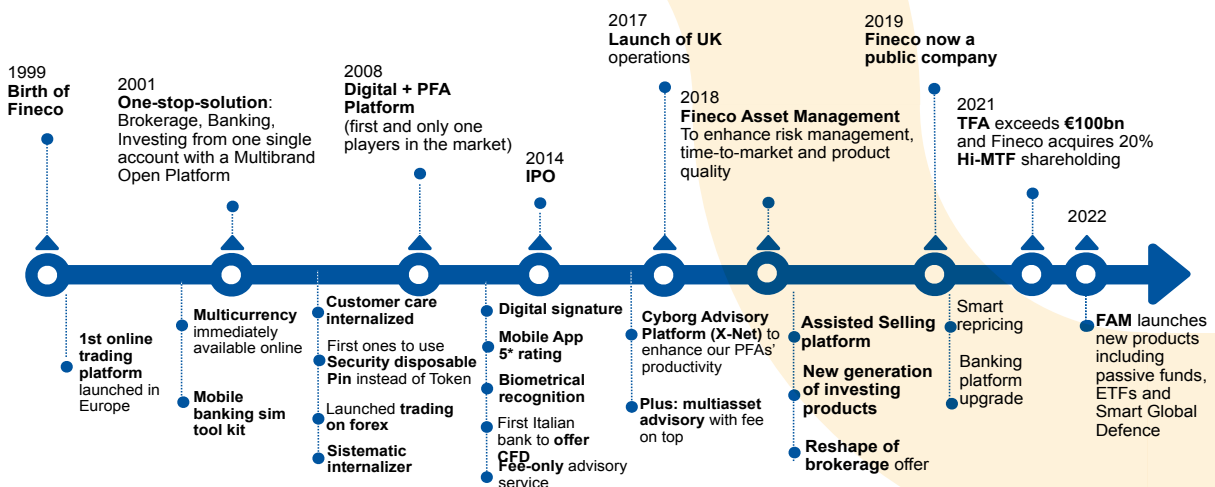
FinecoBank was founded in 1999 with the aim of building a new concept of banking, offering an integrated business model combining direct banking and financial advice.

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 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 **FinecoBank Banking Group** (below also “Fineco” or “Group”), which includes the Irish asset management company, **Fineco Asset Management Designated Activity Company** (below also “Fineco Asset Management DAC” or “Fineco AM”), and the newly incorporated company Fineco International Ltd.

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 and offer customers a diversified range of UCITS (Undertakings for Collective Investment in Savings), focusing the strategy on asset allocation and the selection of the best international asset managers.

During the year, Fineco saw an increase in the shareholdings of major institutional investors: at the end



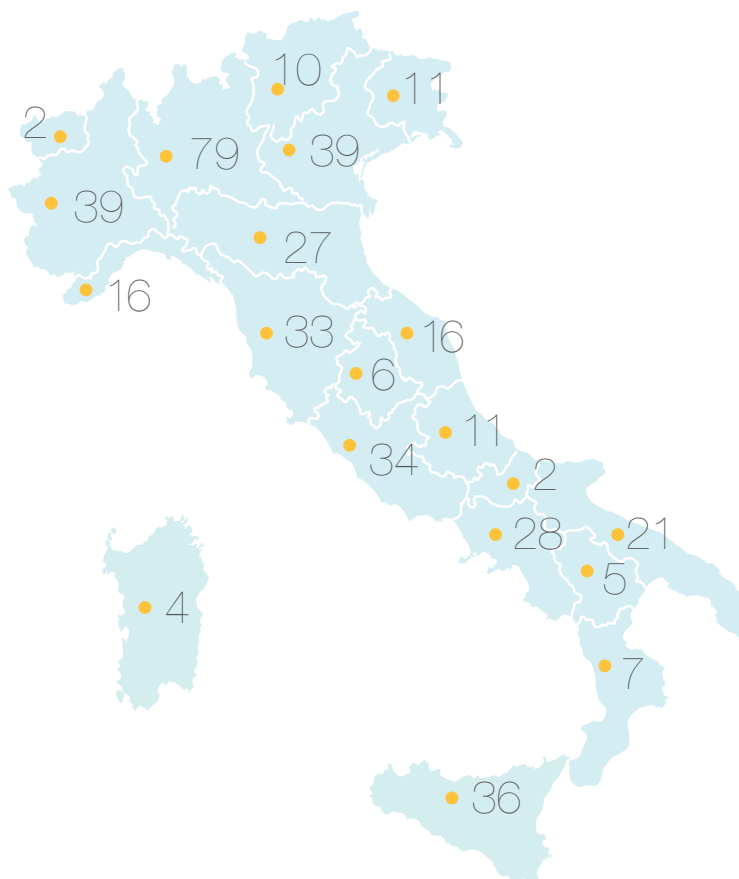
of 2022⁸ the largest shareholders were **BlackRock Inc.** (9.201%), **Wellington Management Group LLP** (5.441%), **Capital Research and Management Company** (5.050%) and **FMR LLC** (4.464%).

Fineco's fully subscribed and paid-up share capital amounts to €201,339,553.80, divided into 610,119,860 ordinary shares with a nominal value of €0.33 each, while the market capitalisation at the end of the year was €9,469 million.

At national level, as at 31 December 2022, the Fi-

necoBank Group, with **1,336 employees**, was operating through its registered office and head office located in Milan and Reggio Emilia⁹ respectively and two Data Processing Centres (DPCs) located in Pero (MI) and Milan. FinecoBank operates in **20 Italian regions**, with **426 Fineco Centers** (offices where financial advisors carry out their activities) distributed throughout Italy and **2,918 Personal Financial Advisors (PFAs)**. Outside Italy, the subsidiary Fineco Asset Management DAC is based in Dublin. The subsidiary Fineco International Ltd is based in London.

DISTRIBUTION OF FINECO CENTERS IN ITALY



⁸ Source: Consob, Significant Shareholdings – 27 December 2022.

⁹ Registered Office: 20131 Milan - Piazza Durante, 11; Head Office: 42123 Reggio Emilia - Via Rivoluzione d'Ottobre, 16.

FinecoBank is one of the most important FinTech banks in Europe and has one of the largest financial advisory networks. It is one of the leading banks in brokerage in Europe and No. 1 in Italy¹⁰ 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 the customer experience more fluid and intuitive 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.

In 2022, the number of customers stood at over 1.4 million, an increase of over 56,000 net new customers compared to last year.

NUMBER OF CUSTOMERS BY TYPE	2022		2021		2020	
	Number	%	Number	%	Number	%
Retail	1,350,533	93%	1,302,412	93%	1,258,785	94%
Private	86,047	6%	78,759	6%	65,502	5%
Legal persons (such as institutional bodies or associations)	20,249	1%	19,182	1%	17,606	1%
Total	1,456,829	100%	1,400,353	100%	1,341,893	100%

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.

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



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.

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 the customer base is pursued by continuously providing **high-quality** services, contractual **transparency** and **fair prices** aligned to 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. **Attention to ESG** matters is an integral part of the corporate governance. The Bank has set up Sustainability Committees at board and management level, 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 offers its services (banking and investment) mainly to retail customers through its network of personal financial advisors

and through online and mobile channels, which operate together in a coordinated and integrated manner. The main products and services by area of activity are described 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), and personal loans.

Special services include the possibility, thanks to the customer identification performed by the Bank when opening an account, of obtaining **SPID (public digital identity) credentials**, which allow holders of a digital identity easy and immediate access a range of public services, such as medical appointments, school enrolments, and requests to the national social security and tax authorities. 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.

The range of Banking, Credit and Payment Card products and services continues to grow and evolve, in line with market competition and 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 70 leading Italian and international investment firms, as well as pension and insurance products and investment advisory services, through the network of personal financial advisors. This includes, in particular, the asset management business carried out by the subsidiary Fineco AM, through a vertically integrated business model.

The main services/products offered are:

- **Advice¹¹**: 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 opportunities, such as funds, SICAV shares, shares, bonds, ETFs and ETCs, always providing global and detailed investment reports;
- **Private Banking Solutions**: construction of customised portfolios and active monitoring; Wealth & Private Insurance; Private Placement and Private Markets;
- **Wealth management services** for private customers;
- **Insurance** solutions and **pension** funds;
- **Funds** managed by the asset management company of the Fineco Group.

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, commodities and cryptocurrencies), futures, options, bonds, ETPs, certificates and covered warrants.

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.

Lastly, another key element of the Fineco Group's value chain is the **supply chain**. FinecoBank's Procurement Office ensures that the purchasing 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, as well as the adoption of socially responsible behaviour, and requests any mandatory documentation examining the completeness and correctness of the information received.

The entire procurement process, at Group level, is governed by the **Expenditure Regulation**, which ensures that the supplier selection process is imple-

mented through clear procedures, using objective, transparent, non-discriminatory criteria linked to the quality of the products and services offered. Since 2021, an **ESG (Environment, Social and Governance) questionnaire** has been used, in which the most relevant suppliers are asked to provide information on how they manage their environmental, social and governance aspects, also in terms of any certifications held in these areas (e.g. ISO 14001 for the environment, ISO 37001 for anti-corruption) and the systems they use to control the related risks. The Contract Managers, who are the company contacts responsible for relations with suppliers are required to submit the ESG questionnaire to suppliers

¹¹ Regarding the possible future ban on inducements, which is the subject of debate and discussion in the European Commission and among industry players, Fineco is ready for a possible change in regulatory approach, given that it has moved in advance by proposing a model, within the Fineco Advice service in operation since 2010, in which the customers pay a separate advisory fee and simultaneously receive a refund of the fund management fees.

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 a contract. The Contract Managers are responsible for checking that the questionnaires have been correctly completed by the suppliers. This provision was formalised in the last update of the Expenditure Regulation, in January 2022.

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 of their involvement 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, the following are required from the suppliers, where applicable:

- **DURC** (Documento Unico di Regolarità Contributiva - single document certifying payment of contributions) and **registration with the CCIAA** (Chamber of Commerce, Industry, Craft Trades and Agriculture certificate);
- Compliance with the **regulations concerning social security, accident prevention and insurance** and on occupational health and safety;
- **Self-declaration concerning the exploitation of workers** (i.e. illegal recruitment and labour abuse);
- **ESG questionnaire.**

This process enables the monitoring of 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 addition, with regard to service contracts, the Real Estate Unit retains the option of appointing external personnel to carry out controls during the course of the activities on the compliance with all the contractual requirements by the various suppliers engaged by it.

In addition to the procurement process, Fineco also uses environmental sustainability criteria in specific projects and supply contracts: for example, in 2022, the new wellbeing area for employees in the Milan office was designed with optimal use of natural light and more sustainable materials for the furnishings, such as recycled plastic and FSC-certified wood.

In 2022, Fineco managed expenditure of **€ 141.2 million** for a total of **1,486 suppliers**, the majority of which related to services, followed by technology and goods. There were no significant changes concerning the supply chain, in terms of main suppliers and types of goods and services procured.

1.3. SUSTAINABLE DEVELOPMENT GOALS AND COMMITMENTS SUBSCRIBED

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 January 2020 the Board of Directors approved the first proposal of **Sustainability Goals to be pursued in the years 2020-2023**, progressively complemented with quantitative targets on the basis of emerging needs. The ESG goals, in addition to progressive identification and integration of the main ESG risks in corporate risk management model, 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, 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 to be achieved.

Lastly, in August 2022, the Board of Directors approved the **Commitment to Net-Zero emissions by 2050** (below also the “Net-Zero Commitment”), representing the Fineco Group’s target of zero greenhouse gas (GHG) emissions by the year 2050, entailing both a significant reduction in operating

emissions and the alignment of its balance sheet assets with the Paris Agreement targets, with 2021 as the base year. This is a significant target that Fineco believes it can achieve by adopting appropriate actions and measures, net of a generic factor of uncertainty linked to the evolution of the situation over such a long time horizon. The short- and long-term targets were set taking into account the Corporate Net-Zero standard and the Foundations for Science-Based Net-Zero Target Setting in the Financial Sector guidelines of the Science-Based Target initiative. Specifically, the following short-term targets have been set in relation to operating emissions:

- an average annual linear reduction of at least 4.5% for Scope 1 and 2 emissions, corresponding to a 35% reduction by 2030;
- an average annual linear reduction of at least 2.5% for Scope 3 emissions, corresponding to a 20% reduction by 2030, and
- an overall reduction of 90% of the same emissions by 2050.

For financed emissions, on the other hand, an approach has been adopted to ensure that the main balance sheet assets, and more specifically government and bank debt securities in the internal investment portfolio are 100% aligned with the target of net zero emissions by 2050.

As part of Fineco's sustainability strategy, since 2020 the Group aligned its goals with the **Sustainable Development Goals**¹² (SDGs), considered most relevant on the basis of the commonalities between the 169 targets and the material topics. The table below shows the goals and targets of the 2020-2023 Plan in progress as at 31 December 2022. The following goals have already been achieved:

- Evolution of the welfare plan: 100% of employees set up for home working since 2020;
- Sustainable Mobility: *#BikeToFineco* initiative active since 2020;
- dematerialisation initiatives implemented in 2021: introduction of digital signature on Credit Lombard applications entered through X-Net and the "Digital Courier" for the collection of mortgage documents; digitalisation of Loan Transparency Letters, Loan Acceptance Letters and the E/C Guarantee File;
- Reducing plastic consumption: water bottles given to all employees since 2021.

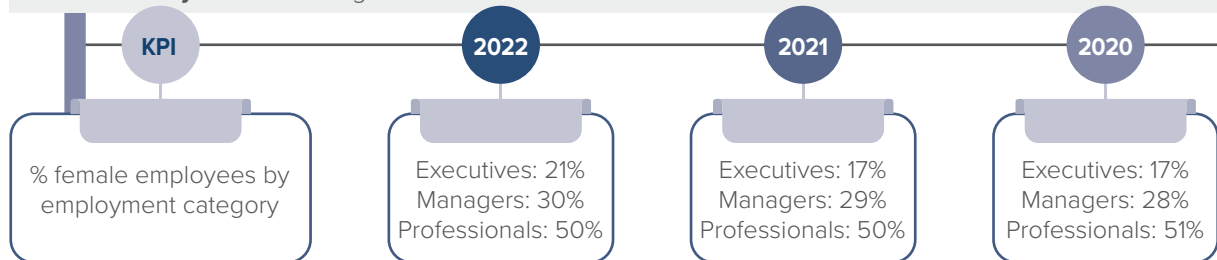
¹² In September 2015, the UN approved the 17 Sustainable Development Goals (SDGs) for the period 2015-2030, divided into 169 targets and adopted by 193 countries worldwide. Each UN Member State is responsible for drawing up a National Sustainable Development Strategy, which sets out the most relevant SDGs for the country and their respective targets at local level.

HUMAN RESOURCES

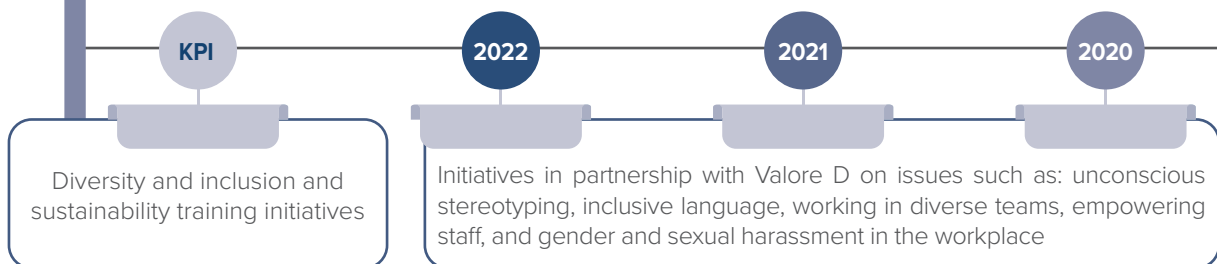


DIVERSITY AND EQUAL OPPORTUNITY

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

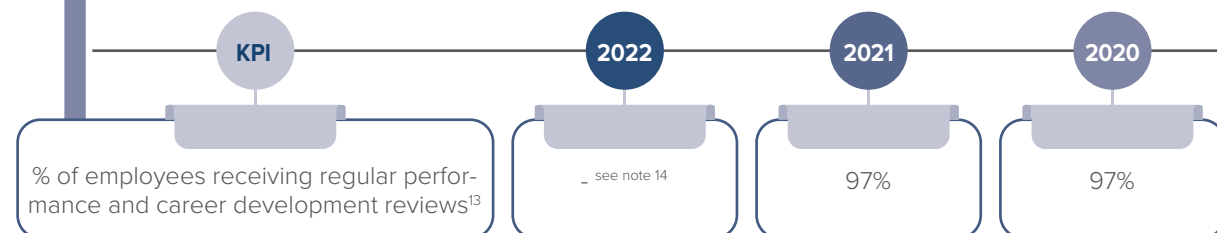


Objective: Implementation of an **employee training and awareness plan on Diversity & Inclusion and sustainability**



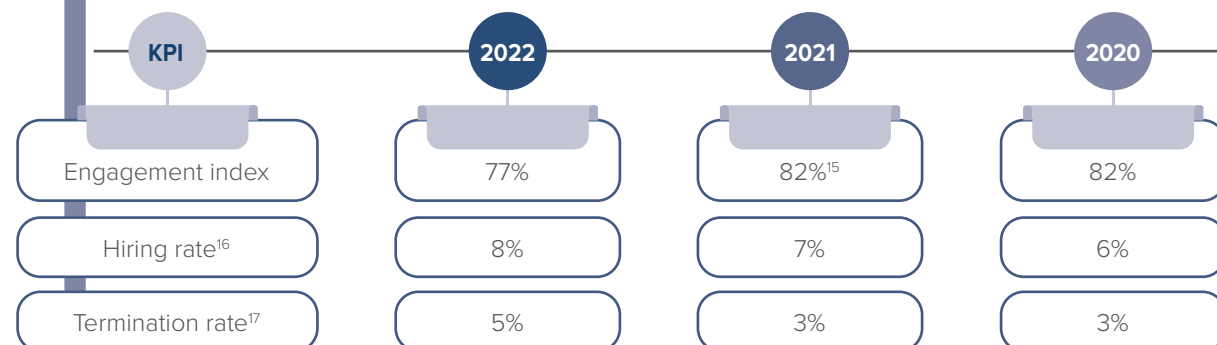
CAREER DEVELOPMENT E PERFORMANCE MANAGEMENT

Objective: **Performance management programme** aimed at all employees



ENGAGEMENT / RETENTION

Objective: Initiatives for **consultations and turnover monitoring**



¹³ 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.

¹⁴ Figure not available at the time of publication of this document because the assessments are carried out at the beginning of the year after the year being assessed.

¹⁵ The figure refers to the Engagement & Reputation Survey conducted in 2020.

¹⁶ No. of new hires/no. of employees at period end.

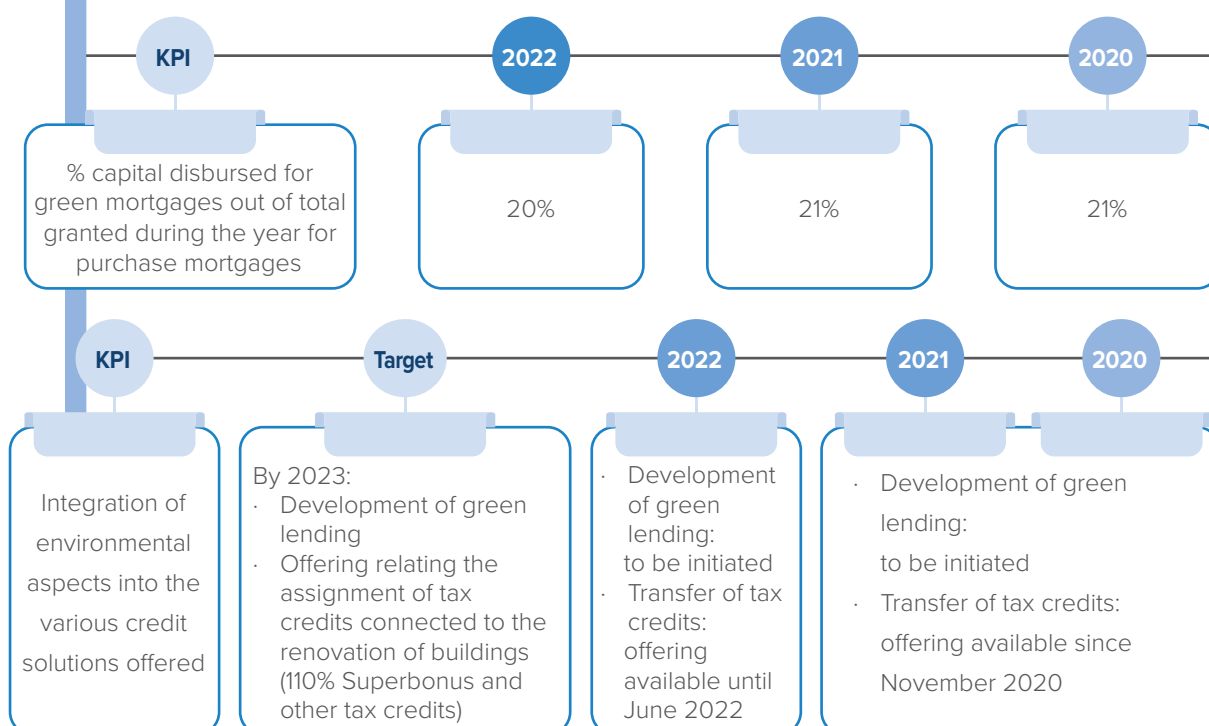
¹⁷ No. of terminations/no. of employees at period end.

RESPONSIBLE FINANCE



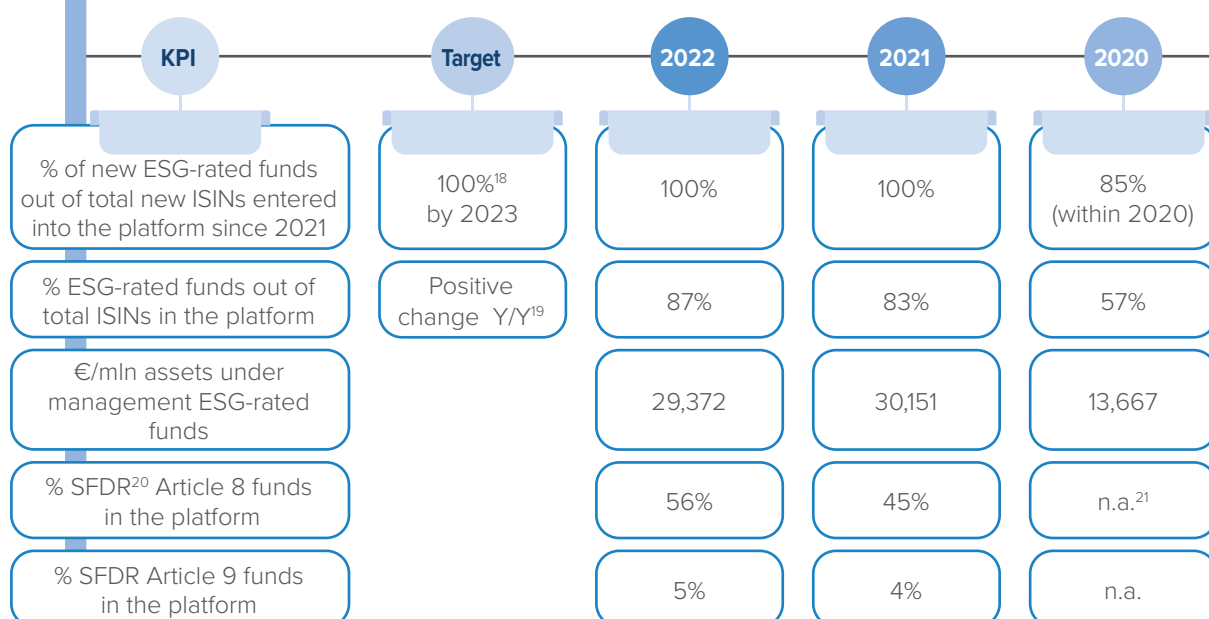
LENDING

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



FUNDS/INVESTMENTS

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



¹⁸ Excluding the UK, which is a newly opened market for Fineco, and extraordinary transactions.

¹⁹ 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.

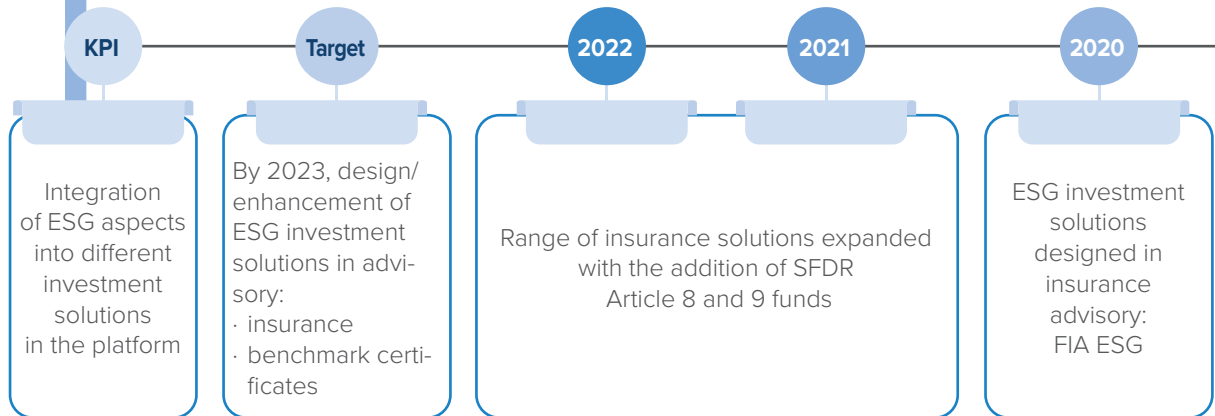
²⁰ Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation, SFDR).

²¹ The monitoring was initiated after the entry into force of the SFDR 2019/2088.

RESPONSIBLE FINANCE

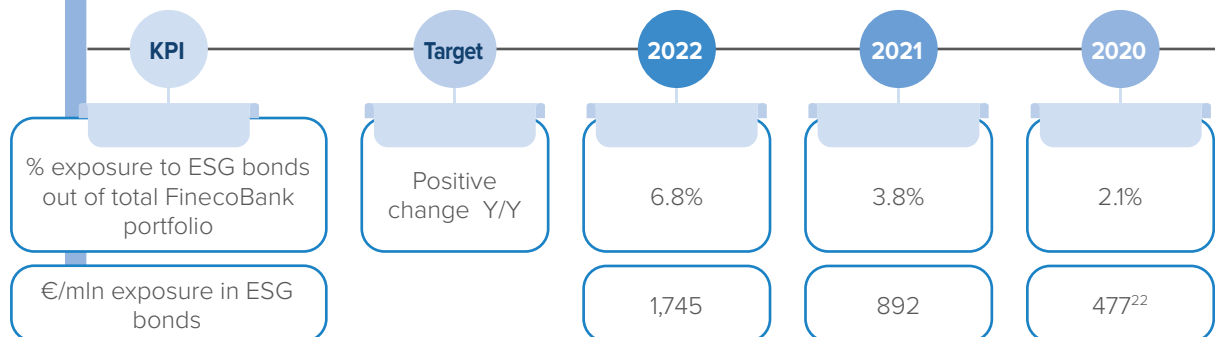


Objective: Promotion and design of **new investment solutions** integrating **ESG criteria**

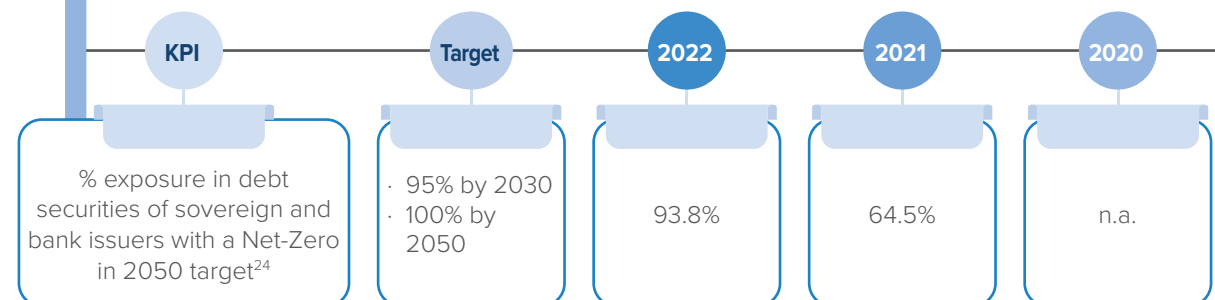


INTERNAL INVESTMENT PORTFOLIO

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



Objective: Net-Zero Emissions by 2050 Commitment - Alignment of internal investment portfolio to Paris Agreement targets²³



²² 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.

²³ The quantitative targets for the Net-Zero Commitment were set using 2021 as the base year. Consequently, the quantification of the KPIs for the year 2020 is not available..

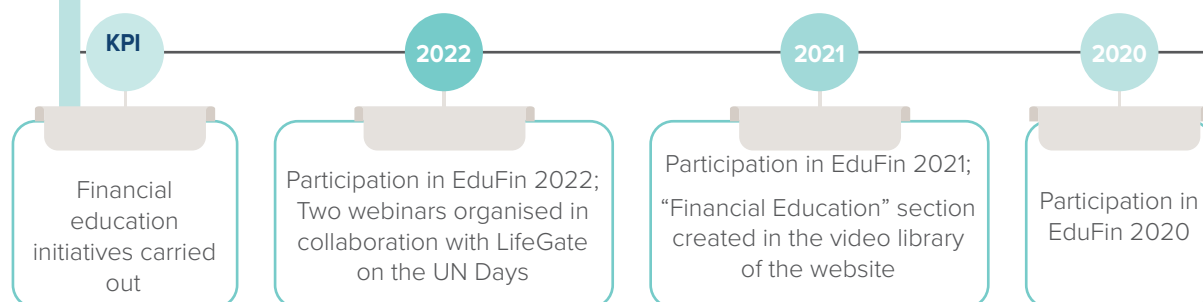
²⁴ For the sovereign issuers, the source for mapping the Net-Zero targets is: <https://www.climatewatchdata.org/>. In "Policy Document" and "In law" targets are accepted, while "In Political Pledge" targets are not. For the bank emissions, Net-Zero targets on financed emissions were mapped.

FINANCIAL EDUCATION/COMMUNITY SUPPORT PROJECTS



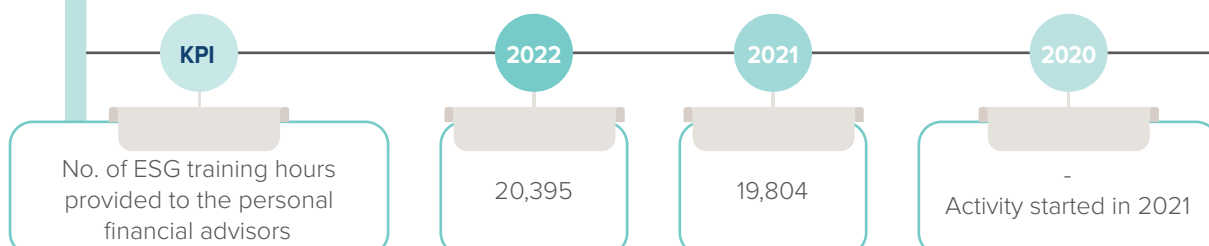
FINANCIAL EDUCATION

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



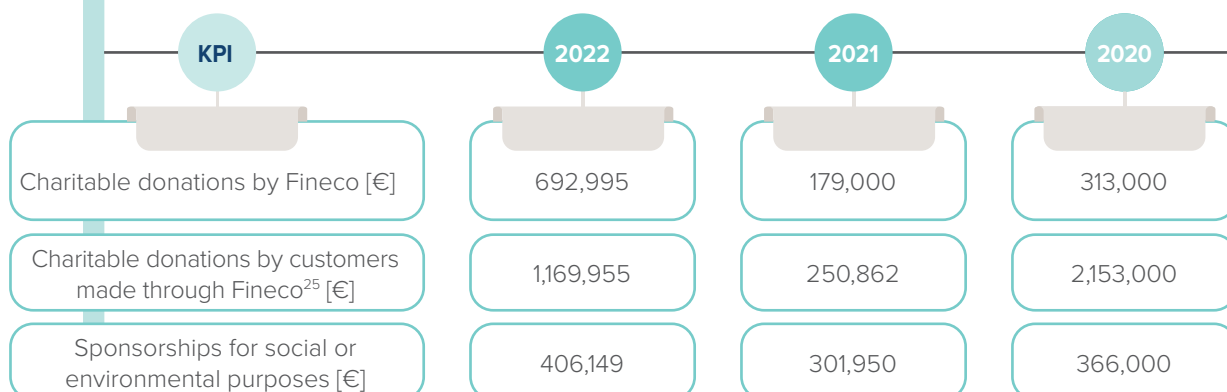
TRAINING OF PERSONAL FINANCIAL ADVISORS

Objective: Provision of **specific training on ESG issues for personal financial advisors** in order to meet the demands of customers who are more attentive to these issues and, at the same time, to promote sustainability among less interested customers



COMMUNITY SUPPORT

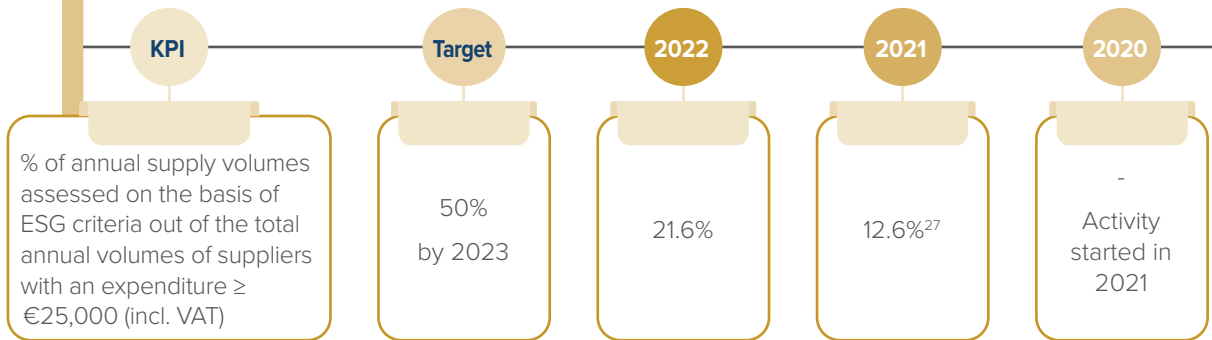
Objective: Allocation of annual investments in **projects that benefit the community**, according to different local needs (e.g. schools, universities, hospitals and health and cultural associations) and allocation of natural disaster funds (to postpone mortgage and loans payments, and suspend debt collection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



²⁵ The figures for donations by customers in 2022 and 2020 were significantly higher than in 2021 as a result of the highly successful fundraising campaigns in support of associations in relation to the Russia-Ukraine conflict and the Covid-19 epidemic, in the respective years.

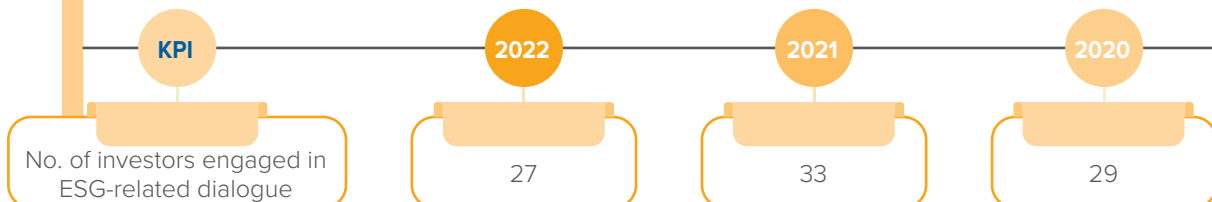
SUPPLY CHAIN

Objective: Evaluation of suppliers on the basis of ESG criteria, through an initial self-assessment questionnaire²⁶

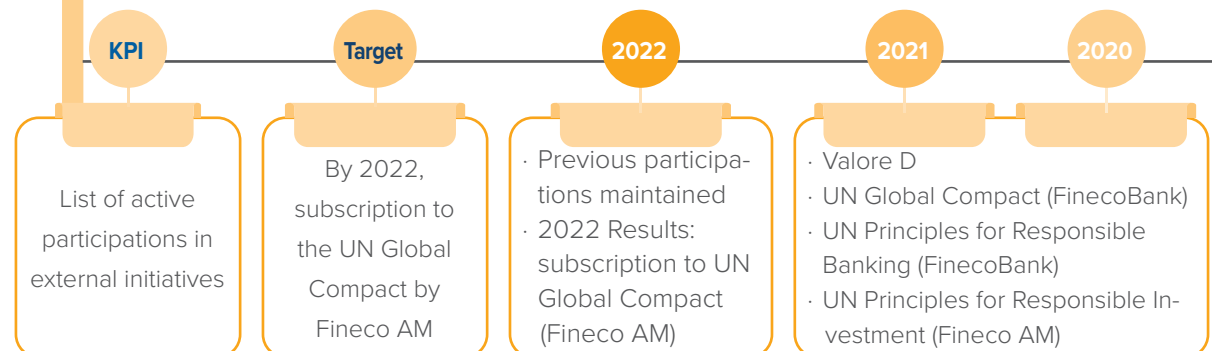


SHAREHOLDERS

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 matters (such as: "Valore D" and UN Global Compact)



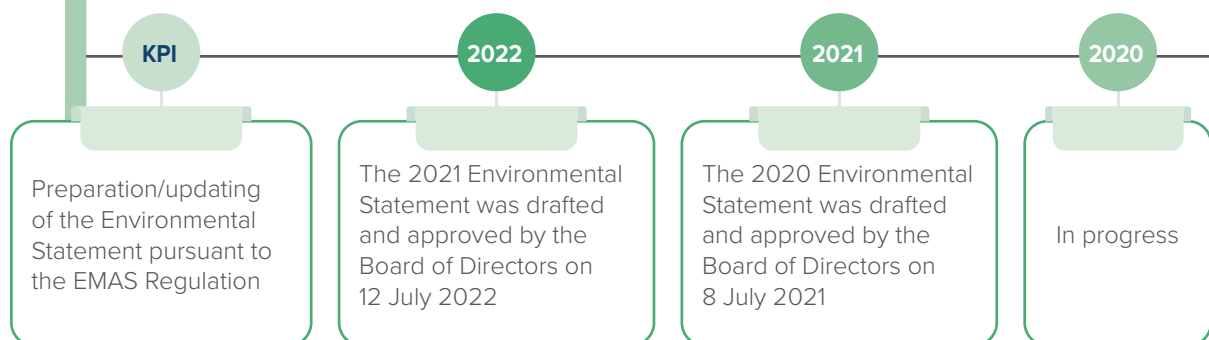
²⁶ The assessment focuses, for example, on compliance with environmental and occupational health and safety regulations and on the presence of any certifications (ISO 14001, ISO 45001, SA8000, ISO 50001 and ISO 37001).

²⁷ Due to an improvement in the collection and calculation process, the figure has been restated with respect to the figure published in the 2021 Sustainability Report. See the 2021 Sustainability Report, for the previously published historical figure.

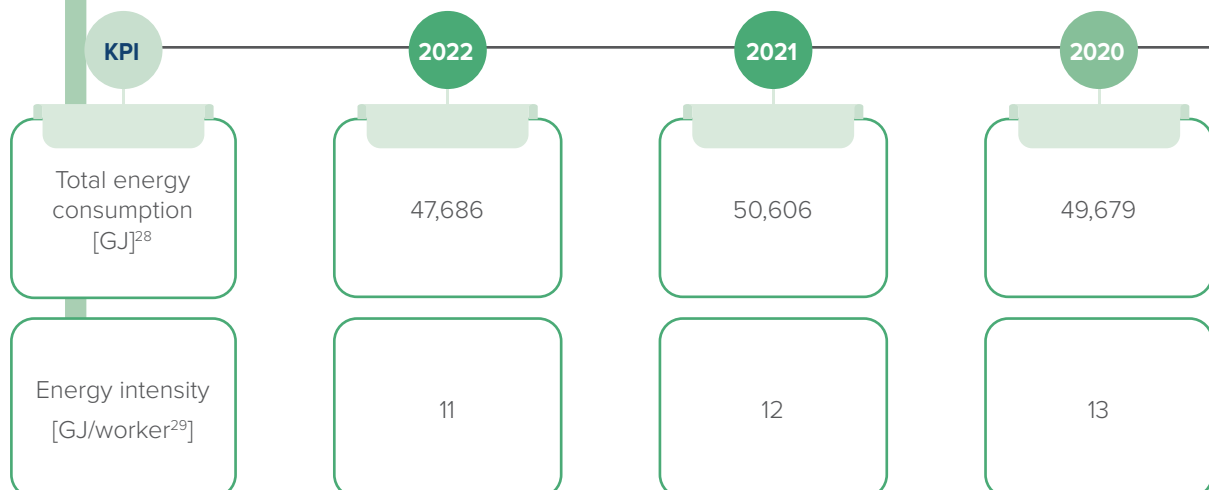
ENVIRONMENT



Objective: Implementation of the Environmental Statement

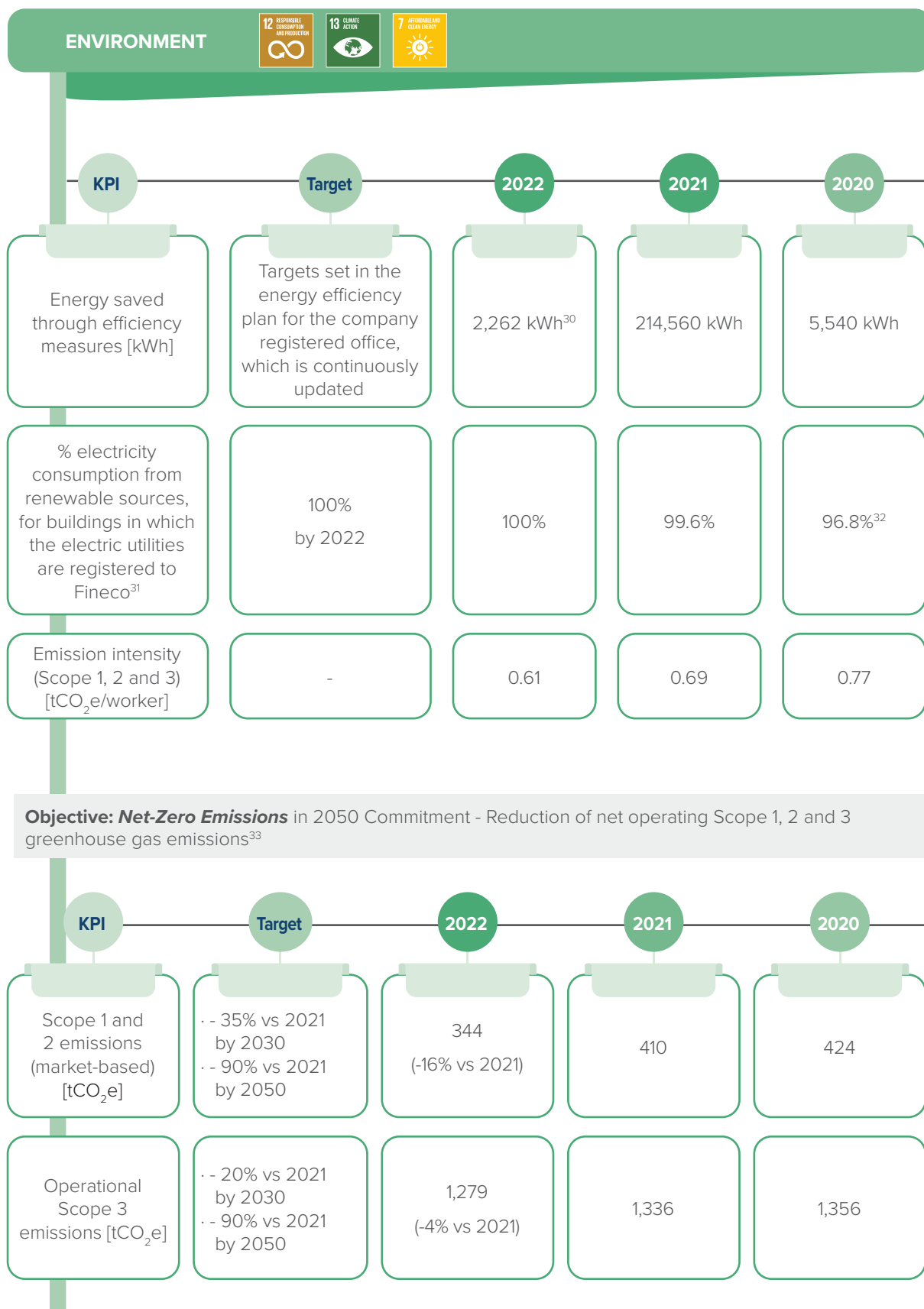


Objective: Energy consumption/emissions: monitoring of internal company consumption with the aim of reducing consumption and emissions



²⁸ For the year 2022, the methodology for calculating the consumption of the Milan and Reggio Emilia sites was fine-tuned. As a result, the figures for 2020 and 2021 were restated. For more details, see Chapter 9 "Environment". See the 2021 Sustainability Report, for the previously published historical figure.

²⁹ Here "Worker" refers to employees and personal financial advisors. This figure reflects the number of workers as at 31 December who used the buildings included in the reporting scope.



³⁰ In 2022, the activities focused on the analysis and design of efficiency measures to be implemented in the coming years. The reported figure refers to the energy savings related to the scheduled switch-off of the fan-coils in the building in unused areas on Mondays and Fridays in November and December 2022 (16 working days).

³¹ The scope includes the registered office in Milan and the Fineco Centers where Fineco is the registered user of the utilities (15% of all the Fineco Centers and 56% of the corporate Fineco Centers in 2022).

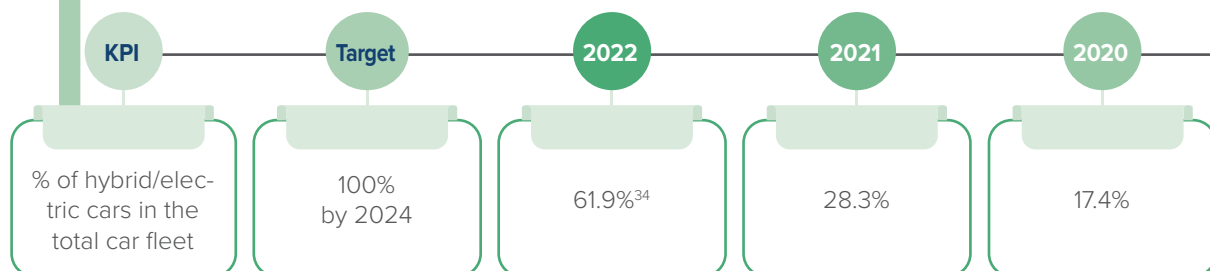
³² The figure as at 31/12/2020 also includes the recovery site discontinued in February 2021.

³³ For the year 2022, the methodology for calculating the consumption and emissions of the Milan and Reggio Emilia sites was fine-tuned. As a result, the figures for 2020 and 2021 were restated. For more details, see Chapter 9 "Environment". See the 2021 Sustainability Report, for the previously published historical figure.

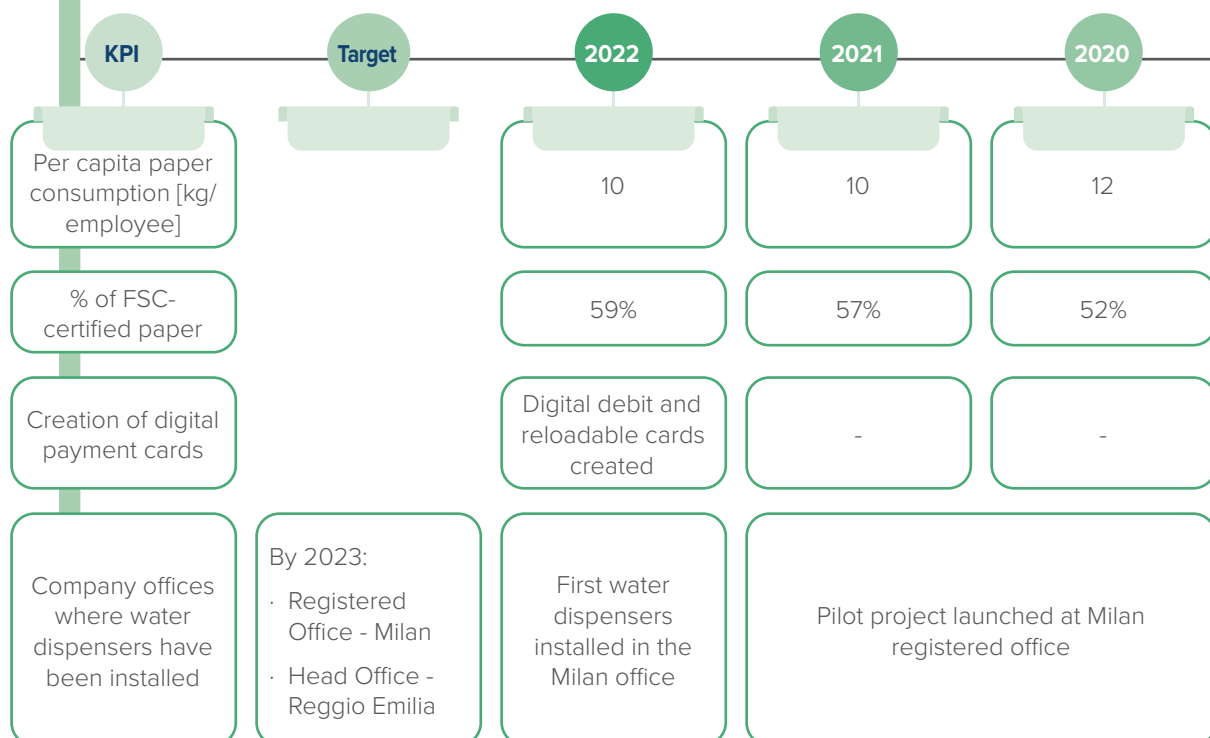
ENVIRONMENT



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



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



³⁴ Figure net of commercial vehicles.

COMMITMENTS SUBSCRIBED

The FinecoBank Group is committed to actively participating in national and international sustainability initiatives, with a view to 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** (GC) and a member of the respective Italian Network since September 2020, adhering to the Ten Fundamental Principles on human and labour rights, environmental protection and combating corruption. In 2022, Fineco has again used the GC online platform for the reporting of the Communication on Progress, therefore further information on how the Bank applies the 10 Principles will be available on the GC website following the publication of this document. Since March 2022, Fineco AM has also subscribed to the Global Compact Principles, aligning its strategies and operations and, in March 2023, it will present its first Communication on Progress in relation to its implementation of the Principles on the GC platform.



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 participates in specific training courses aimed at promoting female talent within the company (Young Talent, Middle Management and Senior Management programme).



Since 2019 FinecoBank has subscribed to the ABI (Italian Banking Association) **“Women in banking: Enhancing Gender Diversity” Charter**, sets out the commitment to enhancing, promoting and strengthening diversity, including gender diversity, at every level of the organisation.



Since December 2020, FinecoBank S.p.A. has been a signatory to the **United Nations Principles for Responsible Banking** (UN PRB), 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 is provided in Annex I of this document.

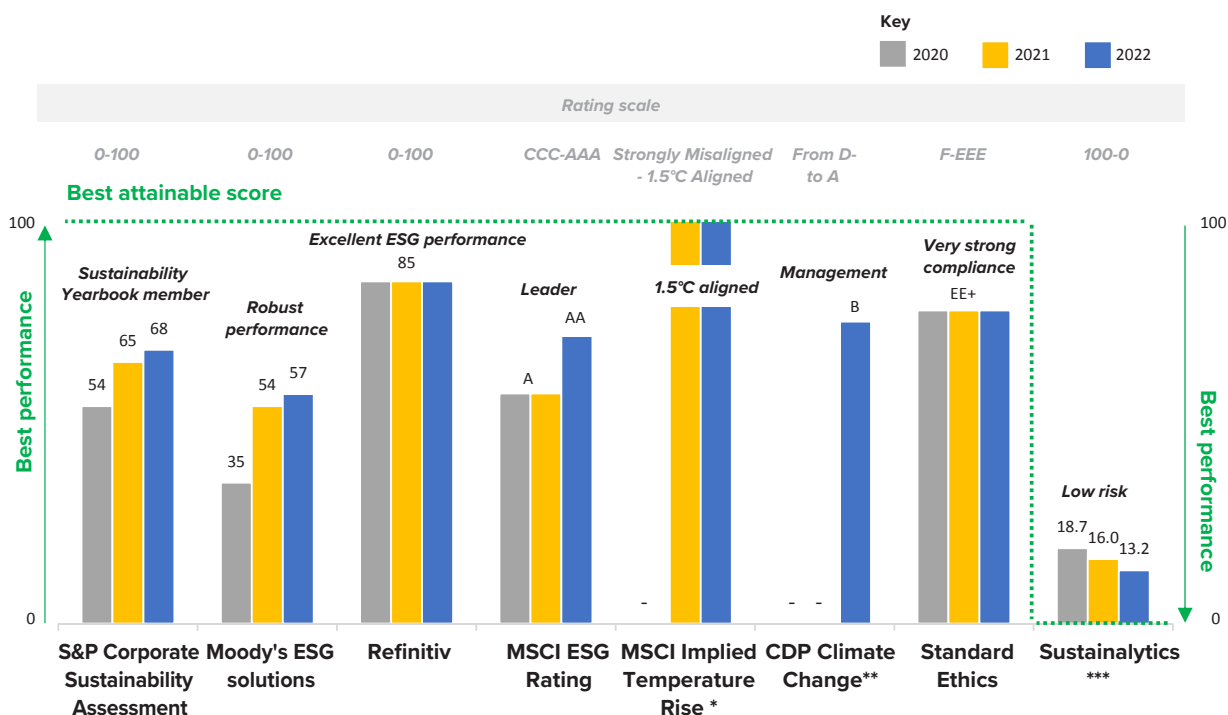
Signatory of:



Since October 2020, Fineco Asset Management DAC has been a signatory to the **United Nations Principles for Responsible Investments** (UN PRI), 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. As a signatory to the PRI, Fineco AM will report on its responsible investment activities through the UN PRI Reporting Framework by August 2023.

1.4. ESG RATINGS AND INDICES

In 2022, the leading ESG rating agencies improved the ratings assigned to the Group.



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

** In 2021, FincoBank 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.

*** The ESG Risk Rating from Sustainalytics measures the level of residual ESG risk that companies are exposed to, on a scale of 100 (worst performance) to 0 (best performance).

In recognition of its ESG performance, as certified by the main rating agencies, FincoBank is included in the **FTSE4Good**, **Bloomberg Gender Equality**

Index (GEI) 2023, **S&P Global 1200 ESG Index**, **Standard Ethics Italian Banks Index**, **Standard Ethics Italian Index** and the **Euronext MIB ESG Index**.

1.5. ESG PRIZES AND AWARDS



“MF Best ESG rating Award 2022” and “MF Investment Manager & Advisor Award 2022”

Fineco was recognised at the Sustainable Future Forum, where awards were given to companies that were able to place themselves above the international sustainability standards, based on the Standard Ethics rating. For the third year in a row, Fineco also won the “Investment Manager & Advisor Awards”, which this year again recognised the excellence in the Italian asset management industry.



“Sustainability Leader 2022”

Awarded by Statista/Forbes/II Sole 24 Ore: inclusion of the Bank among the 150 companies in Italy that stand out for their genuinely sustainability-oriented choices.



“Top Employer Italia 2022”

For the fourth year running, the Bank stood out for its focus on empowering human resources and on skills development, creating a positive and stimulating workplace.



World’s Most Socially Responsible Banks 2022

Ranked among the most responsible banks in terms of resource use, transparency, anti-corruption, and customer and employee management



“Best company in ESG”

(Mid Cap) for the Italian Investors Relations Awards

FinecoBank Banca Fineco S.p.A.
Banks
Sustainability Yearbook Member
S&P Global ESG Score 2022

68 /100

As of February 7, 2023.
Position and Score are industry specific and reflect exclusions
excluding entities. Learn more at global.com/esg/carbon
S&P Global Sustainable 1

Nominated as
S&P’s Sustainability Yearbook Member

1.6. MEMBERSHIP OF ASSOCIATIONS

Fineco's commitment is also expressed through close and trusting partnerships with leading financial bodies and institutions. Major memberships and collaborations include:

ABI: industry association aimed at protecting the interests of banks by organising studies and debates on particular topics and providing assistance and information;

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

ASSOAML: association whose objective is to establish the first and sole "aggregation centre" for obliged entities and experts on regulations for the prevention of the use of the financial system for the purpose of money laundering and terrorist financing;

ASSOGESTIONI: Italian Association of Savings Managers; represents the main Italian and foreign asset management companies operating in Italy, as well as banks and insurance companies operating in asset management and supplementary pensions. Since 2019, membership fees to Assogestioni have been paid by Fineco Asset Management DAC;

ASSONIME: Italian association of Italian joint-stock companies that deals with issues connected to the interests and development of the Italian economy. The association provides its members all the tools they need to navigate a complex legislative scenario through studies, research, in-depth analysis and opinions, in addition to providing an exclusive advisory service;

ASSORETI: an association of banks and investment firms that provide investment advisory services, keeping up-to-date with the planning and evolution of related regulations, ensuring contact with institutions, and promoting and organising studies, publications, conferences and any other related research;

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 Italian and international regulatory authorities;

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;

UPA: 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 2022, the membership contributions paid amounted to €1,071,442. In addition, no contributions were made for lobbying activities or for local, regional or national political campaigns or to political organisations and candidates.

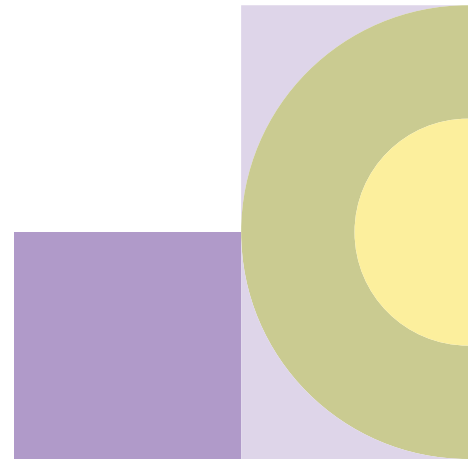




02

STAKEHOLDER RELATIONS AND MATERIALITY ANALYSIS

- 2.1. STAKEHOLDER ENGAGEMENT
- 2.2. MATERIAL TOPICS



2.1. STAKEHOLDER ENGAGEMENT

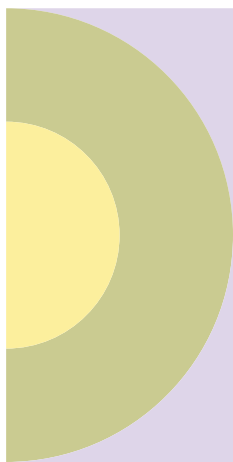
Doing business responsibly means working to create value for all stakeholders, as well as understanding how Fineco's actions can be influenced or influence those stakeholders.

The updating of the **Stakeholder Map**, started in 2021, was completed in 2022. This process was based on a benchmarking exercise designed to identify a complete list of Fineco's internal and external stakeholders, followed by a questionnaire sent to identify the Bank's Top Management, with the aim of prioritising the engagement of the stakeholders identified. Through the questionnaire, the management involved assessed the importance to and interest in Fineco, for each stakeholder, as well as the willingness of the various stakeholders to be engaged and the method of engagement most aligned to their needs, capabilities and expectations. Compared to the previous map (2020), which included Customers, Employees, Personal Financial Advisors, Regulators and Shareholders, the assessments conducted identified "Money Savers" as a new category of relevant stakeholder, while the Shareholders category was more precisely defined as the "Financial

Community", including Shareholders, Investors, Analysts and Proxy advisors. The priority stakeholders identified were involved in the update of the Materiality Analysis, as described in the paragraph below.

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 their mutual relations. 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 related dialogue tools used are set out below.



CUSTOMERS

To respond to customer needs, Fineco is always keen to gather useful input from customers and from the Network, as the voice of its customers, in order to improve its products and services. This includes the use of chats and surveys arranged during digital meetings in education sessions, as well as exchanges of opinions during in-person meetings at industry events, as listening tools.

Communications with customers are also based on constant dialogue through the internal **Customer Care** service and the network of personal financial advisors. In order to do this, customers must have access to appropriate channels for **sharing feedbacks and complaints** that they may have, and that help the Bank to gather the information necessary 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 **367,000 contacts every month** by **phone, email, chat** and **SMS** with high levels of service, in which around 87% of the requests for assistance from the customers are dealt with directly during the conversation. Customer complaints are analysed and recorded, with great attention placed on this activity in order to improve the service quality provided. In 2022, 3,297 complaints were received (compared to 2,742 in 2021)³⁵ and 3,249 were processed (of these, 314 were received in 2021)³⁶.

Another important indicator for assessing the over-

all relationship between the Bank and its customers is the **Customer Satisfaction Index** (TRI*M new index³⁷, produced by *Kantar Italia*, an independent firm and market leader), which showed a score of **95**³⁸ at the end of 2022. 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 82% of reviews at the top of the rating.

In addition, to enable more precise measurement of the rate of customer satisfaction through the contact channels, a **feedback system** 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 any dissatisfaction. These comments are analysed on a daily basis, and are the driver for the ongoing review of the internal processes, to respond to changing customer needs, with a view to simplifying services and rendering them increasingly accessible. In this regard, in 2022 the percentage of customers expressing dissatisfaction was stable at 3% (of which less than 1% related directly to dealings with the Customer Relationship Management staff).

EMPLOYEES

FinecoBank measures the motivation and level of engagement of staff and, based on their input, defines and implements specific action plans to focus on in subsequent years.

In 2022, the new Engagement & Reputation Survey was launched to determine not only the employee Engagement Index, but also the level of Fineco's

reputation among the employees. The response rate was 70.4%, a sign of the strong interest of employees in these issues, while the Engagement Index, in a context of a general reduction within the Italian population sense of belonging to the companies where they work, maintained a very good performance level of 77%.

³⁵ The increase was mainly due to complaints received concerning the tax credit assignment service and payment cards.

³⁶ Please note that the deadline for processing the 2022 complaints that have not yet been handled is 2023.

³⁷ The TRI*M index is produced by a proprietary algorithm that combines satisfaction and preference indicators and measures the strength of the customer relationship.

³⁸ Measured on a scale of 200 points, with a minimum of "minus 50" and a maximum of "plus 150" and a error margin of +/- 2%. FinecoBank's score in the TRI*M new index can therefore be considered to represent a high level of satisfaction.

The results of the survey identified that:

- the level of engagement was 75% for the female population and 78% for the male population;
- employees in the “Executives” category were the most engaged (95%), followed by “Middle Managers” (80%) and the “Professional Areas” (74%);
- in terms of age, the highest level of engagement (above 80%) was found in the under 25, 26 - 30, 41 - 45 and 56 - 60 age groups. The 36 - 40 years and 51 - 55 years age groups ranged between 75% and 78.5%, while the 31 - 35 and 46 - 50 age groups ranged between 71% and 75%.

A specific question was also introduced in the Engagement & Reputation Survey 2022 to investigate employee perceptions of the level of inclusion in the company: 66.5% considered Fineco to be a company able to guarantee an inclusive working environment, where everyone can express their potential regardless of gender, age, nationality, disability status, or political views.

People Care, Working Environment, Work-Life Bal-

ance, Best Place To Work and People Development are the thematic “areas” that Fineco is focusing on as a result of the findings of various feedback initiatives involving all employees. Work on these topics continued in 2022 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 employees in a half-day of information/training sessions, a year after being hired, with the Deputy General Managers and Human Resources, and a virtual escape room game involving all the participants. This gives employees the opportunity to explore topics related to the Bank’s strategy by talking freely with the Deputy General Managers and Human Resources.
- Focus groups aimed at engaging employees in issues important to the development of the business and the implementation of products and services, and gathering their feedback for continuous improvement.

PERSONAL FINANCIAL ADVISORS

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 the variety of contributions from the advisors** who have direct contact on the ground and are more aware of customer needs and how they are changing, in addition to readily coming into contact with alternative solutions offered by competitors, which Fineco has always considered as incentives for improvement. To this end, the Bank organises periodic consultations with the network: in 2022, the meetings and discussion sessions continued both in person and via web, aimed at sharing results, assessing initiatives and activities implemented or to be implemented, analysing the needs of customers and advisors, and discussing the launch of new products, projects and upcoming releases. Specifically, the

Group organised the following:

- **1** Area manager meetings;
- **9** Web conferences with Area Managers to exchange and align results;
- **4** Discussion sessions in small groups with area managers;
- **1** Managers Convention (Area Managers, Group Managers and Ambassadors);
- **1** Private Banking Convention (Private Bankers, Senior Private Bankers and Ambassadors);
- **1** Kickoff and **1** in-person meeting for the Ambassadors;
- **2** Web conferences with Ambassadors;
- **41** 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;

- **5** days dedicated specifically to the adoption of the recruiting platform, in which all the features available were presented through demos and practical exercises.

Additionally, **21 days** were dedicated to the so-called “area plenaries”, meetings where the Area Managers 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 to enhance their decisiveness and efficiency and achieving increasingly ambitious results.

REGULATORS

Under the current regulatory framework, the Bank must ensure that the supervisory disclosure requirements are met as expressed by the Regulatory Authorities, 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 Authorities, both at European level (ECB) and at local level (Bank of Italy). Specifically, in 2022, following Fineco’s classification as a Significant Institution, the Regulatory Affairs Team managed relations with the European

Central Bank, the Bank of Italy and the Single Resolution Board (SRB). The Team also supported the Compliance Department in managing relations with the Supervisory Authorities.

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.

FINANCIAL COMMUNITY

Fineco promotes ongoing, transparent and comprehensive dialogue with the financial community (shareholders, investors, analysts and proxy advisors). 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, the Bank has adopted the **Policy for**

managing dialogue with the Financial Community, which sets out the rules, responsibilities and processes for the implementation and management of the dialogue, compliance with the principles of transparency and equal treatment of information provided to the financial community, and ensuring that the information is clear, complete, true and not misleading.

As a public company, Fineco focuses particular attention on maintaining and nurturing ongoing dialogue with long-term investors to ensure the alignment of interests of the parties and create shareholder value.

The year 2022 was characterised by **ongoing dialogue with the Financial Community**, conducted through virtual and in-person events:

- **23** days spent attending **international conferences**;
- **11** days of **roadshows** around the world;
- Individual **one-to-one meetings/group meetings/conference calls and video calls**;
- **4** official conference calls to present quarterly fi-

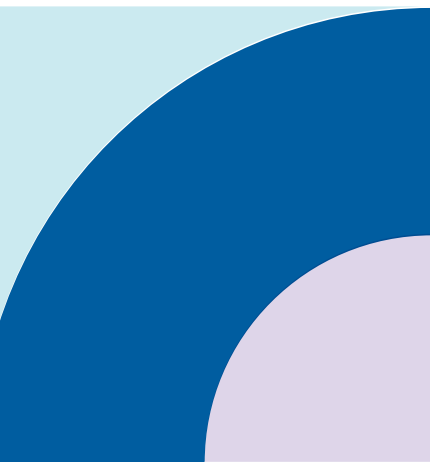
nancial results to the market.

There were **534 interactions with institutional investors** during the year. With regard to the **interaction of ESG issues**, there were **27 interactions** during 2022, in addition to the ad hoc requests received continuously during the year. In September 2022, Fineco also took part in the Italian Sustainability Week organised by Borsa Italiana.

MONEY SAVERS

Money savers, who constitute a new category of relevant Stakeholders for the Group, include the part of the community that puts aside part of its income and has the opportunity of enjoying the fruits of its savings. Their engagement by Fineco takes place through its financial education initiatives, which seek to help improve the community's understanding of

the financial products and the concepts underlying them, with a view to developing the abilities and knowledge needed to comprehend the risks and the opportunities of making informed financial choices. These initiatives and the related data on participation are described in Chapter 8 – “The Community”.



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 matters to be reported.

The Analysis started with an extensive list of potentially relevant topics, identified through desk research on sustainability aspects considered relevant by regulators, sustainability reporting standards, Fineco's peers and leading ESG rating agencies.

The most relevant stakeholders for the engagement were identified (Employees, Personal Financial Advisors, Customers and Investors) in line with the updated map described in the section above, and were then engaged through a survey, conducted in July 2022, aimed at identifying the key sustainability topics. The questionnaire, aimed at investigating the importance of the topics based on the concept of **double materiality**, asked these stakeholders to express their views on:

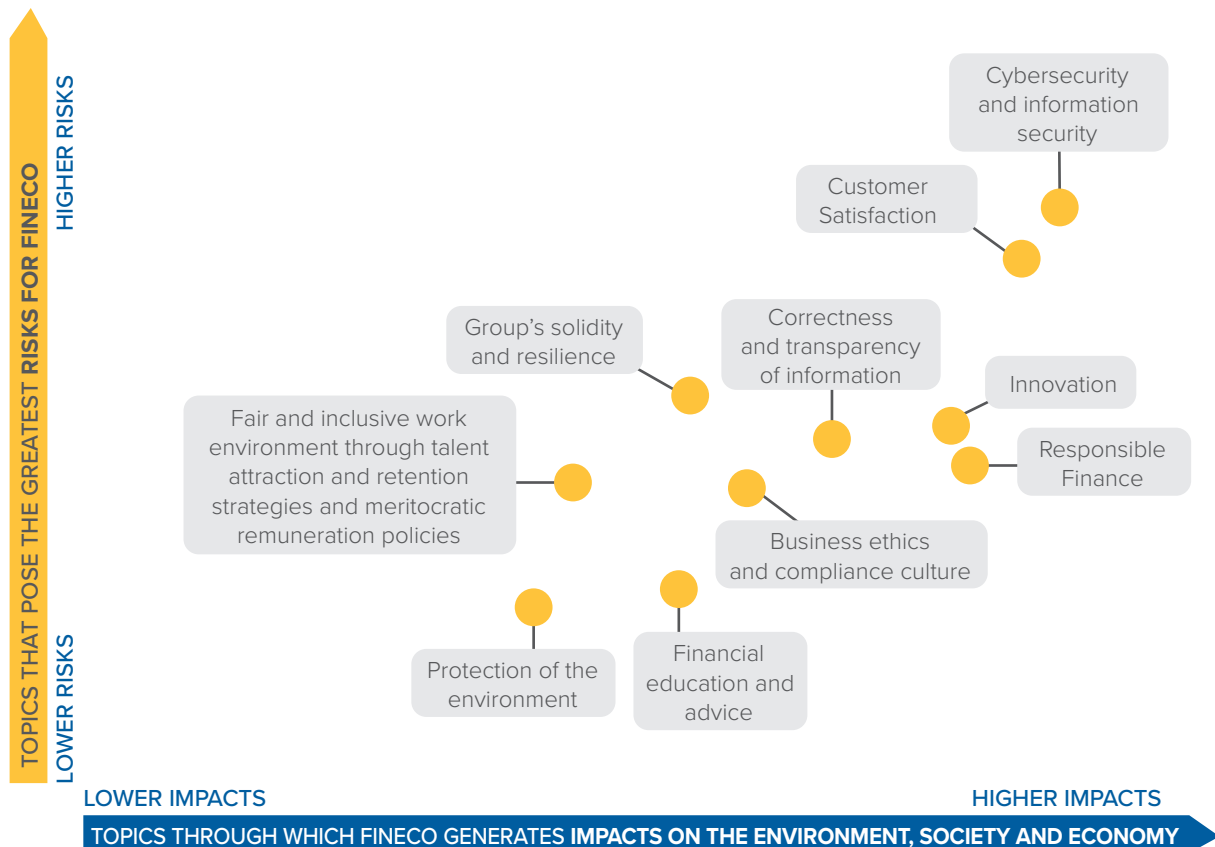
- the importance of the topics with respect to the

positive and negative impacts generated by Fineco's business on society, the environment and the economy (inside-out perspective);

- the importance of the topics that pose the greatest risks to Fineco and its operating and financial performance (outside-in perspective).

The results of the survey led to the preliminary identification of 19 priority topics, which were then aggregated to arrive at the definition of 10 material topics. The resulting material topics identified were then mapped against the main ESG and reputational risk categories identified and assessed in the Risk Inventory.

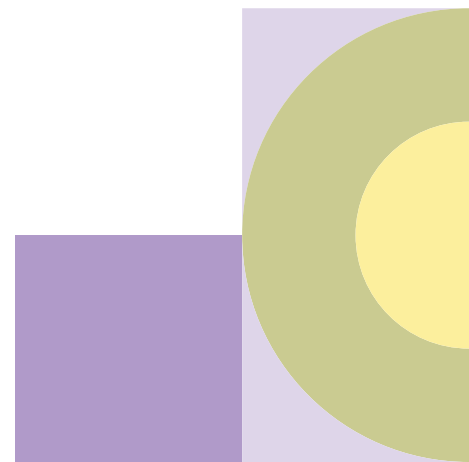
The final results showed that most of the topics that had already been present in the previous Materiality Analysis, but were further expanded with new facets and definitions. The **10 material** topics for Fineco can be depicted through the following matrix.



The new aspects compared to the previous year are set out in the table, in terms of both new material topics and new definitions for topics already present in previous analyses.

PRIORITISED LIST OF MATERIAL TOPICS	DESCRIPTION
CYBERSECURITY AND INFORMATION SECURITY	<ul style="list-style-type: none"> Identifying and managing information security risks Ensuring the protection and confidentiality of information and data through the continuous development and strengthening of appropriate tools and technologies
CUSTOMER SATISFACTION	<ul style="list-style-type: none"> Ensuring customer focus by providing continuous assistance in the operational management of Fineco's services and guaranteeing efficient support Listening to customer needs and expectations, supporting them in managing their savings through constant dialogue with the network of personal financial advisors and offering services and products focused on excellence
INNOVATION	<ul style="list-style-type: none"> Investing in digitalisation through technological and innovative tools to improve operations, processes, products and services Simplifying the lives of our customers through the development and continuous implementation of user-friendly products and services that meet their needs by harnessing technology
RESPONSIBLE FINANCE	<ul style="list-style-type: none"> Developing and implementing financial services and products that consider environmental, social and governance matters while minimising risk, without sacrificing opportunities for return Providing a product and service offering that promotes financial inclusion and access to financial services and products
GROUP'S SOLIDITY AND RESILIENCE	<ul style="list-style-type: none"> Adopting a corporate governance system that promotes clear and responsible banking, contributing to the creation of sustainable long-term value Adopting a resilient business model capable of maintaining healthy operating and financial performance, ensuring the Group's capital strength Protecting and strengthening the corporate identity and reputation
CORRECTNESS AND TRANSPARENCY OF INFORMATION	<ul style="list-style-type: none"> Promoting ongoing, transparent and comprehensive dialogue with the financial community, in line with the company strategy of creating value for shareholders over the long term Preparing and adopting instruments governing behaviour and values that ensure integrity in business conduct Clearly and transparently communicating the services and products offered, as well as their conditions, to help customers understand them and make informed choices

PRIORITISED LIST OF MATERIAL TOPICS	DESCRIPTION
BUSINESS ETHICS AND COMPLIANCE CULTURE	<ul style="list-style-type: none"> Adopting and disseminating ethical values and conduct, including conduct to safeguard and protect personal data of the Bank's stakeholders, in order to ensure high standards of professional conduct and integrity in conducting the business in compliance with applicable regulations
FINANCIAL EDUCATION AND ADVICE	<ul style="list-style-type: none"> Promoting improved understanding of the financial products and the concepts underlying them among the community, with a view to developing the abilities and knowledge needed to comprehend the risks and the opportunities of making informed financial choices Establishing 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
FAIR AND INCLUSIVE WORK ENVIRONMENT THROUGH TALENT ATTRACTION AND RETENTION STRATEGIES AND MERITOCRATIC REMUNERATION POLICIES	<ul style="list-style-type: none"> Creating and ensuring a fair and inclusive work environment where people can realise their full potential and where appropriate remuneration and incentive policies are designed within strategies aimed at attracting, retaining and motivating staff
PROTECTION OF THE ENVIRONMENT	<ul style="list-style-type: none"> Minimising the direct environmental impacts produced by adopting policies and measures aimed at reducing emissions and improving consumption efficiency to ensure responsible use of resources Assessing and understanding the indirect environmental impacts related to the business and implementing climate change mitigation plans and actions



03



OUR CUSTOMERS

- 3.1.** CYBERSECURITY AND INFORMATION SECURITY
- 3.2.** RESPONSIBLE PRODUCTS AND INVESTMENTS
- 3.3.** FINANCIAL INCLUSION
- 3.4.** FAIRNESS AND TRANSPARENCY IN CUSTOMER COMMUNICATIONS

For twenty years, Fineco is 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 one of the Group's characteristic features.

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 make full use of the value derived from knowing our customers, who make extensive use of

the Group's proprietary platforms, and we are continuously striving to develop user-friendly, top-quality products and services that meet all their financial needs.

The success of the Group is founded upon the relationship of trust it has established with its customers, with regard to whom Fineco is committed to adhering to strict standards of professional ethics, based on 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** Global Policy can 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 always be founded upon the criteria of honesty, courtesy, transparency, fairness, professionalism and collaboration.

3.1. CYBERSECURITY AND INFORMATION SECURITY

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. Customer satisfaction, in terms of user experience, reliability, security and differentiation of services/products they can use, is a key element of Fineco's success.

At the same, in a world of growing digital complexity, information security has become crucial for the banking industry. The most topical issues are cyber-crime, online fraud, identity theft and hacktivism.

Special attention is therefore 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 regulations, in order to offer customers full security while maintaining simplicity of use. Specifically, the security and availability of data and services in a highly digitalised environment, as well as the effective and swift handling of fraud attempts that could cause damage to the Bank or its customers, are key components of Fineco's operations.

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 checks connected to the three types of controls established in the Internal Control System. In this context, the "human factor" is one of the most important protection rings for Fineco, which is why it is essential to continue ensuring that customers, employees and management are aware of possible threats, enabling them to recognise them and react appropriately. To this end, various initiatives were implemented in 2022, including training for employees and PFAs, specialised communication campaigns for customers, the overhaul of the security & fraud section of the website, simulations of adverse cybersecurity scenarios, and exercises on ethical hacking challenges.

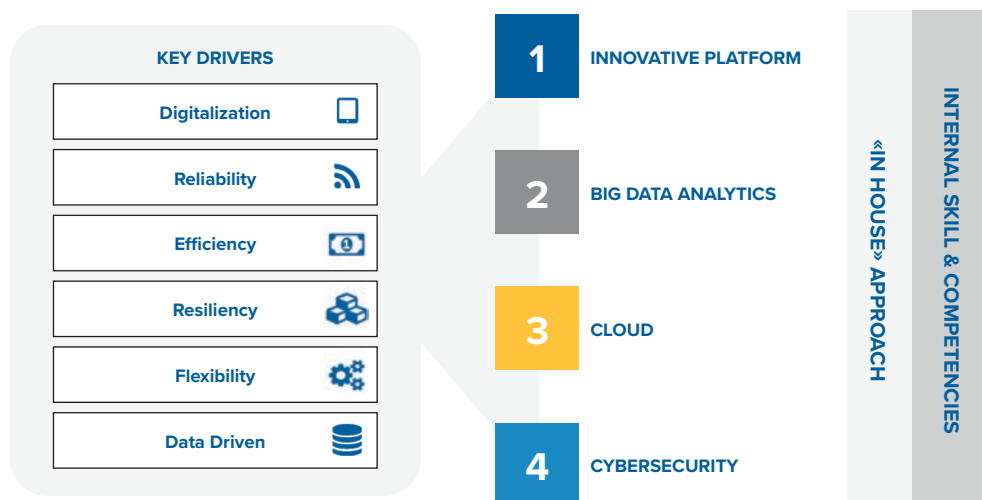
The increase in the complexity of the operating environment, as well as the information systems supporting the company's operations, has prompted Fineco to adopt a structured approach to governing both IT and Security. This has been achieved by leveraging the strength of the management's commitment in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

In addition, the constant and continuous dialogue with investors in 2022 confirmed the stakeholders' interest in the Bank's approach to ICT and security issues, both current and future, highlighting the need to continue evaluating the opportunities for evolution and growth already identified, including the zero trust model, third party security and resiliency issues.

The main drivers considered in setting strategic ICT&Security objectives are detailed in the **ICT & Security Strategic Guidance Document**, updated and approved by the Board of Directors in 2021, which is the cornerstone of a broader set of documents governing FinecoBank's ICT & Security Governance. This document sets out the multi-year guidelines for the development of the information system, in line with the structure of the sectors of operations, organisation and corporate strategy identified in Fineco's Multi-Year Plan and taking into account the evolution of the sector, as well as compliance with regulatory

developments. 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.



The ICT & Security Strategy is then set out annually in a specific **Operational Plan**, which describes the main project initiatives identified to achieve the strategic objectives and is submitted to the CEO and General Manager for approval.

The main ICT & Security project initiatives, identified to achieve the objectives described in the Strategic Guidance Document, are agreed and approved annually by the CEO and General Manager. The progress of these initiatives is continuously monitored to ensure their alignment with the strategic objectives, promptly communicate any problem issues arising during the course of the various projects and, consequently, identify and implement appropriate corrective solutions to avoid jeopardising the fulfilment of the plan. The Board of Directors annually reviews and approves the expenditure budget for maintaining the efficiency of the ICT & Security Resources.

The effectiveness of the implementation of the ICT & Security Strategy is ensured by means of the *Summary Report on Adequacy and Costs*, which provides details on annual basis of the effectiveness of the services provided in relation to the costs incurred, together with an overview of the developments in the relevant topics in ICT, Security and Fraud, including: *organisational structure and resources, security awareness & training, availability management, inci-*

dent and security incident management, disaster recovery, and anti-fraud management for payments. In addition, the Report provides 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). This document is submitted to and approved by the Board of Directors.

During 2022, through the work of the Head of the CIO Department, further information was also provided to the Board of Statutory Auditors on the ICT & Security Strategy and its implementation, the evolution of the landscape of cyber threats and attacks, and the performance in relation to Security & ICT incident management, Disaster Recovery and the management of ICT & Security risks. In addition, in May 2022, a specific information initiative on ICT Strategy, Security & Fraud was organised for the Board of Directors, which had a participation rate of 90% and illustrated the models implemented by the Bank, together with the opportunities related to those models, and current and future IT and security risks.

FinecoBank dedicates and invests considerable resources in pursuing these strategic objectives and around 16% of its staff work in the Department (of which 11% are women). The Department includes the dedicated Information Security & Fraud Man-

agement 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.

The Team also manages information security incidents using a structured and integrated incident response framework, whose guidelines and roles 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 quickly detect and identify damaging events;
- to minimise the impact of those events;
- to quickly identify and implement the appropriate counter/containment measures;
- to identify and implement all the post-incident recovery operations;
- to collect and collate all the data and information needed to trace the events that have occurred, also in order to duly support the relevant communications to the authorities and/or law enforcement agencies, where necessary.

These objectives are pursued through an 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 be summarised as illustrated in the diagram below.



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.

Lastly, the *Information Security & Fraud Management* Team, also handles the fraud management for customer transactions. The security strategy con-

sists of a multilayered approach, based on in-depth knowledge of the Bank's 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, particularly in relation to banking, payments and card 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 evolving threats and new trends in these areas.

In 2022, FinecoBank used external third parties to conduct security assessments, on both a continuous and on demand basis, to identify potential threats and vulnerabilities that could impact systems/services, with the aim of verifying the security measures in place and considering the implementation of additional protection measures, where necessary.

In addition, in 2022, assessments were conducted on the Data Centers, with the support of specialist external companies, aimed at ensuring the update of the analyses of the associated environmental risks

and the assessment of the adequacy of the physical security measures adopted.

An independent verification was conducted by an external third party in 2022, 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).

Lastly, the Bank the positive outcome of the External Independent Assessment of the security measures relating to SWIFT operations was confirmed.



3.2. RESPONSIBLE PRODUCTS AND INVESTMENTS

Fineco's aim is to continuously consolidate 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, since 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 into the assessment of sustainability risks, establishing the requirement for any environmental sustainability, social and/or governance objectives to be included among the features of the products contained in the identification sheet.

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 main adverse effects on sustainability factors generated by the advised investments.

Fineco makes a positive contribution to the development of the economy and the protection of the environment through the development of specific **Banking and Credit** products. In particular, the green mortgage offering promotes the renovation of Italy's stock of real estate, and the continuous work on dematerialisation of product request/management processes has cut paper consumption.

Specifically, a **"Virtual" card** offering was introduced in 2022 for debit and prepaid card products requested after opening an account. In this offering, there is no plastic version of the card and it can be used immediately after being issued, using the information available in the Reserved Area of the website or on the Fineco APP.

In addition, the success continued of the **green mortgage**³⁹, 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 €63 mln, or roughly 20% of the total amounts disbursed by the Bank for purchase mortgage agreements 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, with a completely paperless process, continued until the end of June 2022.

The *Banking & Credit Products* Unit 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 products, also from a sustainability perspective. Where appropriate these are added to the roadmap of pipeline projects and their progress is monitored in collaboration with the Sustainability Unit. Product development is mainly guided by the needs gathered directly or indirectly from customers, with a focus on responsible finance, to support customers in achieving their investment objectives and meeting their transactional needs.

With regard to the **Investing** area in particular, advisory services and insurance solutions are focused on offering solutions that take ESG criteria into account during the creation of model portfolios, through spe-

³⁹ Fineco's mortgages qualify as "green mortgages" when they involve loans for the purchase of class A or B energy properties. Fineco intends to carry out a specific aimed at verifying the alignment of its mortgage portfolio to the technical screening criteria defined for the asset class "Acquisition and ownership of buildings" by the Delegated Act of the Taxonomy Regulation (EU Regulation 2020/852) on the climate change mitigation and adaptation objectives (EU Delegated Regulation 2021/2139 of 4 June 2021).

cific quantitative and qualitative analyses and with the support of the **“Fineco ESG Rating”** which integrates sustainability risk into the provision of the services. This rating, developed by the Bank in 2022, recalculates the ESG scores assigned by an external provider to investment products – on a scale of 1 to 100 (1 “low risk”, 100 “high risk” ESG) – using a conversion table to reclassify these scores, on a scale of 1 to 10 (1 “high risk”, 10 “low risk” ESG).

The rating provides 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 Fineco ESG Rating is currently available for Funds, Sicavs, ETFs, shares, bonds, and *Unit-Linked* and *Multiclass* insurance policies; assessments are being made to cover other types of instruments not yet available, such as Class I insurance policies, asset management services, ETCs and certificates. To comply with the new regulations

and keep pace with consumer needs, from 1 January 2021 the Bank has committed to favouring the assessment, selection and inclusion of funds with an ESG rating in its range of offerings, increasing the ESG offering available to customers.

The Fineco ESG Rating is also used to assess the suitability of the customer’s portfolio with respect to the preferences expressed on the level of sustainability of investments in the **MiFID questionnaire**. Each preference is associated with a minimum ESG Rating, which is compared with the average ESG Rating of the existing or proposed portfolio. The portfolio or portfolio proposal is suitable if the average ESG rating of the portfolio is above the minimum thresholds set for each sustainability preference.

Fineco regularly maps funds in its range to the **SFDR classification** per individual Article 6, 8 and 9. This allows Fineco to compare its positioning with the Italian and European averages. As at 31 December 2022, FinecoBank’s wealth management offering consisted of the following.

ESG ASSESSMENT OF FUNDS IN THE PLATFORM	2022 ⁴⁰			2021			2020		
	N° ISIN	%	AuM [€ bn] ⁴¹	N° ISIN	%	AuM [€ bn]	N° ISIN	%	AuM [€ bn]
ESG-rated funds	4,293	87%	29.4	5,278	83%	30.2	3,610	57%	13.7
of which with rating ≥ average⁴²	3,671	86%	27.1	3,880	74%	24.6	2,708	75%	10.9
Non-ESG-rated funds	649	13%	3.0	1,099	17%	6.3	2,748	43%	16.6
Total funds	4,942	100%	32.4	6,377	100%	36.5	6,358	100%	30.3

SFDR CLASSIFICATION OF FUNDS IN THE PLATFORM	2022			2021		
	N° ISIN	%	AuM [€ bn]	N° ISIN	%	AuM [€ bn]
SFDR Article 6 funds⁴³	1,589	32%	14.6	3,246	51%	20.8
SFDR Article 8 funds⁴⁴	2,756	56%	16.8	2,844	45%	14.2
SFDR Article 9 funds⁴⁵	225	5%	0.9	264	4%	1.0
Unclassified funds	372	8%	0.1	23	0%	0.5
Total funds	4,942	100%	32.4	6,377	100%	36.5

⁴⁰ In 2022, the Bank decided to withdraw a number of ISINs from placement that, due to their direct or indirect characteristics, are no longer aligned to its strategies. Specifically, all ISINs listed as residuals with AUM less than or equal to €500,000 were progressively removed from the placement. In addition, there was a decrease in AuM in that year due to the performance of the market.

⁴¹ Asset Under Management.

⁴² From 2022 the average corresponds to a minimum score of 6 out of 10 in the “Fineco ESG Rating” and is therefore not comparable with previous years, when this threshold was set by Morningstar. The average 2022 figures calculated according to the Morningstar threshold are: ISIN no. 3,234; Percentage: 75%; AuM: 24.6 € bn.

⁴³ Funds that do not promote environmental or social characteristics and do not have sustainable investments as their objective.

⁴⁴ Funds that, in addition to other characteristics, promote environmental or social characteristics, or a combination of those characteristics, provided the firms invested in comply with good governance practices.

⁴⁵ Funds that have sustainable investments as their objective.

ESG ASSESSMENT ⁴⁶ OF ETFs IN THE PLATFORM	N° ISIN	2022 %	AuC ⁴⁷ [€ bn]
ESG-rated ETFs	1,996	76%	3.7
<i>of which with ≥ average rating</i>	1,656	83%	3.2
Non-ESG-rated ETFs	615	24%	0.9
Total ETFs	2,611	100%	4.6

SFDR CLASSIFICATION OF ETFs IN THE PLATFORM	N° ISIN	2022 %	AuC [€ bn]
ETFs ex Art. 6 SFDR	1,394	53%	3.9
ETFs ex Art. 8 SFDR	581	22%	0.7
ETFs ex Art. 9 SFDR	47	2%	0.0
Unclassified ETFs	589	23%	0.0
Total ETFs	2,611	100%	4.6

With regard to **supplementary pension schemes**, in October 2020 the investment policy of the **Core Pension** open-ended pension fund managed by *Amundi* and distributed exclusively by Fineco, was changed on all the lines, with the integration of exclusion and selection criteria based on analysis and the assignment of sustainability ratings into the existing investment process. As at 31 December 2022, the Assets Under Management of Core Pension amounted to €626 million, up 26% compared to 2021.

With regard to the **Bank's internal investment portfolio**, particular attention is paid to the green finance market, which, with the recent transactions in **ESG bonds**, represents an increasingly significant proportion of the financial market, particularly in Europe. In this regard, during 2022, 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 2022, the Group held portfolio consisting of **ESG bonds** amounting to approximately €1,745 million, or approximately 6.8% of Fineco's total portfolio.

Also in the area of responsible finance, the Bank has two collateral switch transactions (collateralised se-

curities lending) with ESG criteria in place with a total countervalue of around €71 mln. Compared to the traditional ones, these transactions involve the payment of an extra fee related to Fineco's achievement of the following sustainability targets: (i) 100% of new ESG-rated funds placed on the Italian platform between 1 January 2021 and 31 December 2023 (ii) S&P Corporate Sustainability Assessment score greater than 67 out of 100. Upon maturity of the transactions, set at April 2024, the extra fee will be paid to Fineco by the counterparty and transferred by Fineco to Save the Children if the Bank reaches the agreed targets, whereas it will be transferred directly from the counterparty to Save the Children if Fineco does not reach the targets.

The Irish company **Fineco Asset Management DAC** has developed policies, procedures and investment products to support its commitments to responsible investment by subscribing to the **United Nations Principles for Responsible Investment** (UN PRI), as well as the **UN Global Compact**.

Since 2021, Fineco AM has adopted the **Responsible Investment Policy**, which lays down the commitment to manage the funds in a responsible and sus-

⁴⁶ The ESG information for the ETFs distributed has been available since 2022.
⁴⁷ Asset Under Custody.

tainable manner, setting out guiding principles and a framework for integrating ESG risks and factors into its business activities.

Fineco AM's commitment is also manifested through constructive dialogue between institutional investors and investee companies to address issues related to ESG risk management and take advantage of business opportunities associated with sustainability challenges. In particular, Fineco AM believes that the best way to promote improvements in market practices is by actively participating in collaborative platforms. In this respect – in line with the commitments made through its subscription to the UN Global Compact and the PRI – in 2022, the Company signed up to the **“UN PRI Advance: a stewardship initiative for human rights and social issues”**. Through this ongoing initiative, Fineco AM collaborates with other investors to develop opportunities for engagement with companies to promote human rights and positive outcomes for people.

Again in the area of *active ownership*, Fineco AM uses the Institutional Shareholder Services (“ISS”) voting platform and proxy voting recommendations for all meetings where it votes. Fineco AM has incorporated sustainability considerations into its voting approach by subscribing to the ISS International Sustainability proxy voting policy and guidelines.



Since 2020, Fineco AM has committed to not charging performance fees on the funds under management. To this end, a specific **“No Performance Fees”** is used which tells cus-

tomers which funds do not have these type of fees. Not charging performance fees is a strategic choice aimed at ensuring fair prices and better results for customers.

Since 2021, Fineco AM has **classified all its funds under management** in accordance with definitions contained in **Articles 6, 8 and 9 SFDR** and included the relevant pre-contractual information in its prospectuses and supplements to comply with the SFDR. The pre-contractual information of Fineco

AM's funds is also supplemented to comply with Regulation (EU) 2020/852 (EU Taxonomy), by including qualitative and, where possible, quantitative information, as well as the statement regarding the principle of “doing no significant harm”.

From January 2022, Fineco AM's “SFDR and Taxonomy” internal working group started to meet on a weekly basis, both for the purpose of implementing the requirements of these regulations in force from 2023, and analysing the level of preparedness and readiness of the company as a whole in relation to the integration of sustainability into the business.

Since February 2022, Fineco AM has made considerable progress in integrating ESG factors into all its activities, taking a number of important steps:

- the establishment of a formal ESG governance framework, including the Sustainable Finance Committee (SFC);
- the full integration of ESG into the front office trading platform to ensure that sustainability risks are considered at source;
- the integration of the MSCI ESG Fund Quality Score rating into the risk management model, which enables monthly monitoring of the score for each fund;
- the implementation of a company-wide exclusion policy, based on Fineco AM's commitments as a signatory to the UN PRI and GC standards.

The approach to integrating ESG factors into the investment process depends on the specific product type, strategy and asset class. With regard to Article 8 funds, ESG factors are integrated, for example, through:

- **the integration of ESG data provided by third parties** - To integrate ESG data into its front office trading platform, Fineco AM uses the provider MSCI ESG Manager, which can be supplemented by in-house or third-party research. This ensures that ESG criteria and sustainability risks are taken into account when the purchase is made. As part of ongoing ESG improvements, environmental, social and governance data have been integrated into the trading platform, at both the individual investment and aggregated fund level.
- **Positive sectoral and value-based screening**

- The managers integrate ESG factors into their overall portfolio construction and security selection, including sector-specific environmental and social factors;
- **ESG assessments at counterparty level** - Fineco AM's Article 8 funds promote ESG characteristics by applying minimum MSCI ESG ratings. This approach ensures that the portfolios are positively skewed towards investments with higher ESG ratings.
- **ESG score at fund level** - Fineco AM's Risk Team carries out a monthly independent analysis and ESG score classification for each fund. At the fund level, a minimum ESG score threshold is applied to ensure that the fund score does not fall below a level considered appropriate by Fineco AM for a fund promoting ESG characteristics. The monthly risk reporting identifies the cases where this threshold has been breached. The ESG quality of the fund can then be formally investigated and the results reported to the SFC. This additional control serves to maintain a minimum ESG score at fund level and supports the engagement with fund managers on ESG issues.
- **Good Governance** - Fineco AM is committed to investing in companies that manage their businesses in a way that promotes sound ESG risk management and fosters value creation for shareholders and stakeholders. The SFDR establishes that products classified as Article 8 or 9 must not invest in companies that do not follow good governance practices. The Good Governance Policy describes how Fineco AM determines whether an investee company does not follow good governance practices and should therefore be excluded from the initial investment universe for the Article 8 and 9 SFDR products.
- **Negative screening ("norm-based exclusions")**
 - Fineco AM believes that certain products and business practices are detrimental to the company and, in view of its fiduciary role, it wishes to avoid making investments that the company itself or the Group's customers could consider incompatible with a responsible investment approach. Certain exclusion criteria are therefore applied to align the investments with this approach. Specifically, in 2022, Fineco AM published an **Investment**

Exclusion Policy, which resulted in an Exclusion List identifying the various exclusions applied, the products the exclusions apply to and the extent to which they apply to them. Fineco AM applies this exclusion policy to all its funds and not just the Article 8 and 9 SFDR funds. The exclusion categories considered are:

- UN Global Compact Principles;
- Controversial weapons;
- Tobacco;
- Climate change;
- Forced labour.

- **Principal Adverse Impacts - PAI** - Fineco AM also considers the principal adverse impacts of its investment decisions on sustainability factors, as required by Article 4 of the SFDR, and in its due diligence processes.

For investment funds where Fineco AM assigned the management of investments **under mandate to third parties**, Fineco AM conducts thorough initial ESG due diligence and ongoing monitoring to ensure that each fund under mandate is managed in accordance with the ESG criteria set out in the respective offering documentation.

Fineco AM also offers products that have a sustainable investment objective and are therefore subject to the requirements of Article 9 of the SFDR. The **sustainability-focused strategies** work from the same basis as the integrated ESG strategies, but add an ex-ante focus on securities that score better on ESG and environmental factors. The **sustainability impact strategies** invest in companies that contribute to solving problems related to specific sustainability issues. These strategies are aimed at investors that want to have a positive impact on society or want to have a clear exposure to certain areas of sustainable development that they believe can generate adequate investment returns, e.g. the following funds:

- **Diversity and Inclusion Fam Fund** - The fund's investment objective is to maximise total returns through a combination of income and capital appreciation by investing in companies that have proven gender and/or ethnic diversity, or that provide solutions that promote social equality.
- **Global Sustain Paris Aligned Fam Fund** - The

fund's investment objective is to provide a total return (capital growth plus income) that exceeds that of the global equity markets over a five-year period and to invest in companies that contribute to the achievement of

the Paris Agreement climate change goal.

As at 31 December 2022, **ESG funds** classified as **Articles 8 and 9 SFDR** represented 51.5% of Fineco AM's total assets under management.

ASSET UNDER MANAGEMENT OF FINECO AM ESG FUNDS ⁴⁸ [€/MN]	2022	2021	2020
SFDR Article 8 funds – internally managed	5,203	3,128	1,502
SFDR Article 8 funds – under mandate	7,839	3,813	1,911
SFDR Article 9 funds – internally managed	-	-	-
SFDR Article 9 funds – under mandate	302	224	-
Total AUM - Article 8 and 9 Funds	13,344	7,165	3,413

The assets that can be subject to **positive and/or negative screening** depend on the fund strategy and asset class. Liquidity and indirect exposure through derivatives are excluded from the calculations. Positive and negative environmental and/or social screening is applied to Fineco AM's Article 8 and 9 SFDR funds, while negative environmental and/or social screening is applied to Fineco AM's Article 6 SFDR direct investment funds. In addition, it is important to note that for 2022, the calculation of the percentage of assets subject to positive and negative environmental or social screening is based on a different methodology than in previous years. The

calculation in 2022 was carried out internally, using a new ESG Integration Framework, whereas data from external providers⁴⁹ were used in the previous years.

The following positive and negative screening criteria can be applied:

- Exclusion Policy;
- Indicators of principal adverse impacts (PAI indicators);
- Minimum ESG score at Fund level;
- Screening of ESG indices in order to circumscribe the investment universe.

ASSETS SUBJECT TO POSITIVE AND NEGATIVE ENVIRONMENTAL AND SOCIAL SCREENING	2022	2021	2020
% of assets subject to positive environmental and/or social screening	52%	13%	11%
% of assets subject to negative environmental and/or social screening	70%	27%	16%
% of assets subject to combined positive and negative environmental and/or social screening	70%	11%	6%

⁴⁸ For an up-to-date list of ESG funds under management, see the Sustainability section of the Fineco AM website.

⁴⁹ For 2020 and 2021, the assets subject to screening are those covered by the analyses performed by Morningstar and MSCI. Specifically, positive screening identifies "Sustainable Investments" as funds that specifically refer in the prospectus or offering documents to sustainability-related activities, impacts or strategies (e.g. diversity, renewable energy, low carbon and local community development). Negative screening, on the other hand, 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).

3.3. FINANCIAL INCLUSION

Fineco provides a product and service offering that promotes **financial inclusion and access to financial services and products**. In particular, it offers the possibility of subscribing to two different types of current accounts at favourable conditions: the **Basic Account A** and the **Basic Account B**, both aimed at facilitating access to basic financial services by economically disadvantaged groups.

The offering includes not only a predetermined number of free services and transactions, but also free provision of a debit card. Specifically, the “Basic Account A” can be opened by any ordinary consumer and is a current account with an annual fee and ordinary banking operations. For consumers with an ISEE (financial status indicator) of less than €11,600/year who open a “Basic Account A”, there is no annual fee or stamp duty. Consumers with retirement payments of up to €18,000/year can open the “Basic Account A” and there is no annual fee, but stamp duty is due to be paid. Alternatively, pensioners with a pension less than or equal to €18,000/year can open the “Basic Account B”, which only requires payment of stamp duty and limited operations compared to the “Basic Account A”.

In addition, in 2022 Fineco continued and adopted a number of initiatives aimed at **promoting access to banking and financial services** for **young people**:

- in line with the so-called Support Decree⁵⁰, the Bank 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;

- the Bank maintained the offering for young people under 30, which includes no account maintenance charge and a reduction in the fees 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.

As part of its initiatives to improve the **accessibility of services**, Fineco has initiated a project of alignment to the new regulations⁵¹. In early 2022, an assessment was carried out on the website and Apps (iOS and Android), also with the aid of a consultancy firm specialising in accessibility, in order to identify useful suggestions for optimising the level of accessibility of the Bank’s portals. The reports resulted in improved accessibility of the channels, which had anyway already been designed and built to be fully compatible with screen reader software (voice assistants).

At user experience level, particular attention is given 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 and links inserted, so that these can be recognised and correctly interpreted by the speech synthesis software.

Finally, as required by recent regulations, the **Accessibility Statement** was published on all the Bank’s portals in September 2022, according to the regulatory requirements laid by the Digital Italy Agency (AGID).

⁵⁰ 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. These measures, extended to all of 2022 by the 2022 Budget Law, were also extended to 31 December 2023 as provided for in Article 1, paragraph 74, letter c) of Law No. 197 of 29 December 2022 (the “2023 Budget Law”).

⁵¹ In April 2022, the AGID (digital Italy agency) adopted specific Guidelines on the Accessibility of IT Tools for Providers in accordance with Article 3 paragraph 1-bis of Law 4/2004 (so-called Stanca Law). The Guidelines, applicable from 28 June 2022, follow the extension of the scope of application of Law 4/2004 to private entities offering services to the public through websites or mobile applications above a specific turnover threshold, which took place with the so-called Simplification Decree (July 2020). In July 2022, a decree was also published to implement the Accessibility Directive (EU) 2019/882, which establishes rules on the accessibility of products and services for people with disabilities, i.e. physical, mental or sensory impairment.

3.4. FAIRNESS AND TRANSPARENCY IN CUSTOMER COMMUNICATIONS

Transparency is one of the cornerstones of the relationship of trust that exists between Fineco and its customers, and is a fundamental element of the 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 **Guidelines for the preparation of marketing and advertising initiatives** (Circular no. 48/2021), designed to facilitate the establishment and dissemination of an internal culture founded on the principles of honesty, fairness and compliance with the relevant regulations. The guidelines clearly stipulate that a given behaviour with regard to 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. According to the subject areas and content covered, the guidelines also stipulate that the marketing and advertising messages developed must always be validated by the relevant units of the Bank.

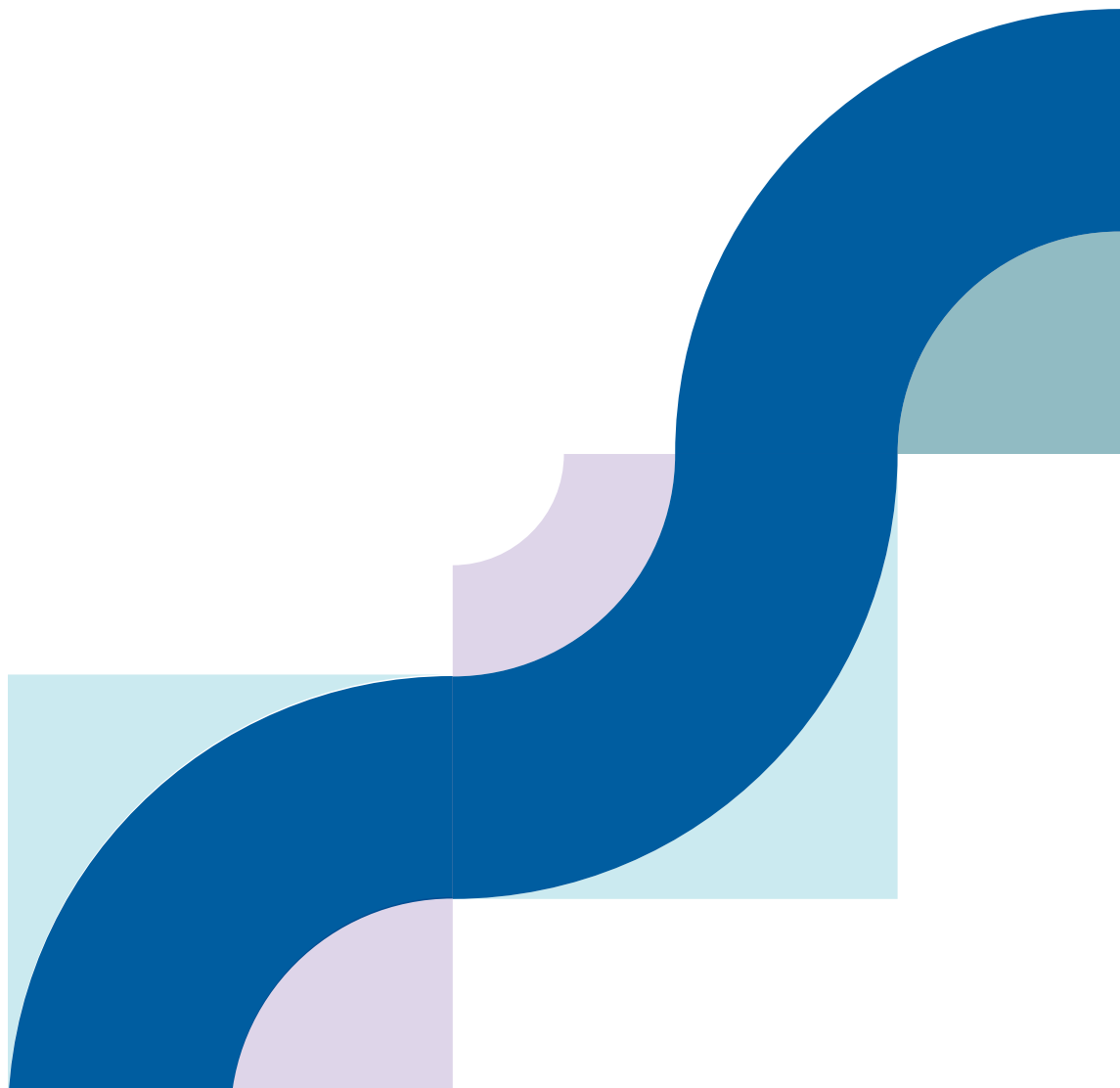
In this context, Fineco is committed to ensuring all communications are distinguished by the simplicity of the way in which they are written, courtesy of the **direct** and **immediately comprehensible** language employed. When present, any sources relating to qualitative-quantitative numerical evidence 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 checks, carried out directly by those who produce the content, and subsequent checks by the compliance and legal departments and all of the offices concerned. All communications aimed at customers are generated and produced by Fineco's internal staff, without the involvement of external third parties; this provides an additional guarantee of privacy protection and control over the flow of publication.

Within Fineco, **transparency** also means accessibility to information at all times, along with dedicated, immediate and "all-in-one" assistance. 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 email communications and website pages, follow predefined layout templates that make it easier for the user to access the information. The responsive structure enables most email communications to be optimised for reading on mobile devices, automatically adapting to different screen resolutions.

In 2022 there were no cases of non-compliance with regard to commercial communications.



04



INNOVATION

- 4.1. TECHNOLOGICAL INNOVATION AND DIGITAL TRANSFORMATION
- 4.2. BUSINESS MODEL INNOVATION

4.1. TECHNOLOGICAL INNOVATION AND DIGITAL TRANSFORMATION

Technological innovation is a key component of process automation and digitalisation.

Process automation has a positive effect on the efficiency of the processes themselves, making the use of resources more efficient. This enables the management of increased business volumes, without having to increase costs proportionally. Process automation also reduces operational errors and speeds up the execution of certain tasks.

The monitoring of the effectiveness of efficiency improvement projects is carried out within the Demand Management process, during the Project Committee Meetings, using **Scorecards**, distributed to all employees through a specific circular. The aim of the Scorecards is to enable an objective assessment of the proposed efficiency measures, ensuring a uniform approach when comparing the different initiatives and identifying a priority of actions for the implementation. Specifically, the process requires the Proposer of an intervention to fill in a scorecard that assesses the qualitative/quantitative benefit it will provide once this put into operation, which considers four different dimensions: i) Customer, i.e. the benefit obtained for customer satisfaction; ii) People, i.e. any reduction of FTEs; (iii) Financial, i.e. any reduction of operating costs and the transfer of costs to the budgets of different controllers; (iv) Processes, i.e. the level of automation achieved, also considering the reduction in operational risk and sustainability impact (e.g. elimination of paper and/or physical postage). Based on the answers provided by the Proposer, the scorecard determines, and associates, a summary score to the Project. The Project Committee can also verify and monitor the actual benefit over time, after the efficiency improvement has been put into operation.

Digitalisation has various positive effects, both in environmental and social terms, including a better customer experience, linked to the simplification and acceleration of the processes of requesting and using

products and services – such as the signing of contracts with digital signatures, the use of the video-selfies for customer recognition during onboarding and vocal passwords for recognition during customer assistance – and the reduction of the use of raw materials and travel associated with traditional processes.

Historically, the Group has focused its efforts on minimising its environmental impact mainly through **dematerialisation** processes, thanks to innovations and the use of technology that significantly reduce paper flows and make processes more sustainable.

Over the years, Fineco has implemented a number of initiatives aimed at 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**, counter-signed 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 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 natural persons.

In 2015, the Bank also introduced **remote digital signatures for new customers**, a function that allows those 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 financial 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 email attachments, and the management of the closure of relationships and successions without the support of printouts.

4.2. BUSINESS MODEL INNOVATION

Continuous improvement of operational efficiency is a key element in sustaining growth and quality. The **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.

The main objective of the technological innovation and business models is to reduce the time that the personal financial advisors have to spend on time-consuming activities with low added value, and maximising the time that can be devoted to the relationship with the customers and analysing their needs. To this end, the work on the development and streamlining of **X-Net**, the cyborg advisory platform dedicated to personal financial advisors, continued in 2022. X-Net provides 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. In fact, when the personal financial advisors make a proposal to the customers, they are notified on the home page in the reserved area of the customer site or directly on their smartphone via the Fineco App. The customers are then able to view, accept and confirm the order in complete autonomy. The use of this channel made it possible, during the Covid-19 pandemic, to maintain operations with high standards to ensure the safety of both customers and personal financial advisors.

In addition to the Web Collaboration channel, personal financial advisors have access to the Digital Signature service, which allows documents to be signed electronically. This simple, fast and, above all, secure channel guarantees the authenticity of the account holder's signature and the non-modifiability of the document. The customer can view the signed agreements and any time directly from the private area of the site.

If it's not possible to use the Web Collaboration or Digital Signature channel, the PFAs always have the option of using paper contracts.

A selection of personal financial advisors are involved in the development of projects with the greatest impact on the X-Net platform. By allowing selected PFAs to use new tools in advance, information can be gathered on the Network's needs and specific tools can be designed to meet the PFAs needs and those of their customers.

05



SOLIDITY AND RESILIENCE

- 5.1. GOVERNANCE SYSTEM
- 5.2. MANAGEMENT OF ESG RISKS
- 5.3. PERFORMANCE AND CAPITAL STRENGTH
- 5.4. ECONOMIC VALUE GENERATED AND DISTRIBUTED
- 5.5. ENVIRONMENTALLY SUSTAINABLE ASSETS
- 5.6. PROTECTION OF THE COMPANY REPUTATION

5. SOLIDITY AND RESILIENCE

For the Fineco Group, being strong and resilient means adopting a corporate governance system that promotes clear and responsible banking, contributing to the creation of sustainable long-term value. This commitment is manifested through the adoption of a resilient business model capable of maintaining healthy operating and financial performance, ensuring the Group's capital strength, and the implementation of actions and initiatives to protect and strengthen the corporate identity.

A key part of the Group's resilient approach is **business continuity** management. In this regard, the Parent Company has issued guidelines on emergency and crisis management and business continuity management, which envisage a decentralised model of emergency management, based on the plans of the individual companies which reflect their specific circumstances.

In line with the applicable regulations, the Bank has adopted a model that comprises organisational units dedicated to managing business continuity and crises, both in normal operating conditions and in emergency situations. The *Business Continuity and Crisis Management* framework of the Bank and Group companies includes:

- **the emergency and crisis management plan;**
- **the business continuity plan**, which includes the disaster recovery plan, which sets out measures for the recovery of applications and information systems affected by a disaster, and the cyber attack plan, which sets the strategies for dealing with large-scale cyber attacks;
- **the pandemic management plan**, which incorporates the experience gained during the health emergency caused by the Covid-19 pandemic. In particular, remote working, which was adopted on a large scale during the pandemic, is still the main emergency measure in the business continuity plan of the Parent Company and the subsidiary Fineco AM.

The Bank's business continuity plans are tested at

least annually and the results are submitted to the CEO and General Manager (performing his management function) within the Business Continuity & Crisis Management Committee; Lastly, the results are reported to the Board of Directors.

To ensure business continuity in the event of a crisis, remote training on the subject by the essential staff for replacement staff was provided for a total of 636 hours.

The events since the beginning of 2020 have provided the opportunity to test and confirm the effectiveness of the Group's approach to resilience. In this continued uncertain and hard to predict environment, the Group's business model has emerged as diversified and well balanced. Indeed, the Group is able to rely on a business model in which the diverse sources of revenue allow it to face complex stressors. The FinecoBank Group's revenues are in fact based on three main components (banking, brokerage, and investing) whose performance tends to be uncorrelated during periods of crisis.

Specifically, since February 2022, the **military conflict between Russia and Ukraine** (below the "Conflict") has generated an international geopolitical and economic diplomatic crisis that has had significant repercussions on trade, causing commodity shortages and contributing to inflationary pressures. In this environment of uncertainty, as at 31 December 2022, there was no direct impact of the conflict on the Fineco Group, as it has no direct exposure to Russian assets affected by EU sanctions, or whose value is directly affected by the conflict. The indirect exposures to these assets consist of collateral received within customer loans secured by pledges (Lombard Loans and credit facilities with pledge), the amount of which is immaterial. The Group also has no significant exposure in roubles, or direct exposure in commodities. Lastly, there were no significant impacts either in terms of management of liquidity, which remained solid and stable, or strategic direction, objectives and business model.

With regard to **ICT and cyber risks**, in February 2022, the CSIRT (response team of the national cyber agency) issued a number of alerts calling for increased attention and the implementation of all the protective measures for ICT assets, urging the adoption of “a maximum cyber defence posture”. In Italy, the focus was generally on ministries, government agencies and companies strategic to the national interest, including financial institutions. The Group’s objective is to ensure the protection of customers by guaranteeing data security, in the form of availability, confidentiality and integrity. In view of the effects of the Russian-Ukrainian crisis on the EU financial markets, particular attention was paid to assessing the related risks. Specifically, in conjunction with the start of the conflict between Russia and Ukraine, there was a noticeable increase in reconnaissance activities. In compliance with the measures envisaged by the applicable legislation, Fineco implemented a series of initiatives aimed at verifying its security posture and operational readiness, also making use of the guidance and recommendations provided by the various national and international bodies. In addition to always having adopted best security practices, both in terms of technical and organisational/procedural measures, further mechanisms have been introduced to deal with any impacts arising from the current situation, while also ensuring constant and continuous monitoring of the evolving circumstances.

Some direct effects of the Conflict were noted on the management of **investment products** linked to those geographical areas. Specifically, the main impact related to the suspension of the tradability of all securities listed on the Russian Stock Exchange, which made it impossible to update the Net Asset Values of the funds affected. As a result, the investment houses had to suspend some the funds invested in the geographic areas affected by the conflict, making it impossible for customers to divest. To mitigate this situation and allow investors to at least partially recover the blocked assets, some investment houses decided to create side pockets in which to isolate the suspended securities, allowing trading to

continue on the rest of the fund and give investors the possibility of divesting the unblocked portion of their investments, while other investment houses decided to liquidate the sub-funds involved in order to pay the proceeds from the liquid assets in their portfolios to the shareholders.

The Group’s asset management company, **Fineco AM**, conducted an initial analysis of the impact of the Conflict at the beginning of March 2022, which identified that managed funds had limited direct exposure to Russia. It was therefore decided to reduce all the positions or exposures held in Russia to nil, in line with market practice, and to apply sanctions, where applicable, to protect the Company’s customers, reputation and ESG principles. Specifically, Fineco AM took the following actions: (i) already prior to the application of the sanctions, the subsequently sanctioned positions held in any of the portfolios were reduced to nil; (ii) no increases were made to the non-sanctioned/exposed positions in Russia held by the funds; and (iii) the Company’s position and materiality exposure levels to non-sanctioned/exposed positions in Russia were agreed in line with Fineco AM’s ESG principles.

In this environment of crisis and uncertainty, the Bank has supported its **personal financial advisors** by providing training on issues related to the emotional management of customers, with the support of university lecturers and other experts in the field, including psychologists.

Lastly, the Conflict had a major impact on the **supply chain** for several commodities, causing increasing delays in the delivery of purchased goods and resulting in a general increase in prices. The procurement of materials related to real estate works and ICT activities in particular suffered the most from the impact of the Conflict. In addition, it was established that any new suppliers identified as having links to Russia following anti-money laundering and anti-corruption checks would be excluded from the list of approved suppliers.

5.1. GOVERNANCE SYSTEM

In addition to compliance with current laws and regulations, the corporate governance system adopted by FinecoBank S.p.A. incorporates the recommendations contained in the **Corporate Governance Code for Listed Companies** which contain the fundamental standards for good governance, based on transparency and responsibility, with a long-term perspective, also taking into account the Company's sustainable success.

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 CEO and General Manager performs the role of management body in accordance with the Supervisory Regulations. Accounts are audited by an external auditing company, in compliance with applicable laws.

In order to ensure that the board's expertise is continuously updated also in relation to sustainability, Fineco implemented a **training plan for the members of the board** in 2022 with three sessions dedicated to ESG topics: (i) sustainability: the current and prospective regulatory framework, ESG products, distribution policy, key stakeholder analysis and related ESG approach; (ii) ESG products and related ESG assessments: analysis of ESG products promoted by the Group, also in terms of product governance; (iii) state of the art and regulatory updates: the evolution

of sustainability in the Bank's operations, in relation to competitors and regulatory changes.

The sessions are part of the broader induction programme approved by the Board of Directors for the year 2022, which involved a total of 13 training sessions, also conducted with the support of the Bank's internal units. The Statutory Auditors also took part in the sessions.

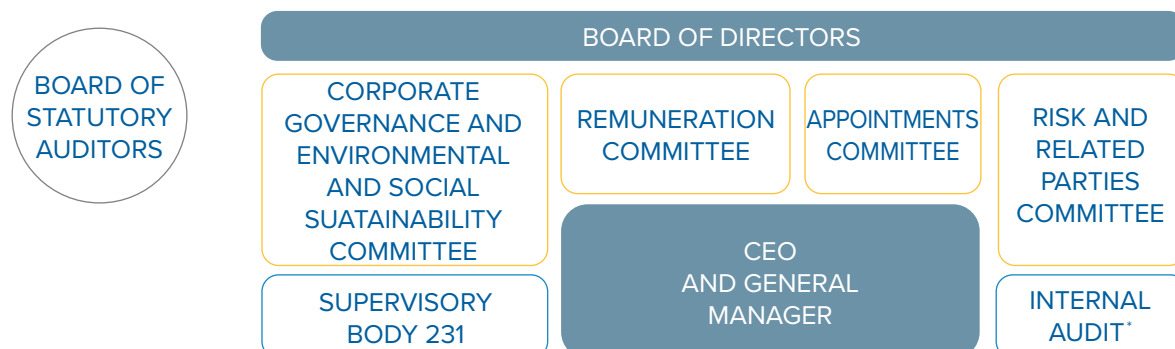
In order to promote an efficient system of information and consultation that allows the Board to better evaluate certain matters under its jurisdiction, in accordance with the Supervisory Provisions issued by the relevant Authorities and the recommendations of the Corporate Governance Code, four committees are 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.**

The members of the committees are chosen according to the best skills and availability to carry out the task.

During the year, these committees met respectively as follows: 12 meetings of the Corporate Governance and Environmental and Social Sustainability Committee, 11 meetings of the Appointments Committee, 13 meetings of the Remuneration Committee and 24 meetings of the Risk and Related Parties Committee.

The governance structure of FinecoBank as at 31 December 2022



* 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.

In 2022, the Board of Directors approved the **Sustainability Global Policy**, adopted with the aim of responding both to the requests from external stakeholders to formalise the Group's commitments and approach to sustainability, and to the internal need to adopt a specific global policy bringing together

the commitments made. The policy also formalises the ESG governance structure and compliance controls for regulating ESG risks and identifying the main areas of integration of sustainability factors into the Group's operations.

SUSTAINABILITY GOVERNANCE

The **Board of Directors** is tasked with establishing the nature and level of risk compatible with the strategic objectives of the Bank and the Group, including all the risks that may be relevant for sustainable success in its assessments. It also sets the corporate strategies taking into account the sustainable finance objectives and the integration of environmental, social and governance (ESG) factors into business decision-making processes. Lastly, it approves the policy for the promotion of diversity and inclusiveness and promotes dialogue, in the most appropriate forms, with the shareholders and with the other relevant stakeholders of the Company.

The **Board Committee for Corporate Governance and Environmental and Social Sustainability**, 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 and contributes to the examination of the products with ESG objectives issued by the Bank, 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 prior to their submission to the Board of Directors for approval. Lastly, the Committee also has been assigned specific duties in relation to corporate governance⁵².

In support of the Corporate Governance and Environmental and Social Sustainability Committee, a **Sustainability Management Committee** comprised of FinecoBank managers has also been in place since 2019. The Committee's main task is to draw 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 Unit**, a 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.

In 2021, the Parent Company set up a dedicated **organisational model for ESG regulatory oversight**, divided into thematic macro-areas. For each macro-area, the model identifies the scopes directly overseen by the compliance function (second level company control function), the compliance scopes assigned to specific specialised units (indirect compliance coverage) and the scope assigned to the risk management function (second level company control function):

⁵² 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 – section "Governance/Company Boards".

MACRO-AREA	CORPORATE STRUCTURE IN CHARGE OF REGULATORY OVERSIGHT
NON-FINANCIAL DISCLOSURE	Sustainability Structure
REQUIREMENTS FOR CORPORATE OFFICERS, RELATED PARTIES AND CONNECTED PERSONS, FUNCTIONING OF THE SHAREHOLDERS' MEETING	<i>Corporate Law & Board Secretary's Office</i>
HEALTH AND SAFETY	Real Estate Unit due to the appointment of the Head of the Unit the Officer responsible for issues relating to compliance of workplaces(Titles I, II, VIII, IX, X, XI of Legislative Decree 81/2008), plant, machinery and equipment, for keeping and updating compulsory documentation, identifying gaps in emergency personnel, verifying the technical and professional suitability of contractors, preparing the interference risk assessment document (DUVRI) and calculating the safety costs, and authorising sub-contracts
	<i>Chief People Officer Department</i> , due to the appointment of the Chief People Officer as the Officer responsible for aspects relating to training, information, employee health surveillance, appointment of the Company Doctor, identification and designation of emergency staff, and communications to institutional bodies
	<i>Procurement Office</i> due to the appointment of the Head of the office as the Officer responsible for issues relating to the identification of the scope of application of Article 26 and Title IV of Legislative Decree 81/2008, concerning maintenance or worksite activities, the identification of suppliers and the issuing of orders
LABOUR LAW	<i>Chief People Officer Department</i>
TAX	<i>Tax Affairs and Advisory Unit</i>
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 the personal financial advisors
	<i>Chief Financial Officer</i> , as Management Representative pursuant to the EMAS Regulation, and <i>Sustainability Unit</i> reporting to the CFO, for the Environmental Management System regulations
OTHER SUSTAINABILITY-RELATED OBLIGATIONS	Chief Risk Officer Department, for ESG risk management regulations
	<i>Compliance Department</i> , for the regulations on investment services, banking, insurance and credit products, anti-bribery, anti-money laundering and anti-terrorist financing, conflicts of interest, gender equality, combating harassment, sexually inappropriate behaviour and bullying, the data privacy, remuneration policies, and whistleblowing

Each of the units identified is responsible for overseeing and monitoring external regulations applicable to them, analysing new requirements and identifying actions to be implemented with the engagement of the units concerned, defining and carrying out second level controls, in accordance with the methods established for the specialist monitoring, and identifying any improvement actions where necessary, and lastly producing the appropriate information reports, at least quarterly, on the second level controls for the Compliance Department, which reports in turn to the corporate bodies. The Sustainability Unit has also been assigned a role of coordination in this regard.

The oversight by the Chief Risk Officer Department is carried out, for the areas under its responsibility, as a second level control function, making clear that this is not an indirect coverage of the Compliance function. Proportionate to their size and in consideration of the type of business, the subsidiaries adopt the necessary controls to ensure ESG compliance at local and, therefore, Group level.

COMPOSITION OF THE BOARD, COMMITTEES AND SUPERVISORY BODY

The Shareholders' Meeting appoints the **Board Members** on the basis of lists submitted by the Board of Directors and the shareholders, according to the procedure described in the Articles of Association. The Board of Directors and the Shareholders can submit a list for the appointment of Directors, provided that when they submit the list they hold, alone or together with the other submitting shareholders, at least the minimum shareholding established by Consob⁵³ and in compliance with relevant provisions in the Issuers' Regulations.

The appointment mechanism ensures broad representation for the **minority shareholders**. In fact, the list that comes second in terms of number of votes will be assigned two Directors, while the list that comes third in terms of number of votes will be assigned one Director provided he/she has received at least 2% of the votes cast at the meeting.

In order to ensure the functioning of the management body, the Board of Directors has also established the requirements that must be met by directors of Fineco-Bank, in addition to those already envisaged by current laws and regulations, as well as the number of directorships that can be held by them in other companies. The directors accept the office when they believe they can devote the necessary time to the diligent performance

of their duties, also taking into account the commitment connected with their own work and professional activities, as well as the number of offices they hold in other companies, including companies outside Italy.

The members of the Board must be suitable for the performance of the office. Specifically, they must meet the requirements of professional expertise, integrity and independence and comply with the criteria of competence, correctness and dedication of time and the specific limits on the number of positions held laid down in the applicable regulations (Ministerial Decree no. 169 of 2020) and the Articles of Association and in any event those laid down in the CRD IV Directive, for the discharge of the duties of director of a bank issuing shares listed on regulated markets.

The Board of Directors shall elect a **Chairman** from among its members and – where appropriate – one or more Deputy Chairmen, one of which will act as a stand-in. The Chairman is responsible for chairing the Shareholders' Meeting, directing and moderating discussions, establishing the voting procedures and confirming the results, in compliance with the applicable regulations and procedures for Shareholders' meetings. The Chairman of the Board of Directors of Fineco-Bank has not been granted any management powers and therefore does not have any executive role. He/

⁵³ Pursuant to Article 147-ter, paragraph 1, of the Consolidated Finance Act.

she does not have a specific role in the development of business strategies, is not the main person responsible for the management of the Company, and does not have significant investments, either directly or indirectly, in the Company's share capital. The Chairman is not a member of any of the Bank's board committees.

For further details, see Article 13 of the Articles of Association, as well as the "Report on corporate governance and ownership structures" and the "Qualitative and Quantitative Profile of the Board of Directors", published on the Bank's website.

The **Board of Directors** in office as at 31 December 2022, composed of **11 Directors** in accordance with the articles of association provisions, was appointed at the Shareholders' Meeting of 28 April 2020. Its term of

office will end at the Shareholders' Meeting for the approval of the Annual Financial Statements as at 31 December 2022.

The composition of the Board of Directors in office quantitatively and qualitatively corresponds to the theoretical profile identified in the document "*Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A. (2020 and 2021 editions)*", also with regard to the limits on the number of offices held and the time availability required to fulfil 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.



BOARD OF DIRECTORS

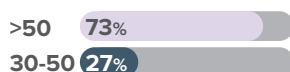
11 members

Breakdown by gender



Non-Executive Directors: 10/11
Average time in office in the governance body (no. of years)⁵⁴: 5.73

Breakdown by age group



Independent Directors: 10/11
Average age: 59.5 years



BOARD OF STATUTORY AUDITORS

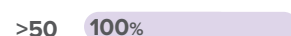
3 members

Breakdown by gender



Average age: 59.5 years

Breakdown by age group



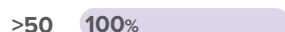
CORPORATE GOVERNANCE AND ENVIRONMENTAL AND SOCIAL SUSTAINABILITY COMMITTEE

3 members

Breakdown by gender



Breakdown by age group



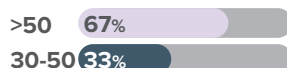
APPOINTMENTS COMMITTEE

3 members

Breakdown by gender



Breakdown by age group



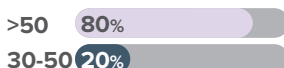
RISK AND RELATED PARTIES COMMITTEE

5 members

Breakdown by gender



Breakdown by age group



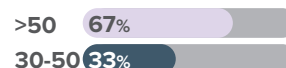
REMUNERATION COMMITTEE

3 members

Breakdown by gender



Breakdown by age group



⁵⁴ 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 2022.

With particular regard to the skills, the Board has drawn up a “**table of skills**” which illustrates the collective experience, knowledge and expertise it

considers appropriate in order to obtain the optimal composition.

Skills of the Board of Directors



In accordance with the provisions of the Regulation on the Corporate Bodies, the **annual self-assessment** of the functioning of the Board and its Committees, as well as their size and composition, was conducted in 2022. This process involves: (i) an investigation, carried out with the help of anonymous questionnaires and individual interviews; (ii) the elaboration of the results of the self-assessment and preparation of the summary document outlining, among other things, the strengths and weaknesses identified; (iii) the Appointments Committee’s review of the summary document and the formulation of proposals for possible corrective measures; (iv) the assessment and approval by the Board of Directors of the summary document, accompanied by proposals for further improvement. In line with the previous years’ Board Reviews, the questionnaire and interviews focused on several areas concerning the size, composition and functioning of the Board of Directors and Board Committees. The vast majority of Directors welcome the increased focus on ESG issues.

In carrying out the process, FinecoBank is supported by an independent external professional, identified with the help of the Appointments Committee, charged with advising on the various stages of the process.

The outcome of the 2022 self-assessment revealed a positive picture with regard to the size and composition of the Board. Looking ahead to the next renewal to be decided by the 2023 Shareholders’ Meeting, the questionnaires reveal a desire to preserve the inventory of expertise currently available, while expanding the expertise in the areas of ESG and IT, among others. In addition to fulfilling the objectives set out in the related Supervisory Provisions, the self-assessment for the year 2022 also had the objective, in view of the renewal of the Bank’s corporate bodies, of providing possible indications in terms of the Qualitative and Quantitative Profile for the guidance opinion to be submitted to the Shareholders at the Shareholders’ Meeting in 2023.

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 the corporate 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 GOVERNANCE 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:

- all the different components of its social base;
- all 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 applicable regulations is also reflected in the Articles of Association. The composition of the Board of Directors of the Bank in office as at 31 December 2022 not only complies with the requirements of gender balance envisaged by the applicable regulations⁵⁵, 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.

It is also good practice, as far as is consistent with the skills required to hold the positions and the need to ensure the effective performance of the relevant tasks, that the positions of Chairman of the Board of Directors, Chairman of the Board of Statutory Auditors, and CEO and General Manager are not held by members of the same gender.

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 2021*⁵⁶. With regard to gender diversity in particular, the provisions of Article 144-undecies.1 (Gender Balance) of the Issuers' Regulation⁵⁷ also apply to the Board of Statutory Auditors.

Lastly, in view of the renewal of the Corporate Bodies to be resolved upon at the 2023 Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors approved the new versions of the documents *"Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A."* and *"Qualitative and Quantitative Composition of the Board of Statutory Auditors of FinecoBank S.p.A."*, both published on the Bank's website.

⁵⁵ 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.

⁵⁶ 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.

⁵⁷ 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".

REMUNERATION POLICIES

FinecoBank's **remuneration governance** model aims to ensure clarity, reliability and transparency in decision-making processes, through proper control of the Group's remuneration processes and by ensuring that decisions are taken in an independent, informed and timely manner, in order to avoid conflicts of interest and ensure proper disclosure in full compliance with the provisions set out by the Supervisory Authorities. In line with this approach, the **Remuneration Policy** is formulated by the Chief People Officer Department, with the involvement of other corporate functions for their respective areas of responsibility, and validated by the Compliance and Risk Management functions before being submitted to the Remuneration Committee. This Committee has the role of making proposals and providing opinions to the Board of Directors in relation to the Group's remuneration strategy, including, for example, the criteria for determining the remuneration, performance targets and share incentive plans, overseeing the overall coherence and actual application of the Remuneration Policy approved. The Remuneration Policy is submitted annually, on proposal from the Remuneration Committee, to the Board of Directors and then to the Shareholders' Meeting for approval, in line with regulatory requirements.

In application of the option envisaged in the applicable regulations, the Remuneration Committee uses the aid of an external consultant specialised in advisory services, whose independence has been verified in advance. This consultant supports the Committee's decisions on remuneration by providing, for example, analyses on market practices and updates on the developments in the regulatory framework.

Fineco maintains a constructive **dialogue** with **institutional investors** and the main **proxy advisors** in relation to the Remuneration Policy and the Incentive Plans, with a particular focus on ESG issues, in order to gather valuable input on the approach to remuneration and specific suggestions for ensuring

effective disclosure to the public.

With regard to the **voting** at the Ordinary and Extraordinary Shareholders' Meetings of Fineco on 28 April 2022 on the proposed resolutions concerning the remuneration systems, there was a positive result, reflecting broad consensus among shareholders. Specifically, there were 91.4% votes in favour for the Report on remuneration policy and 95.8% for the Report on compensation paid.

The **remuneration strategy** is based on the fundamental principles of clear and transparent governance, regulatory compliance, 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** establishes the guidelines for the Group remuneration practices, aimed at establishing incentive systems consistent with corporate values and objectives, also in relation to sustainability. In this regard, the Group is committed to ensuring fair remuneration irrespective of age, race, culture, gender, disability, sexual orientation, religion, political affiliation and marital status, and any other personal or professional circumstances. Particular attention is given to the gender neutrality of the policy, with the aim of contributing to the pursuit of equal opportunities in terms of professional development and remuneration.

Under the principle of "**Pay for sustainable performance**" and in order to align management interests with those of the shareholders, minimum shareholding levels are set for the CEO and General Manager, equal to 100% of the GAS⁵⁸, and for Key Management Personnel, equal to 50% of the GAS, normally to be reached within 5 years from the first appointment and to be maintained for the entire duration of the office held. From 2023, the share ownership requirements will be raised to 200% of the GAS for

⁵⁸ Gross Annual Salary.

the CEO and General Manager and 100% of the GAS for the Key Management Personnel.

For the Group's **employees**, the approach to the overall remuneration involves a balance between fixed and variable components, each set with the aim of having a significant 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. The 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. The variable remuneration is based on short-term Incentive Systems linked to annual performance, together with the Long-Term Incentive Plan.

The 2022 Individual Scorecard for the **Identified Staff**⁵⁹ maintains an appropriate balance between quantitative/strategic factors, which account for 70% of the overall scorecard, and qualitative and sustainability factors, which account for 30% of the overall scorecard. In particular, the specific Stakeholder Value objective includes a number of ESG goals, incorporated in the Group's 2020-2023 Strategic Plan. In addition, a specific Tone from the top objective concerning integrity in conduct and the dissemination of a compliance culture within the organisation continues to be maintained. With regard to the **long-term**

variable remuneration, the 2021-2023 Long-Term Incentive (LTI) Share Plan for employees includes specific ESG performance targets, linked to customer satisfaction, people engagement and the extension of the ESG rating to all new funds, in line with the 2020-2023 Strategic Plan. Bonuses are paid entirely in shares and are subject to deferral periods.

As provided for in the Group Remuneration Policy, the variable remuneration awarded or paid is subject to ex-post correction mechanisms (malus and claw backs) designed to take individual conduct into account. Specifically, these measures allow for the reduction, cancellation or reclaiming of any form of variable remuneration.

Other forms of remuneration (e.g. entry bonuses and retention bonuses) are subject to a specific decision-making process and are only envisaged in exceptional cases. These are considered variable remuneration and, as such, are subject to the rules applicable to it.

With regard to **severance pay**, the Termination Payments Policy has been adopted, which implements the regulatory provisions contained in Bank of Italy Circular no. 285 of 2013, with particular regard to the amounts agreed ahead of or at the time of early termination of the employment relationship. Discretionary pension benefits are not normally awarded. If they are envisaged in local practices and/or, exceptionally, individual agreements, they are in any case paid in a manner consistent with the related specific legal and regulatory provisions.

⁵⁹ "Identified staff" means the staff whose activities have a significant impact on the Group's risk profile according to the provisions of Circular no. 285 of 2013 and Delegated Regulation (EU) 2021/923.

RATIO OF TOTAL ANNUAL REMUNERATION	2022	2021	2020
Total annual remuneration of the organisation's highest-paid person/median annual total remuneration of all employees (excluding the highest-paid person) ⁶⁰	45	53	85
Percentage increase in total annual remuneration of the organisation's highest paid employee/Median percentage increase in total annual remuneration of all employees (excluding the highest paid employee)	-4.9	-7.5	n.a.

With regard to the **remuneration strategy for the network**, the provisions of the Remuneration Policy also apply to the FinecoBank personal financial advisors classed as **Identified Staff**, in line with their specific remuneration characteristics. 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.

As a further compliance safeguard, a “**Scoring**” sys-

tem has been in place for the network since 2022, which introduces a corrective measure resulting from the assessment of indicators of compliance and quality of operations, relating to specific areas such as mandatory training and internal regulations, Transparency, Anti-Money Laundering and Anti-Terrorism, MiFID and Disciplinary Measures. This system applies during the incentive period and may lead to a revision of the amount of the bonus accrued.

For more details see “Section I – 2022 Report on Remuneration Policy” and the “Termination Payments Policy”, both of which are available in the Governance section of the FinecoBank website.

⁶⁰ The annual changes in the ratio of the total annual remuneration of the organisation's highest-paid person to the median total annual remuneration of all employees (excluding the highest-paid person) are attributable to the different pay-out profiles (applicable in particular to the organisation's highest-paid person) in the multi-year plans, in the form of cash and shares, in the reference year.

5.2. MANAGEMENT OF ESG RISKS

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 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 first, second and third level controls⁶¹, 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 in the Group's organisational structure and involves the Corporate Bodies, the corporate control functions and the line structures. Fineco sees the **Risk Appe-**

tite 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. Among the strategic objectives set out in the Statement, the following intentions of the Bank are particularly relevant for non-financial reporting purposes:

- addressing "its business and operational management choices, accompanying its strategy, focused on stable and organic growth, with the progressive integration of environmental and social sustainability (ESG) principles";
- providing comprehensive information to customers on ESG issues within the investment and brokerage product offerings, and in financial education initiatives;
- achieving 95% investment in Net-Zero countries and institutions by 2030.

In line with the Statement, since 2020 the Group has been monitoring a series of **ESG risk indicators** in its Risk Dashboard:

- (i) one of the indicators is designed to ensure that a part of the investments is made in ESG bonds,

⁶¹ For more details on the nature of the first, second and third level controls, see the section "Risk management objectives and policies" of the document FinecoBank Group Public Disclosure - Pillar III as at 31 December 2022, available in the Corporate/Investors section of the Fineco website.

which are designed to support projects or activities that promote social and environmental sustainability;

- (ii) an indicator for physical climate and environmental risk, which monitors the geographical concentration of real estate collateral received to secure mortgage loans in areas with high seismic and hydrogeological risk;
- (iii) for the year 2023, following feedback received from the ECB on the “2022 Thematic review of climate-related and environmental risk strategies, governance and risk management framework”, a new indicator was included to measure the percentage of ESG funds offered by Fineco Asset Management out of the total offering of funds;
- (iv) additional indicators relating to conduct risk and banking transparency, coupled with an enhanced escalation process, which is triggered when certain risk thresholds are reached.

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, in its capacity as the risk management function, is responsible for identifying, quantifying and mitigating the Group's risks, using a series of rules, methodologies, policies and strategies in line with the regulatory requirements established by the Supervisory Authorities, and support-

ing the strategic planning. In this context, in addition to the above-mentioned additions made to the risk appetite statement and dashboard, the CRO Department, as part of the Risk Inventory for the year 2023, 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, reputational and governance risk factors on the traditional risk categories already managed and monitored by the Group (e.g. credit risk, market risk, etc.).

The ESG risk assessment, in line with the priorities highlighted by the regulators, has been carried out considering different time horizons (short and medium/long-term), and has focused on **climate and environmental risks**. For all the time horizons considered, the assessment did not show a high impact from those risks on the Group's risk profile, given the limited exposure of FinecoBank's business model to climatic and environmental risk factors. Specifically, with regard to credit risk, the Bank's strategy does not contemplate the granting of credit to corporate customers⁶², and the “Commercial Lending” Policy specifically states that the Bank shall refrain from financing companies operating in sectors with high climate and environmental risk (e.g. the energy or steel sectors). Furthermore, the Group's strategic investments mainly involve sovereign counterparts (Sovereign States, Government Organisations, etc.) with little exposure to climate and environmental risks, or sufficiently organised to manage them. This approach safeguards the Group from being exposed to various climate risk factors, including, for example, loss of biodiversity.

With regard to **market risk**, the Group as a whole does not engage in proprietary trading, and the trading book is only operated for the functional needs of proprietary trading with customers. The Group carefully monitors and hedges these positions, and in any event most of them are closed at the end of the day. The Group's limited exposure to market risks prevents it from being exposed to sudden price changes due to climatic and environmental risk factors.

Taking into account the characteristics of Fineco-

⁶² The Group does not finance companies operating in sectors with high climate and environmental risk, such as dams, mining, coal, nuclear, oil and unconventional gases (containing more carbon and sulphur and possibly higher impurities that make them harder to refine).

Bank's business model outlined above, the risk categories that, albeit marginally, could be impacted by climate and environmental factors were credit risks stemming from retail customers' reliance on the bank, and business risks stemming from offering financial products not aligned with customers' sustainability preferences.

With regard to **credit risks**, the analysis carried out during the 2023 Risk Inventory recognises that mortgage loans granted to retail customers could be affected, already in the short term, by a reduction in the value of the real estate pledged as collateral, mainly due to **acute physical risk** factors (e.g. floods or landslides). This trend could also worsen in the long run as global warming worsens, due to a greater frequency and intensity of acute physical risk events, a more pronounced manifestation of **chronic physical risks** (e.g. sea level rise), and a greater likelihood of transitional risk factors, such as the imposition of a minimum energy class requirement for the sale of real estate. To mitigate the exposures to ESG risks, the second level controls on credit risks include a series of monitoring activities aimed at controlling the areas considered most at risk. In the calculation of the Expected Credit Losses (ECL), calculated by the Group in accordance with IFRS 9, FinecoBank has integrated physical risk factors into its model for estimating the Loss Given Default of mortgage loans. Specifically, loans secured by mortgages on properties more exposed to climate and environmental risks will have a higher LGD. As a result, the Bank calculates higher expected losses on these positions.

Unlike credit risks, **business risks** are more concentrated in the short term. Specifically, the performance of investment products that do not promote social and/or environmental characteristics or that do not have sustainable investment objectives, offered by Fineco Asset Management, may be affected by certain transitional risks, such as a change in customer preferences, which could shift towards products with greater sustainability characteristics offered by other asset managers. This risk factor is expected to decrease in the medium to long term as Fineco AM refines its sustainable product offering.

The monitoring of **country risk**, includes a number of indicators (Worldwide Governance Indicators), 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-Gain⁶³, is used, which was developed by a group of researchers at the US University of Notre Dame.

Another area of monitoring 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 companies 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 and transition risk. The stress test focuses on three uncorrelated risk factors considered relevant to Fineco's business model:

- change of customer preferences from FAM funds classified as SFDR Article 6 to funds of third-party managers with ESG characteristics classified as SFDR Article 8 and 9. The objective of the scenario, which can be classified as transition risk, is to estimate the impact of the change of preference on fees and commissions and the internal capital related to the Group's business risk;
- reduction in the value of the real estate collateral for mortgage loans in areas of high climate and environmental risk. The reduction in value would lead to an increase in LGD, a consequent increase in loan adjustments and higher internal capital as a result of the credit risks;

⁶³ 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.

- downgrades of countries most exposed to climate and environmental risks, resulting in a higher Probability of Default (PD) of institutional counterparties and higher credit and internal capital adjustments for credit risks.

To manage the **operational risks** related to human error, deficiencies in internal procedures and incorrect execution of processes, Parent Company CRO Department and the local risk control functions collect and classify loss data from the various business areas and creates a system of operational risk indicators. The loss data and any anomalous values recorded by the indicators are used for the purposes of 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, Money Laundering, Anti-terrorism 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, affecting the sustainability of the business. These include indicators relating to gender equality and transition risk linked to the Bank's offering of investment products (percentage of ESG-rated coverage of funds in the platform, composition of products offered considering the SFDR Article 8 and 9 classification).

With regard to **reputational risks**, the Group has established that any employee who identifies events that could have an impact on the image and reputation of the Fineco Group must promptly inform the Parent Company's CRO Department. The Group CRO will assess whether to continue the escalation to the Parent Company's Top Management, including the CEO and General Manager, based on the materiality of the event. In the most material cases, the issue is brought to the attention of the Risk

and Related Parties Committee at its next meeting.

In addition to ESG risks, the Group also assesses its exposure to other types of non-financial risks, including a range of **emerging risks**, potentially impacting the Group's business strategies, financial performance or reputation.

Pandemic risk is the risk that, in order to contain the spread of a particular infectious disease, countries will impose a series of restrictive measures, including, for example, social distancing and the closure of businesses, with serious repercussions on the local economy. As shown by the Covid 19 pandemic crisis, these types of events have little impact on Fineco-Bank's business model. Indeed, the business model does not involve the use of branches, and has always encouraged customers to use digital channels, also for financial advice. In addition, the Bank's contingency plan and IT infrastructure enable the use of remote working. Lastly, the Group's credit exposures are mainly focused on the sovereign segment, which is only secondarily affected by a pandemic.

The risk of geopolitical and **economic uncertainty** is the risk of increased volatility in global markets or deterioration of the macroeconomic environment due to geopolitical and economic events. Fineco-Bank's business model has little exposure to currency or commodity price volatility, as the Group Market Risk Global Policy limits market risk exposure to the minimum compatible with the business needs and does not allow the opening of speculative positions. Credit exposures, on the other hand, despite being concentrated within the European Union, may be affected by the deterioration of the macroeconomic environment, particularly in the context of calculating expected credit losses in accordance with IFRS 9. In any case, all risks potentially impacted by geopolitical events (credit risk, country risk, market risk, etc.) are managed and monitored by the Group according to the three lines of defence model, within the related frameworks.

Cyber risk is the risk of unauthorised access, by persons inside and outside the organisation, to information and communication systems. This is considered to be an emerging risk as a result of the increasing use of digital channels and the number and sophistication of cyber incidents targeting the

banking system. A cyber attack on the Group could result in customers being unable to access their financial assets, or in the loss/deletion of sensitive data. In order to reduce exposure to this type of risk, the Group adopts the highest safety standards and best practices in the field, increasing risk awareness also through staff training by means of special video courses. This risk is managed and monitored in conjunction with ICT risk according to the three lines of defence model, in accordance with the relevant Group framework.

Innovation and customer experience risk is the risk of not being able to maintain the standards of quality/innovation already provided to customers with repercussions for the level of customer service. The risk is considered to be emerging risk due to the entry of new, highly digitised competitors into the market and the increasing tendency to adopt cutting-edge technologies in the provision of financial services that enable an increasingly personalised user experience. The Group is continuously developing and updating its digital platforms and services, using investment in technology infrastructure to

guarantee business continuity and full maintenance of service levels even in emergency situations. The customer satisfaction orientation is also supported by a careful and proactive handling of complaints, and the monitoring of indicators that measure the degree of customer satisfaction/dissatisfaction.

The Group is committed to developing 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 encourages the development of transferable skills aimed at acquiring an overall and integrated vision of control activities, including through programmes for rotating resources between the corporate control functions, as well as the possible participation of employees and managers of the aforementioned functions in the Risk and Related Parties Committee.

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 “Accounts and Reports 2022”.

Material topics	Risk factor and description	Management Approach (control/mitigation)
Legislative Decree 254/2016: Social		
Business ethics and compliance culture	<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 the 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 controls and mitigation measures are described in the “PFA network control system” Local Policy⁶⁴, while the second level 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 and 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
	Risk of lack of protection of personal data and privacy	<ul style="list-style-type: none"> · Privacy Global Policy · Establishment of a Data Protection Officer (DPO) to manage the theme 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
	Supply Chain: reputational risk from selecting suppliers involved in unlawful actions or affected by social responsibility disputes	<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. Gangmasters and Labour Abuse) · Evaluation of the answers provided to the ESG self-assessment questionnaire by the supplier at the start of the collaboration
	Risk of error in tax compliance: operational risk, which may arise when carrying out the activities contained in the business processes	<ul style="list-style-type: none"> · Subscription from 2016 to the optional Cooperative Compliance regime pursuant to Legislative Decree 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 Closing Note envisaged) · Risk mapped in the Tax Control Framework (TCF) · When an operational error emerges, Fineco promptly rectifies the problem, where possible, and notes the deficiency in the internal control system reports · The Tax Compliance Officer reports the emergence and correction of operational errors relating to the previous year to the Italian Revenue Agency, in accordance with the agreed time limits and procedures

⁶⁴ 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 external and external regulations

Material topics	Risk factor and description	Management Approach (control/mitigation)
Business ethics and compliance culture	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"> Subscription from 2016 to the optional Cooperative Compliance regime pursuant to Legislative Decree 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 Closing Note envisaged) Tax fraud risk is controlled by monitoring, analysing and assessing compliance and interpretation risk, namely by interrelationships with the Bank's internal processes (protocols of the model pursuant to Legislative Decree 231/2001) Cases involving a risk of tax fraud arising from the actions of third parties are always reported to the tax authorities. Corporate functions that receive formal notices from the legal authorities must immediately inform the Tax function for it to examine the related tax implications
	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 for tax risk analysis and assessment and dialogue with the tax authorities. The procedure, validated by the Italian Revenue Agency under the Cooperative Compliance regime pursuant to Legislative Decree 128/2015, governs the roles, responsibilities and procedures for the (i) detection of the existence of a possible interpretation risk, (ii) qualitative and quantitative assessment of the interpretation risk (iii) triggering of the internal authorisation escalation procedure (iv) and potential dialogue with the tax authorities. In the case of an interpretation risk with "Delta Tax" above the threshold predefined with the Italian Revenue Agency, there is an obligation of prior disclosure with the Agency
Customer Satisfaction	Risk of implementing new products that do not reflect customer needs or expectations	<ul style="list-style-type: none"> Monitoring of indicators measuring customer satisfaction/dissatisfaction Survey of customer sustainability preferences under MiFID Analysis of products offered by other operators Volume analysis of products traded on regulated markets Listening to customers during education sessions on various topics (chats and surveys in digital meetings) and during industry events
Financial education and advice	Misselling practices - Risk of inappropriateness of financial education initiatives aimed at the public	<ul style="list-style-type: none"> Regular updating of initiatives to make the offering diversified in order to enable users to broaden their knowledge of financial products and the concepts underlying them Selection of target customers to be invited to the initiatives based on the level of knowledge of financial products and concepts

Material topics	Risk factor and description	Management Approach (control/mitigation)
	Misselling practices - Risk of advising customers on products that do not match their investment preferences or risk/return profile	<ul style="list-style-type: none"> · Implementation of the MiFID profiling questionnaire with the possibility for customers to update it at any time and, in any case, the compulsory requirement for it to be updated when its validity expires · Adoption of IT procedures to perform suitability and target market checks on each investment recommendation made · Addition of indicators in the PFA scoring to signal operations that are not in line with customer preferences and/or risk profiles · Checks, by the <i>Network Controls</i> Unit, on advisors identified by related compliance indicators
Correctness and transparency of information	Compliance risk: non-compliance with obligations to customers 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	Risk of not being able to maintain the standards of quality/innovation already provided to customers with repercussions for the level of customer service	<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
	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 the first level, 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 the second level, the risk is managed by the CRO Department 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 · Preparation of the annual summary report on the IT risk situation

Material topics	Risk factor and description	Management Approach (control/mitigation)
Cybersecurity and information 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 the first level, 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 the second level, 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
	ICT and security risk	<ul style="list-style-type: none"> At the first level, 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 the second level, the risk is managed by the Risk Management function through the monitoring RAF indicators, the second level controls (KRI), the collection of loss data and the annual ICT risk assessment, also performed through scenario analysis
Responsible Finance	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	<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 Gathering customer preferences with respect to sustainability issues in investment choices through the MiFID questionnaire
Legislative Decree 254/2016: Social/Human Rights		
Responsible Finance	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 Bank does not finance any economic operators or projects that do not comply with the World Bank's social and environmental standards and/or with national and international environmental regulations applicable in the country. Specifically, the Bank does not finance companies operating in sectors with a high environmental impact 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

Material topics	Risk factor and description	Management Approach (control/mitigation)
Legislative Decree 254/2016: Personnel		
Fair and inclusive work environment through talent attraction and retention strategies and meritocratic remuneration policies	Lack of applications, lack of attractiveness to the talent 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 <i>compensation</i> 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
	Fall in employee engagement level with consequent impact on performance	<ul style="list-style-type: none"> Listening initiatives on specific topics Engagement & Reputation Survey Using the company intranet as an information tool
	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 and Professional Development Policy
	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 and other Identified Staff based on the specific characteristics of their role. Monitoring through specific question on Diversity & Inclusion within the Engagement & Reputation Survey
	Failure to comply with the understandings in the second-level agreements	<ul style="list-style-type: none"> Management of discussions with trade union representatives to verify the correct application of the understandings contained in the second-level agreements 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

Material topics	Risk factor and description	Management Approach (control/mitigation)
Fair and inclusive work environment through talent attraction and retention strategies and meritocratic remuneration policies	Failure to comply with level 1 regulations on the exercise of trade union rights (e.g. provisions of the Workers' Statute, NCBA)	<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.
	Failure to apply or incorrect application of labour regulations (in relation to fixed-term, part-time, etc.)	<ul style="list-style-type: none"> Internal controls carried out in accordance with Bank of Italy Circular no. 285 to identify any violations of labour regulations and provide for corrective measures Supporting and interpreting regulations relating to labour law also in collaboration with the external labour consultant
	Failure to apply or incorrect application of disability legislation (Law 68/99 "Rules for the right to work of people with disabilities")	<ul style="list-style-type: none"> Internal controls carried out in accordance with Bank of Italy Circular no. 285 to identify any violations of the provisions of Law 68/99 and provide for corrective measures Interpretation and application of legislation also in cooperation with provincial Targeted Placement offices
Legislative Decree 254/2016: Personnel/Human Rights		
Fair and inclusive work environment through talent attraction and retention strategies and meritocratic remuneration policies	Risk of human rights violations resulting from discriminatory behaviour in the company	<ul style="list-style-type: none"> "Commitment to Human Rights" Global Policy "Combating Harassment, Sexually Inappropriate Behaviour and Bullying" Global Policy Specific training on "Combating Harassment, Sexually Inappropriate Behaviour and Bullying" Training with specific course on Unconscious Bias
Legislative Decree 254/2016: Environmental		
Protection of the environment	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, strategic plan aimed at ensuring adequate levels of business continuity even in the event of major incidents

Material topics	Risk factor and description	Management Approach (control/mitigation)
Protection of the environment	<p>Risk of inadequate monitoring of the use of resources and energy consumption and energy emissions at Group level, with the consequent lack of achievement of objectives in this area</p>	<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, and reduction of plastic consumption Net Zero Commitment, including reduction targets for operating emissions Drafting of the Environmental Programme 2021-2024 with environmental 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, tasked with developing sustainable mobility tools to reduce the environmental impact of vehicle traffic in the urban and metropolitan areas where Fineco operates
	<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. 	<ul style="list-style-type: none"> "Framework for the management and monitoring of credit risks" Global Policy Second level controls on the concentration of buildings in areas classified as having high seismic, landslide and hydrogeological risk Addition of the risk of reduction in the value of collateral properties due to climate and environmental risk factors in the estimation of LGDs for mortgage loans, used to calculate expected credit losses in accordance with IFRS 9 Monitoring ND-Gain indicator in the context of country risk controls
Legislative Decree 254/2016: Corruption		
Business ethics and compliance culture	<p>Risk of losses and harm to reputation due to the Group's involvement in bribery and corruption. The risk relates to completed actions as well as attempts, instigations and being an accessory to those actions</p>	<ul style="list-style-type: none"> Zero-tolerance policy towards corruption formalised in the "Anti-Corruption" Global Policy Anti-Corruption Plan Organisation and Management Model pursuant to Legislative Decree 231/01

Material topics	Risk factor and description	Management Approach (control/mitigation)
Business ethics and compliance culture	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 · “AML/CFT Global Policy” · Organisation and Management Model pursuant to Legislative Decree 231/01 · Training on AML issues through face-to-face sessions conducted by the compliance officers, including case studies
	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 · Single Antitrust Rulebook – Antitrust and Unfair Commercial Practices Group Policy, containing practical rules of conduct for managing meetings with competitors · Antitrust handbook on fair competition · Organisation and Management Model pursuant to Legislative Decree 231/2001
Other areas: economic		
Group’s solidity and resilience	Prudential regulation - Risk of non-compliance with regulatory requirements or exceeding regulatory indicators	<ul style="list-style-type: none"> · Risk Appetite Framework · Capital & Liquidity Plan · Other Contingency Plans
	External Communications - Deceptive or misleading disclosures of financial results or regulatory indicators	<ul style="list-style-type: none"> · Global policy and operational processes on the management of regulated information for the preparation and disclosure of data and information provided to the market · Constant monitoring of press coverage (traditional media and online) in particular following the publication of regulated information and relevant data · Internal policies and operational processes governing the preparation of key documents containing financial results or regulatory indicators · Assurance of the Consolidated and Individual Financial Statements and the NFS by the independent auditors

5.3. PERFORMANCE AND CAPITAL STRENGTH

Performance and capital strength are ensured through careful planning and the preparation of the Group Budget and Multi-Year Plan.

The **Budget** and the **Multi-Year Plan** are constructed on the basis of the assumptions and business objectives provided by the Bank's various departments in relation to their areas of responsibility. Specifically, a preliminary step in drawing up the Budget is an analysis of the needs and characteristics of customers, carried out by the Bank's internal commercial and business departments. The achievement of forward-looking objectives, which are the main drivers for the formulation of economic and financial forecasts, is therefore the responsibility of the Bank's organisational units involved in the budget and multi-year plan preparation process.

On a monthly basis, in conjunction with the Bank's Management Committee meeting, the Planning Unit carries out a careful analysis of the deviations between the forecasts contained in the budget and forecast models and the actual results achieved, both with regard to the overall operating and financial results and to the main drivers, including, for example, the figures for deposits and loan disbursements, bringing any deviations from the budgeted figures to attention of the Top Management. The differences found are justified through targeted meetings with the various the Bank's various functions, the purpose of which is to determine the actions necessary to reduce and/or eliminate potential negative impacts and to provide new estimate forecasts to the Plan-

ning Unit that take these corrective actions into account.

This activity provides a "360 degree" view of the resilience and effectiveness of the Bank's business model, highlighting any critical areas and/or areas for improvement.

The planning and control process, in particular the strategic planning and budgeting processes and the monitoring processes, play a priority role in the management and allocation of capital based on the risks assumed, in order to develop its operations with the aim of creating value. 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 2022, with a CET1 ratio of 20.8% and a Total Capital ratio of 31.4%.

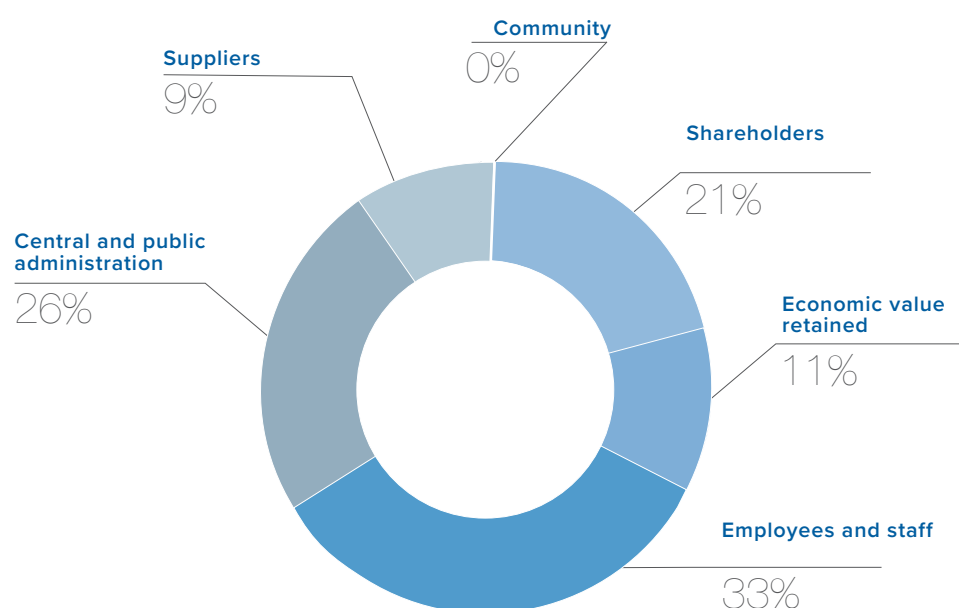
For more details, see the document "FinecoBank Group Public Disclosure – Pillar III as at 31 December 2022", published on the Bank's website.

5.4. ECONOMIC VALUE GENERATED AND DISTRIBUTED

The FinecoBank Group also operates with the aim of **generating long-term economic value** for all its stakeholders. In this regard, the economic value generated by the Group during 2022, which represents the overall wealth generated by FinecoBank thanks to the production and commercial capacity

linked to its business activities, amounted to approximately **€1.4 billion**, of which approximately **89%** was **redistributed** to its stakeholders: **human resources, suppliers, shareholders, public administration** and the **community**⁶⁵.

BREAKDOWN OF THE ECONOMIC VALUE GENERATED



(amounts in € thousands)

Items		31/12/2022	31/12/2021	31/12/2020
10.	Interest income and similar revenues	357,272	250,598	278,318
20.	Interest expenses and similar charges	(19,723)	(7,449)	(10,647)
40.	Fee and commission income	903,823	871,244	720,503
50.	Fee and commission expense	(77,835)	(73,834)	(65,201)
70.	Dividend income and similar revenue	206	199	108
80.	Net trading income	77,966	71,643	87,678
90.	Net gain (loss) on hedging activities	12,207	2,505	(259)

⁶⁵ 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 2022, 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.

(amounts in € thousands)

Items		31/12/2022	31/12/2021	31/12/2020
100.	Profit (loss) from the sale or repurchase of:	49,404	32,141	9,005
	<i>a) financial assets at amortised cost</i>	49,095	29,243	7,235
	<i>b) financial assets at fair value through other comprehensive income</i>	309	2,898	1,770
	<i>c) financial liabilities</i>	-	-	-
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	(480)	(39)	(758)
	<i>a) financial assets and liabilities designated at fair value</i>	-	-	-
	<i>b) other financial assets designated at fair value</i>	(480)	(39)	(758)
130.	Net write-downs/write-backs for credit risk relating to:	(5,186)	(586)	(9,584)
	<i>a) financial assets at amortised cost</i>	(5,184)	(594)	(9,569)
	<i>b) financial assets at fair value through other comprehensive income</i>	(2)	8	(15)
140.	Profit/loss from contract changes without cancellation	(1)	-	23
160.	Net premiums	-	-	-
170.	Net other income (expense) from insurance operations	-	-	-
230.	Other net operating income/expenses	139,717	140,813	111,869
250.	Gains (losses) on equity investments	-	-	-
280.	Profit (loss) on disposal of investments	543	1	(6)
320.	Profit (loss) after tax from operating activities	-	-	-
A. TOTAL ECONOMIC VALUE GENERATED		1,437,913	1,287,236	1,121,049
190.	b) other administrative expenses	(126,007)	(112,996)	(116,349)
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS		(126,007)	(112,996)	(116,349)
190.	a) Payroll costs	(479,009)	(458,323)	(367,007)
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND STAFF		(479,009)	(458,323)	(367,007)
340.	Profit (Loss) for the year attributable to minorities	-	-	-
ECONOMIC VALUE DISTRIBUTED TO MINORITIES		-	-	-
	Net profit attributable to shareholders	(299,210) ⁶⁶	(237,947)	_ ⁶⁷

66 The portion allocated to shareholders corresponds to the allocation to dividends of net profit for 2022 that the Board of Directors of the Parent Company will propose to the Shareholders' Meeting.

67 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 on 21 October 2021, it was resolved to pay a total dividend of €323.2 million with value date 24 November 2021.

(amounts in € thousands)

Items		31/12/2022	31/12/2021	31/12/2020
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS		(299,210)	(237,947)	-
190.	b) other administrative expenses: indirect duties and taxes (-)	(142,916)	(145,162)	(116,731)
190.	b) other administrative expenses: charges for resolution and deposit guarantee funds (-)	(47,734)	(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	(178,666)	(150,741)	(117,805)
ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND PUBLIC ADMINISTRATIONS		(369,316)	(335,942)	(261,341)
190.	b) other administrative expenses: donations (-)	(693)	(179)	(313)
ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND ENVIRONMENT		(693)	(179)	(313)
B. TOTAL ECONOMIC VALUE DISTRIBUTED		(1,274,235)	(1,145,387)	(745,010)
200.	Net provisions for risks and charges	(10,051)	(9,890)	(7,310)
	a) commitments and guarantees given	(23)	9	(39)
	b) other net provisions	(10,028)	(9,899)	(7,271)
210.	Impairment/write-backs on property, plant and equipment	(20,258)	(19,529)	(19,683)
220.	Net adjustments/reversals of intangible assets	(6,607)	(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")	(276)	(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	2,809	37,049 ⁶⁸	(19,718)
	Profit allocated to reserves	129,295	142,764	323,571
C. TOTAL ECONOMIC VALUE RETAINED		(163,678)	(141,849)	(376,039)

68 The positive change recognised in 2021 was mainly due to the effects of exercising the option for the tax realignment of goodwill recognised in the financial statements at 31 December 2019 provided for by Article 110 of Legislative Decree No. 194 of 2020. The profit and loss effects of the realignment for the portion relating to the change in deferred tax assets and the change in deferred tax liabilities amounted to €34.7 million.

5.5. 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), which include Fineco, to provide public disclosures on how and to what extent their activities are related to environmentally sustainable objectives and activities, as defined in the Regulation.

In this respect, with regard to the year 2022, Fineco carried out the analysis of the part of its consolidated balance sheet assets eligible for the Taxonomy pursuant to Article 10(3) of Delegated Regulation (EU) 2021/2178, i.e. related to exposures to the economic activities included in Delegated Regulation (EU) 2021/2139⁶⁹.

	2022	2021 ⁷⁰
Total covered assets⁷¹	40.0%	42.1%
Eligible activities/total covered assets	23.6%	17.4%
Non-eligible activities/total covered assets	76.4%	82.6%
Total assets	100%	100%
Exposures to central governments, central banks and supranational issuers/total assets	60.0%	57.9%
Trading book exposures/total assets	0.0%	0.0%
Exposures to derivatives/total assets	4.7%	0.4%
Exposures to companies not required to publish non-financial information/total assets	1.4%	0.8%
Exposures to on demand interbank loans/total assets	0.7%	0.6%

The share of the **eligible activities** of the Taxonomy of the FinecoBank Group, amounting to **23.6% 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 property, and, from 2022, to the portions of eligible activities related to exposures to credit in-

stitutions, asset management companies and insurance companies. In fact, from this reporting year, it has been possible to calculate this share of eligible activities following the publication by the counterparties of their respective KPIs of eligible activities in the EU Taxonomy. Lastly, there are no exposures to companies operating in the sectors of economic activity indicated in Annexes I and II of Delegated

⁶⁹ 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.

⁷⁰ Due to an improvement in the collection and calculation process, the figures for the year 2021 have been restated with respect to those published in the 2021 Sustainability Report. See the 2021 Sustainability Report, for the previously published historical figure.

⁷¹ The total assets covered correspond to the total assets net of exposures to central governments, central banks and supranational issuers and the assets held for trading.

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.

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 supranational issuers**, which represent 60% of total consolidated assets.

In line with this approach, the total exposure to **companies not required to publish non-financial information** is minimal, at 1.4% of total assets.

The figures reported include the line items loans and advances, debt securities and equity investments taken from the figures in the 2022 Consolidated Financial Statements, and therefore include the exposures of the Parent Company FinecoBank S.p.A. and the subsidiary Fineco Asset Management DAC.

In order to increasingly integrate sustainability aspects into the corporate strategy and product design processes, sustainability risk assessment has been integrated into the risk assessment process for new products and substantial changes to existing products since 2021 (**"New Product Process" Global Policy**).

Lastly, in light of the recent changes in the European regulations on the energy efficiency of buildings and disclosure of environmental, social and governance risks in the Pillar III disclosure, the Bank has begun structuring a process for the systematic collection of the information needed to assess the sustainability aspects associated with residential properties purchased by retail customers, for whom a Fineco mortgage has been requested. This information includes, for example, the energy class of the buildings, which is useful for the reporting on the Taxonomy-aligned activities as defined by the technical screening criteria of Delegated Regulation (EU) 2021/2139.

5.6. PROTECTION OF THE COMPANY REPUTATION

To protect the company reputation, the Group has adopted the **Global Policy on Media Relations and Public Speaking**, which is aimed at employees and personal financial advisors and provides guidance on the principles and rules relating to the management of media relations, the use of social media and personal websites, spreading a culture aligned with the company's principles and promoting the responsible use of these communication tools.

The aim of the policy is to clarify to each company structure when and to whom in the media it is allowed to communicate with in the name and on behalf of the Fineco Group, or when it may use the Group's name for events and company matters that could influence the Group's public image, including external events, public meetings, conferences or seminars with a media impact. In addition to the company officials authorised to speak to the media – i.e. the Chairman of the Board of Directors, the CEO and General Manager, the Deputy General Managers and the CFO – the Policy also identifies other spokespersons who can give interviews or attend public events (Marketing Director, Product Manager, HR Manager, etc.). The management of media relations is centralised within the Identity & Communications Team, which is the point of reference and coordination for these activities. The policy also regulates the use of social media, prohibiting employees from disclosing confidential or sensitive information concerning Fineco, also for the purpose of protecting the Group's reputation and that of its stakeholders.

In addition to the adoption of this Global Policy, FinecoBank develops a **reputational programme**, which identifies and monitors the main areas of concern and therefore of interest for Italians in relation to the role of companies, such as, in particular in 2022, the management of environmental issues, the protection of employees and the management of the inflationary/recessionary environment.

The actions taken by FinecoBank to protect its reputation are focused on two main stakeholders: the Italian population and the company's employees.

With regard to the population, on a monthly and quarterly basis, a reputational indicator is measured and analysed, and the impact this has on the propensity to buy, to recommend and to trust Fineco, in order to identify any situations which, as a result of specific activities carried out, may have weakened consumer trust in Fineco, in addition to the socio-economic context.

The areas for action are identified on the basis of rational parameters inherent in some areas of the company, including products and services, management leadership, financial performance, the workplace and the ability to innovate, in order to identify the aspects to be mitigated because they are perceived to be weaker and the aspects that should continue to be enhanced, also with respect to the areas of highest expectation.

For employees, the monitoring covers the same areas, but with a different timing and with the addition of a specific indicator relating to the level of **employee engagement**, aimed at measuring the sense of belonging to the organisation.

To regularly report and share reputational results, a working group has been set up that cuts across Fineco's functions, with the aim of making more informed decisions on actions to be taken. The functions involved include: *Marketing, Advertising and Events, HR, Sustainability, Investor Relations, CRM, PFA Network*.

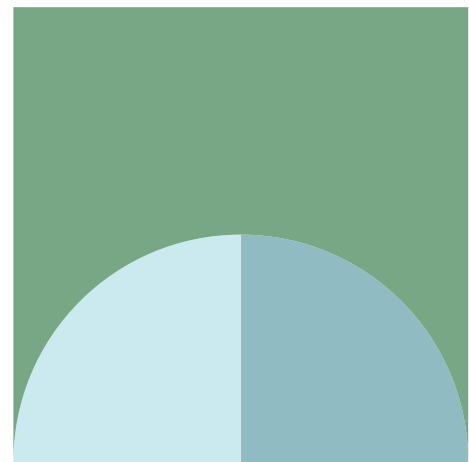
Specifically, in 2022, a number of specific areas relating to Fineco's customer experience were measured, and the results that emerged helped the above-mentioned functions to better target their communication in this area.

06



ETHICS AND COMPLIANCE CULTURE

- 6.1. COMPLIANCE CULTURE
- 6.2. ETHICS AND INTEGRITY IN BUSINESS CONDUCT



Compliance with internal and external regulations and codes of conduct is of great strategic importance. Compliance with rules and fairness in activities are fundamental to the conduct of banking business, which by nature is based on trust and transparency. A culture of compliance supports the protection of customer rights, as well as the creation and maintenance of a competitive business environment, thereby contributing to local and community development.

Fineco pursues its business objectives with honesty, fairness and responsibility, in full and substantive compliance with the rules, professional ethics and the spirit of the agreements it has signed, setting high standards of compliance for the whole Group. In complying with the applicable regulations and internal rules, the Group prevents misconduct and contributes, among other things, to combating financial crime. Fineco's business relationships are based on the principles of transparency, integrity, professionalism and must be conducted in strict compliance with applicable laws and related internal regulations.

The **Group's regulatory model** has two levels:

- a global level, through regulations issued by FinecoBank and addressed to at least one other Group Company, the Global Rules (GRs). The GRs constitute the Group rules that the Parent Company issues in performing its policy, coordination and control functions, to regulate activities that are considered relevant in accordance with the legal and regulatory provisions in force and/or with regard to responsible business conduct and risk management.
- a local level, through the regulations issued by a Group Company applicable to itself, including its foreign legal entities, and where appropriate to its other subsidiaries.

At Parent Company level, each function issues GRs

for its area of responsibility, adhering to the corporate principles and rules laid down for the drafting of regulations and the related approval and distribution processes. The issuing functions ("Owners") are also responsible for:

- implement the GRs under their responsibility in FinecoBank, identifying and completing the regulatory, organisational, operational and/or IT measures required to implement the regulatory provisions contained in the GRs; and
- monitoring the status of their approval and implementation at the target functions and legal entities.

In relation to the management of Group rules, the Bank's Organisation and Operations Department acts as the overall hub and coordinator of the management of the various rules by the Parent Company's internal owners, by establishing principles, standards and rules applicable at Group level and supporting the rule owners in ensuring their correct application. The controls are carried out through periodic reporting to FinecoBank's Owner units and Corporate Bodies on the status of approval, implementation and planning of the Global Rules, including the status of those transmitted to the legal entities.

In the area of business relations, the implementation of commitments for responsible business conduct is regulated in the *Expenditure Regulation*, which governs the entire procurement process at Group level.

Lastly, training on the implementation of the commitments is provided within the processes of identifying the training needs of employees and implementing training activities, in compliance with the applicable internal and external regulations, managed by the Chief People Officer Department.

6.1. COMPLIANCE CULTURE

Compliance culture is a core value for Fineco. If business is at the core of the Bank's operations, compliance and integrity are how its business activities must be carried out. In doing so, the Compliance Department 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.

In this regard, 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.

The Fineco Group has also adopted the **Integrity Charter and Code of Conduct Global Policy**, which sets out the Group's ethical principles and standards. In particular, with a view to promoting the compliance culture and 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, in order to ensure high standards of professional conduct and integrity in carrying out activities performed in-house or on behalf of the Group. Employees who violate or engage in conduct that is not in line with the obligations arising from that 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.

Lastly, the **Compliance Culture Global Policy** defines the key principles of the compliance culture at Group level, as well as the roles and responsibilities of the internal functions responsible for implementing this policy (e.g. Compliance, Human Resources and Communications).

With the aim of strengthening the compliance culture within the Bank, the **Compliance Culture - Tone from the Top** initiatives have been implemented since 2018, which meet the top management's need 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. In this context, the Top Management of Fineco and Group Companies helps to ensure the adoption and supervision of correct and compliant behaviour to achieve sustainable business objectives. The programme continued in 2022, with senior managers focusing on specific compliance issues and communicating directly with employees via email or the company intranet portal, such as: conduct and behaviour at Fineco, Anti-corruption, the Organisation and Management Model pursuant to Legislative Decree 231/2001, Antitrust and Unfair Commercial Practices, ESG issues and Whistleblowing.

With regard to whistleblowing, Fineco believes that reporting any irregularities helps to protect the company and its reputation, as well as all of its employees. Through the **Whistleblowing Global Policy**, 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. In this regard, the Bank 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 reporting can be made through the following channels:

- by phone, via the FinecoBank SpeakUp line⁷²,

⁷² The SpeakUp channel is operated by an independent third party.

- leaving a voice message, also anonymously;
- on the website, via the FinecoBank SpeakUp web service, leaving a written message, also anonymously;
- using the dedicated email 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 dedicated online training sessions.

If 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) who, as the person responsible for the internal reporting systems, ensures that the procedure is properly conducted. If a report falls within the scope of the Whistleblowing Policy, the Compliance Officer carries out a preliminary assessment of the report received and, if he or she considers that there is sufficient evidence of unlawful conduct to justify the initiation of an investigation, a person or function is assigned to carry out the investigation, based on the matter reported. 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 company's Internal Audit Department may be contacted directly.

Serious disclosures, even if anonymous, must be managed and promptly and confidentially reported, complying with the specific Group process, which guarantees the involvement of the Senior Management of the Group Company in analyses, defining the activity plan, the investigation's results, recommendations and monitoring.

FinecoBank ensures confidentiality, privacy and data protection and guarantees the protection of the whistleblower from any direct or indirect retaliation related to the report made. Where possible, the whistleblower is informed of the initiation, progress and outcome of the process. At the end of the investigation, the person or function in charge of the investigation prepares a report, summarising the course of the investigation and the evidence gathered, setting out the conclusions, providing recommendations and suggesting actions to be taken to remedy the breaches identified and ensure that they do not occur in the future.

In addition, an annual Report is prepared on the proper functioning of the internal system for reporting breaches, containing aggregate information on the results of the activities carried out, which is made available to the company personnel after has been approved by the Board of Directors.

6.2. ETHICS AND INTEGRITY IN BUSINESS CONDUCT

FinecoBank S.p.A. has adopted an **Organisation and Management Model**, in accordance with Legislative Decree 231/2001 ("Model"), 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, approved by the Board of Directors and updated in 2022 to incorporate the latest regulatory changes introduced, 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 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 operations 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 set out in the Group Integrity Charter and Code of Conduct.

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

ANTI-CORRUPTION

Fineco has a "**zero tolerance**" approach to corruption and prohibits facilitation payments. Political donations in any tangible or intangible form are also prohibited, as specified in the **Anti-Corruption Global Policy**. Accordingly, there were no contributions of this kind made in 2022 and no cases of corruption were recorded.

Fineco's approach to preventing corruption and bribery is defined in the Anti-Corruption Global Policy, which, together with the related Operating Instruc-

tions, establishes the 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 staff. More specifically, 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 Bank has also adopted an

Anti-Corruption Programme, based on the following five main elements, whose implementation is periodically monitored and submitted to the Bank's bodies through periodic compliance reporting:

- assessment of corruption risk in terms of the results of the risk assessments;
- verification of the updating of policies and procedures;
- monitoring of compulsory training attendance;
- continuity of the tone from the top initiatives;
- controls in terms of the summary evaluation of the Second Level Controls (2LCs) carried out.

The Group has adopted specific mechanisms to monitor the effectiveness of the adopted anti-corruption and bribery approach, including: escalation pro-

cedures 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 Department, and internal audit inspections. The last two mechanisms result in risk mitigation actions that need to be completed on time to ensure the management of the risks identified.

Lastly, the Bank's activities and organisational structures are subject to the implementation of the Organisation and Management Model in accordance with Legislative Decree 231/2001 in relation to anti-corruption.

MANAGING CONFLICTS OF INTEREST

For the management of conflicts of interest, the Group has adopted the **Global Policy for the management of transactions with persons in potential conflict of interest of the FinecoBank Group**. The document sets out the principles and rules to be observed in order to guard against the risk arising from situations of possible conflict of interest caused by the proximity of certain parties to the decision-making centres of the Bank and the Company controlled by the Group. Specifically, the Global Policy regulates transactions with:

- (i) related parties in accordance with the Consob Related-Party Regulations;
- (ii) associated persons within the meaning of the Bank of Italy Supervisory Regulations (Part Three, Chapter 11, Circular No. 285 of 2013);
- (iii) bank corporate officers in accordance with Article 136 TUB;
- (iv) relevant persons pursuant to Article 88 CRD V;
- (v) other entities identified by the Bank on a discretionary basis.

In addition, FinecoBank has implemented the **Conflicts of Interest Global Policy**, which sets out the single model for identifying and managing Conflicts of Interest (below the "Model").

The current Model adopted by the FinecoBank

Group involves: i) the identification of events/activities related to the Group that may generate conflicts of interest; ii) the identification of the types of conflicts of interest on the basis of the group classification; iii) the identification of the organisational measures capable of mitigating or eliminating the specific types of conflict of interest as well as the conduct to be adopted; iv) the recording of conflicts of interest; and, lastly, v) the controls.

Based on the Model, certain types of organisational measures and general principles have been identified to eliminate or mitigate the risk of harming customer interests, including:

- measures based on the organisational structure, such as i) the separation, between product companies and distribution companies, of the development and distribution of the products and services offered to customers and the separation, where possible, into different business units of activities that generate conflicting interests and transactions; ii) the adoption of the principle of hierarchical independence between structures that oversee potentially conflicting activities; and iii) the prevention or control of the simultaneous performance of conflicting activities;

- measures based on specific policies/internal memos, such as the adoption of: i) a remuneration policy, with incentive mechanisms designed to eliminate any direct connection between the remuneration of individuals who predominantly engage in transactional activities and the results of activities related to interests that might conflict with them; ii) policy on personal interests, for the establishment of limits, exclusions, behavioural measures, notification procedures and monitoring of cases of personal interests of employees potentially in conflict with the interests of the Group or the Group's customers; iii) policy on the execution/transmission of

orders; and the identification of specific functions dedicated to the management of conflicts of interest (i.e. the Compliance Department);

- measures based on codes of conduct and employee training modules, such as: i) training of staff at all levels on conflict of interest regulations; ii) prevention of the exercise of undue influence by individuals in top management positions on the employees responsible for carrying out transactions, outside the structures under their hierarchical authority.

The Compliance Department submits a Report on Conflicts of Interest to the Top Management at least once a year.

ANTITRUST AND UNFAIR COMMERCIAL PRACTICES

Following the introduction of the Group's antitrust regulations in 2016, the Bank has adopted an **anti-trust Compliance Programme**, subject to periodic monitoring and review, aimed at strengthening antitrust governance, promoting a competition culture and reinforcing the broader compliance culture, enhancing the Bank's reputation in the markets and mitigating antitrust risks and sanctions.

In this regard, Fineco has adopted the **Group antitrust and Unfair Commercial Practices Policy**, which includes practical rules of conduct for the proper management of meetings with competitors,

the promotion and marketing of products and services offered by the Bank in order to protect consumers, and inspections carried out by the Antitrust Authorities.

Lastly, the Code of Ethics obliges all those 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 2022, there were no prosecutions and penalties or proceedings for anti-competitive behaviour, antitrust and monopolistic practices.

PROTECTION OF HUMAN RIGHTS

The Group recognises the importance of respect for human rights as an essential element for proper business conduct. The **Commitment to Human Rights Global Policy** reinforces the Group's desire to base its activities on guaranteeing and promoting respect for all human rights, in order to ensure compliance with national and international regulations and standards, and to establish an inclusive approach that manages impacts and minimises potential risks of violation, while maintaining an open

dialogue with stakeholders and taking into account their legitimate expectations. This commitment is underpinned by the principles set out in the main references and international standards, including the *Universal Declaration of Human Rights* and the *UN Guiding Principles on Business and Human Rights*. This commitment defines the roles and responsibilities, as well as the principles, rules, procedures and reporting systems adopted in order to create a corporate culture that is capable of guarantee-

ing 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 emphasises the protection and 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 also pays close attention to the **indirect impacts on human rights** that may be generated through its financial advisory activities and 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, Fineco AM has also adopted the **Declaration on Modern Slavery and Human Trafficking**, which was approved by the Company's Board of Directors in June 2022 and is aimed at fully integrating the fight against slavery and human traf-

ficking into its fund management approach.

The commitment to human rights also applies to the **supply chain**, with the aim of minimising the risk of violation of those rights; To this end, Fineco 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.

Any impact on human rights must be managed and reduced in such a way as to protect privacy and identify and mitigate any risk of corruption. With this in mind, as already described, the "whistleblowing" infringement reporting system has been put in place with the aim not only of reporting potential unlawful behaviour, which can result in possible violations of human rights, but also of protecting confidentiality with regard to the identities of both the whistleblower and the accused in order to prevent discriminatory behaviour as a result of such reporting.

PRIVACY AND DATA PROTECTION

The subject of privacy, namely the individual right to the confidentiality of personal information and a private life, has been the subject of specific regulations in recent years with the aim of safeguarding and protecting the private sphere of the individual. The protection of personal data is recognised as an individual's right to have control over information and personal data concerning their private life, and is fully recognised as a fundamental human right.

In this context, for Fineco, safeguarding the personal data of its data subjects is fundamental to protect them from undue intrusions into their personal lives by third parties. To this end, the Bank has put in place a comprehensive **system for protecting the information** provided by data subjects to Fineco. In addition, for the purposes of transparency towards its data subjects, the Bank has adopted special information tools, such as information on the processing of personal data, to make data subjects aware of the

purposes, methods and rights concerning the processing of personal data carried out by Fineco.

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 an impact on the protection of personal data, in order to assess the feasibility of these and the most appropriate means of implementation. The DPO ensures that the privacy legislation is adhered to and overseeing the implementation of any updates and alignments with the regulations, and monitors compliance with the points stipulated in the measures provided by the Antitrust Authority.

To this end, Fineco has adopted a **Global Policy on Privacy**, applicable to all Group companies, and has issued further specific internal regulations on data protection, such as the detection and management

of data breaches, the appointment of external data processors, the duties and responsibilities of the data protection officer, and the management of the register of processing operations.

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 establishment of a **regulation on the use of electronic tools** (e.g. email, internet, laptops and smartphones) during work, to set out the principles of conduct on their correct use, 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)**;
- the updating of the "**Data Protection Agreement**" document used for the appointment of Data Processors;
- the adoption of a **Legitimate Interests Assessment (LIA)** model for assessing the legal basis of the legitimate interest, where used by the data controller.

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 2022, 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**.

The Bank has implemented a **data breach management procedure** that sends notification to the DPO of any violations 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 and 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 timeframe 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 Department 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. For each area monitored, including privacy, there is provision for the identification of the main legal requirements and the respective association with a level of risk defined based on the comparison between the result of an indicator and the default single control limit threshold. In 2022, there were no specific internal audits in this regard, but the risk assessment was carried out to verify any non-compliances in this area. The second level controls continued in accordance with the framework in place.

The data protection initiatives are brought to the attention of stakeholders through communication initiatives and awareness-raising campaigns on the subject. For example, internal stakeholders receive

specific information notices on the processing of their personal data, enabling them to understand how their personal data are processed, the purposes for which they are processed and their rights, as well as awareness-raising initiatives on the subject, through special training campaigns, and internal data privacy policies. In fact, over the course of 2022, 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. External stakeholders, on the other hand, are provided with data privacy notices and specific privacy awareness videos and FAQs.

In 2022, the Bank received 4 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 2022, 24 events were detected for which the Bank determined that there was no damage to the customers and put in place appropriate corrective measures⁷³.

TAX COMPLIANCE

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 tax approach adopted by the Group is contained in FinecoBank's **Tax Strategy**, which has been approved by the Parent Company's Board of Directors, published on the institutional website and implemented by the Group companies through resolution by their respective Boards. The Strategy is reviewed at least annually by the tax function and any changes are submitted to the Board of Directors for approval. The document sets out the objectives of the top management in relation to taxation, as well as the risk appetite at Group level, the degree of top management involvement in tax planning decisions and the objectives in relation to risk management processes.

The Fineco Group's primary objective, in relation to its Tax Strategy, is to meet all its tax obligations, to promptly fulfil all the requirements imposed by tax regulations, both national and international, while ensuring the efficiency of the Group's taxation at global level, avoiding double taxation and reducing its tax burden only where legitimately permitted, in compliance with the provisions aimed at guaran-

teeing appropriate transfer prices for intercompany transactions.

The Fineco Group is committed to guaranteeing constant and transparent **cooperation with the tax authorities**, in compliance with the reporting obligations established by international regulations on the exchange of information between countries (e.g. the FATCA and CRS regulations). In this context, the Bank also ensures compliance with the provisions on reporting to the tax authorities of cross-border arrangements that identify a potential undue tax advantage, in accordance with DAC 6 regulation. More specifically, a number of safeguards have been put in place both for the competent internal structures of the bank and for the personal financial advisors, given that the latter may find themselves in the conditions envisaged in the above-mentioned regulation.

Since 2016, Fineco has been admitted to the **Cooperative compliance regime**, which aims to increase the level of certainty on relevant tax issues and thus avoid possible disputes with the tax authorities. This objective is pursued through constant and pre-emptive dialogue with the tax authorities, including the pre-emption of controls, aimed at a common assess-

⁷³ With regard to Fineco AM, there were no substantiated complaints regarding privacy breaches or events of data theft or loss.

ment of situations likely to generate tax risks, and the agreement on the internal control system for tax risk. An important step in the correct fulfilment of the tax obligations is the check carried out by the External Auditors for the signing of the tax declarations.

Compliance in tax matters is guaranteed by an effective **Tax Control Framework** (TCF), consisting of controls and procedures that ensure the correctness of the data entered in the relevant tax returns, tax payments, and communications to the financial authorities, which is checked periodically in order to be able to promptly adopt the necessary mitigation actions and changes.

Each Group Company guarantees the presence of a specific internal Tax function or Internal Manager. The *Tax Affairs and Advisory* Unit 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. This Unit, together with the CFO, periodically reports to the Board of Directors on major tax issues. In addition, the Head of the Tax Function participates in several internal committees as a permanent member, in order to monitor the potentially related risks. The *Tax Affairs and Advisory* Unit includes the Tax Compliance Technical Unit, as a specialised arm of the Compliance Department, whose purpose is to monitor and control the risk of non-compliance with

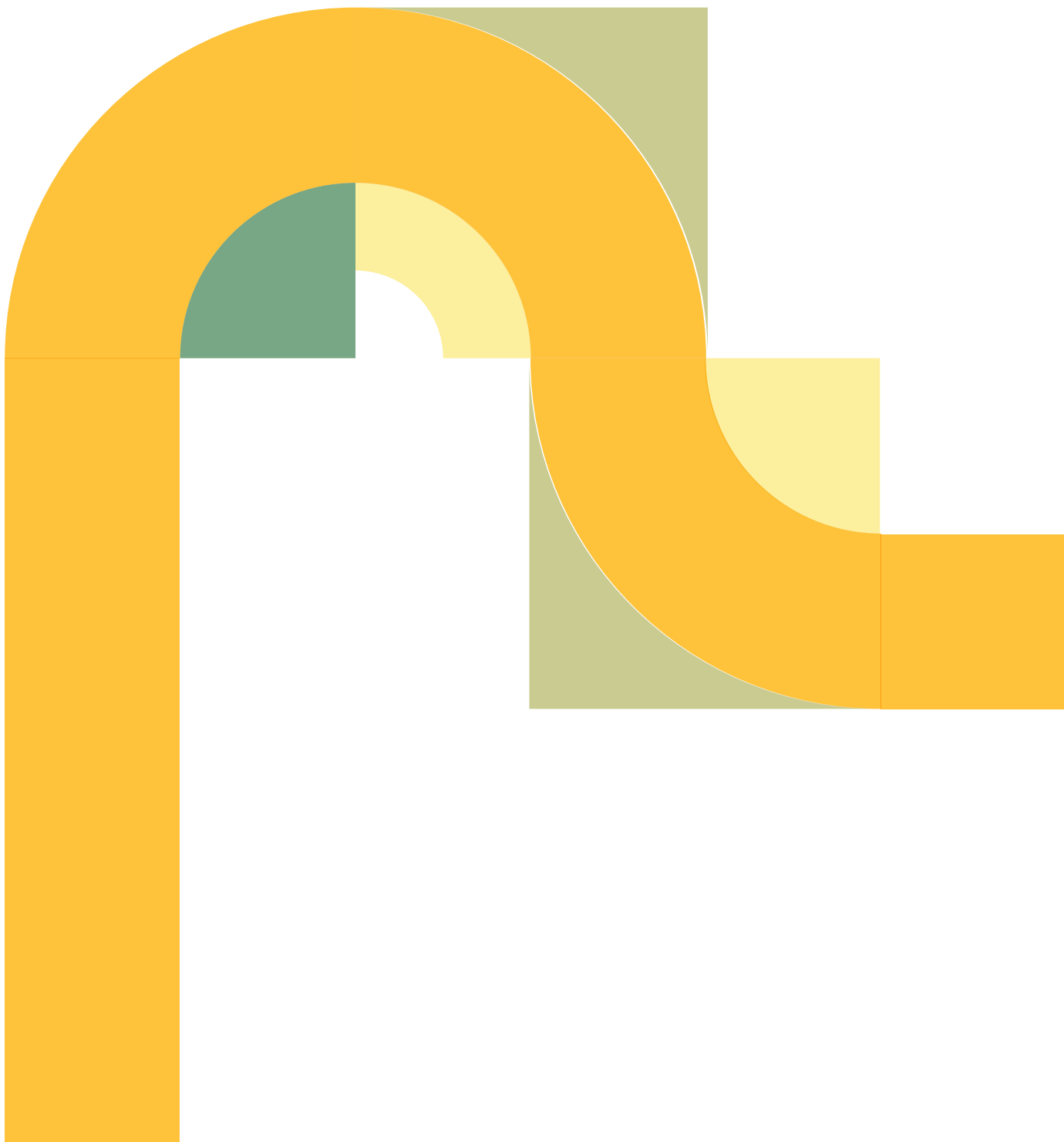
tax regulations by the activities carried out by the Bank.

Raising awareness among the Bank's staff and top management in relation to **tax risk** is actively supported by training courses, aimed at generating greater awareness of the regulations and consequently fostering the development of a corporate culture focused on tax compliance. The Fineco Group does not have any remuneration schemes for its directors and employees that are related to tax saving and they are expressly prohibited from purchasing or offering investments, products and other transactions that are purely based on a tax benefit for the Group, customers or other counterparties.

Fineco advocates the interests of its stakeholders by actively participating in the opportunities for discussion offered by the professional and industry associations of which it is a member. Within these forums, Fineco promotes actions to improve the body of rules and interpretations based on the observations of its customers, the network of personal financial advisors and investors. 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, through customer care, the first and fundamental point of contact between the Bank and its customers.

Country-by-country reporting	2022		2021		2020	
	Italy	Ireland	Italy	Ireland	Italy	Ireland
Name of resident entity	Fineco Bank S.p.A.	Fineco Asset Management DAC	Fineco Bank S.p.A.	Fineco Asset Management DAC	Fineco Bank S.p.A.	Fineco Asset Management DAC
Main activity of the organisation	Regulated financial services					
Head Count at 31/12	1,279	57	1,261	44	1,226	36
Revenues from sales to third parties [€/000]	1,186,045	311,555	1,045,147	244,719	967,239	179,412
Revenues from intragroup transactions with other tax jurisdictions [€/000]	145,103	-	119,670	-	85,951	-
Profit/loss before tax [€/000]	582,892	118,659	471,709	84,268	453,094	60,077
Property, plant and equipment other than cash and cash equivalents [€/000]	144,102	2,106	149,506	841	150,883	989
Corporate income taxes paid on a cash basis [€/000]	153,721	15,495	99,624	10,005	108,475	7,037
Corporate income taxes accumulated on profits/losses [€/000]	163,626	15,040	137,478	10,592	110,235	7,570

The difference between the corporate income tax accrued on profits/losses and the tax due is attributable to the tax prepayments made by FinecoBank S.p.A. during the year. The reconciliation of the theoretical tax rate and the effective tax rate, which can be found in the financial statements, is mainly due to the combined tax effect of income and expenses that are not relevant in determining the tax base, as envisaged by law.





OUR PEOPLE

- 7.1. MANAGEMENT OF OUR PEOPLE
- 7.2. DIVERSITY AND INCLUSION
- 7.3. PROMOTING AND DEVELOPING HUMAN RESOURCES
- 7.4. WELFARE AND INDUSTRIAL RELATIONS
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7.1. MANAGEMENT OF OUR PEOPLE

OUR EMPLOYEES

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, Fineco aims to be “**The Place To Be**” where its staff are concerned; that is, a workplace in which everyone can fully express their potential and aspirations, contributing to the success and sustainability of the business. People constitute one of the **Key Success Factors** and Fineco is committed to investing in their development and growth, creating an inclusive and sustainable work environment that allows for work-life balance.

To consolidate and spread this culture, Fineco has set up a regulatory framework of policies, proce-

dures and documents governing the fundamental aspects of its human resource management. These documents include the Bank’s **Code of Ethics**, the Group **Integrity Charter** and **Code of Conduct**, and 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. The 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.

NO. OF EMPLOYEES	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
TOTALS									
Italy - Milan ⁷⁴	615	394	1,009	608	383	991	585	375	960
Italy - Reggio Emilia	125	145	270	124	146	270	121	145	266
Outside Italy - Ireland	32	25	57	29	15	44	24	12	36
Total	772	564	1,336	761	544	1,305	730	532	1,262
	Men	Women	Total	Men	Women	Total	Men	Women	Total
PERMANENT									
Italy - Milan	615	390	1,005	604	380	984	583	373	956
Italy - Reggio Emilia	121	144	265	121	141	262	120	139	259
Outside Italy - Ireland	32	25	57	29	15	44	24	12	36
Total	768	559	1,327	754	536	1,290	727	524	1,251

⁷⁴ In this table, the figure for the geographical area “Italy - Milan” also includes the Data Processing Centre in Pero.

N. EMPLOYEES	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
FIXED-TERM									
Italy - Milan	0	4	4	4	3	7	2	2	4
Italy - Reggio Emilia	4	1	5	3	5	8	1	6	7
Outside Italy - Ireland	0	0	0	0	0	0	0	0	0
Total	4	5	9	7	8	15	3	8	11
	Men	Women	Total	Men	Women	Total	Men	Women	Total
FULL-TIME									
Italy - Milan	613	345	958	606	331	937	583	322	905
Italy - Reggio Emilia	122	101	223	121	104	225	118	109	227
Outside Italy - Ireland	32	25	57	29	15	44	24	12	36
Total	767	471	1,238	756	450	1,206	725	443	1,168
	Men	Women	Total	Men	Women	Total	Men	Women	Total
PART-TIME									
Italy - Milan	2	49	51	2	52	54	2	53	55
Italy - Reggio Emilia	3	44	47	3	42	45	3	36	39
Outside Italy - Ireland	0	0	0	0	0	0	0	0	0
Total	5	93	98	5	94	99	5	89	94
	Men	Women	Total	Men	Women	Total	Men	Women	Total
BY EMPLOYEE CATEGORY AND GENDER									
Executives	34	9	43	30	6	36	29	6	35
Managers	325	140	465	317	129	446	302	116	418
Professionals	413	415	828	414	409	823	399	410	809
Total	772	564	1,336	761	544	1,305	730	532	1,262
	≤ 30	31-50	> 50	≤ 30	31-50	> 50	≤ 30	31-50	> 50
BY EMPLOYEE CATEGORY AND AGE									
Executives	1	18	24	-	18	18	1	17	17
Managers	6	322	137	3	333	110	5	328	85
Professionals	177	550	101	183	558	82	193	543	73
Total	184	890	262	186	909	210	199	888	175

The average age of a FinecoBank Group employee at the end of 2022 was 42 (in line with 2021). 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" in which they have the opportunity to acquire a thorough knowledge of the Bank's products, services and processes. At the end of the year, 15% of the total workforce was employed in customer care, in line with last year's figure.

The sharp acceleration of **digitisation** in all the HR processes initiated in previous years continued in 2022. 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, which 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 also continued in 2022 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.

In the area of customer care, the main entry point for new employees joining FinecoBank, at the end of a period of around 2 years of on-the-job training, new employees have the opportunity to further specialise in Customer Care or to embark upon a horizontal growth process at the Bank through intensive job rotation. In 2022, this allowed 15 individuals to take the opportunity to get to know and work in other areas of the Bank.

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 ⁷⁵	2022		2021		2020	
	Number	Rate	Number	Rate	Number	Rate
BY GENDER						
Men	58	7%	54	7%	43	6%
Women	43	8%	31	6%	30	6%
Total	101	8%	85	7%	73	6%
BY AGE GROUP						
≤ 30	72	39%	63	34%	44	22%
31-50	28	3%	21	2%	27	3%
>50	1	-	1	-	2	1%
Total	101	8%	85	7%	73	6%
BY GEOGRAPHICAL AREA						
Italy - Milan	69	7%	62	6%	48	5%
Italy - Reggio Emilia	5	2%	9	3%	9	3%
Ireland	27	47%	14	32%	16	44%
Total	101	8%	85	7%	73	6%

⁷⁵ The recruitment 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).

TERMINATION RATES AND NUMBERS ⁷⁶	2022		2021		2020	
	Number	Rate	Number	Rate	Number	Rate
BY GENDER						
Men	47	6%	24	3%	19	3%
Women	23	4%	18	3%	17	3%
Total	70	5%	42	3%	36	3%
BY AGE GROUP						
≤ 30	44	24%	27	15%	14	7%
31-50	22	2%	13	1%	22	2%
>50	4	2%	2	1%	-	-
Total	70	5%	42	3%	36	3%
BY GEOGRAPHICAL AREA						
Italy - Milan	51	5%	30	3%	26	3%
Italy - Reggio Emilia	5	2%	6	2%	6	2%
Ireland	14	25%	6	14%	4	11%
Total	70	5%	42	3%	36	3%

OUR PERSONAL FINANCIAL ADVISORS

A fundamental element for the PFA Network Sales Department and *Private Banking and the Network itself, is the relationship with the customer, based on transparency* and the overriding protection of the customer's economic and financial interests, as well as on **technological and process innovation, efficiency** and **growth**, primarily through the acquisition of new customers.

The cornerstone of the Network strategy is the **quality of the relationship with the customer**, based creating a solid relationship of mutual trust. The work of the advisors helps to identify customer needs and agree on investment solutions, and the overall management of their assets, in order to develop effective financial and wealth planning throughout the various stages of their lives, primarily for the purpose of controlling asset risks rather than just financial performance. Another equally important objective is financial education, aimed at mitigating the emotional impacts on customers, as these can lead them to in-

stinctively engage in transactions that are not appropriate to their financial situation and personal goals.

With regard to the objective of mitigating asset allocation risks, Fineco Asset Management's contribution is key. Indeed, the company is increasingly distinguished by its capacity for innovation and a time-to-market strictly aligned to the changing customer needs and market situations. 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, maximising the overall utility.

The **quality of the Network** is in line with last year: considering the much more complex scenario, the assets per capita remained substantially stable, moving from €33.9 million to €32.1 million. Personal

⁷⁶ 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).

financial advisors with assets under management exceeding €20 mln accounted for 58% of the Network as at 31 December 2022, with 86.5% of the assets under management, representing a low level of concentration.

The **FinecoBank Personal Financial Advisor** Network, the third largest⁷⁷ 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 of coordinating the advisors within a particular local area. Lastly, 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. In addition to this three-tier organisation of the Network, in 2022 the Bank set up an **Ambassador Club**, made up key people selected from the leading advisors in private banking, with testimonials of their professional capabilities and a solid reputation. The initiative was prompted by the need for dialogue with the Bank's top management on key issues, such as involvement in strategic, operational and business decisions and in the design of new products and services; the discussion on the evolution of the organisation of the work of the private bankers and how they serve their customers; the design and testing of communications, marketing and initiatives for developing private customer base. There were 26 Ambassadors as at 31 December 2022.

In 2022, there was significant net growth in the Network with 128 net arrivals, reflecting the appreciation of the model and the very healthy environment.

Number of personal financial advisors by role	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
BY GENDER									
Area Manager	26	-	26	26	-	26	26	-	26
Group Manager	173	9	182	168	9	177	170	8	178
Other PFAs	2,201	509	2,710	2,111	476	2,587	1,964	438	2,402
Total	2,400	518	2,918	2,305	485	2,790	2,160	446	2,606
BY AGE GROUP									
	≤30	31-50	>50	≤30	31-50	>50	≤30	31-50	>50
Area Manager	-	3	23	-	5	21	-	7	19
Group Manager	-	53	129	-	65	112	-	75	102
Other PFAs	210	1,133	1,367	189	1,125	1,273	109	1,116	1,178
Total	210	1,189	1,519	189	1,195	1,406	109	1,198	1,299

Organic growth, through the acquisition of new customers, new assets and the enhancement of existing relationships by the Network, continues to be the main driver for the development of the Bank's business. In 2022, total net sales through the per-

sonal financial advisor network reached €7.3 billion. Although some slowdown in investment operations can be seen, the significant inflow of funds is a sign of customer confidence and a foundation for future enhancement.

⁷⁷ Source: Assoreti, September 2022.

Three are main drivers underpinning the results achieved: (i) the high level of customer satisfaction, which continues to be the main generator for the acquisition of new customers, (ii) the quality of the products and services offered, and (iii) the progressive increase in the Network's productivity, supported by the continuous updating and use of digital platforms. Consistent with the natural and intrinsic drive for growth, over 50% of total net sales came from newly acquired customers, connected to the opening of over 55,000 current accounts during the year.

With regard to the **recruitment of new personal financial advisors**, the priority objective for 2022 was once again to improve the quality of the network, focusing the selection on **qualified professionals** with solid 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. The new employees are provided: i) specific and thorough onboarding, for a period sufficient to obtain full knowledge of the Fineco world; and ii) full, independent operational activation. Particular atten-

tion is paid to the financial package, which consists of the two components of initial premium and on-going remuneration, with a high degree of flexibility and personalisation.

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, ranging from preparation for the qualification exam through to the end of the fourth year of work within the Network, financial support through a "package", able to maintain the new recruit for the first 36 months of work, which represents the most critical period for building economic sustainability in this profession, and operational support provided by a dedicated trainer.

Taking into account senior advisors and young beginners, 214 new advisors joined the Network. Also worth noting is the low turnover of the Network in this period (3.1%), largely consisting of retirements.

New arrival (2022)	Women	Men	Total
Beginner	30	98	128
Senior	20	66	86
Total	50	164	214

7.2.DIVERSITY AND INCLUSION

OUR EMPLOYEES

Fineco aims to support the wellbeing and protect the people it comes into contact with through its business activities and on whom it can generate a positive or negative impact. Accordingly, the Group is constantly striving to make the most of the talents, skills, experience and diverse cultural backgrounds of a diverse organisation, in which people feel respected and appreciated and can express their potential, by adopting an approach to diversity that takes into account the different needs expressed by customers, employees and communities.

In recognition of this, a Diversity Manager has been appointed within the Bank to act as a focal point for diversity-related activities and initiatives.

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 to be harnessed as a source of new ideas. The addressees of the **Integrity Charter** and **Code of Conduct** are called upon to promote an environment based on equal opportunities, to treat others with dignity and respect, and under no circumstances discriminate or tolerate any sort of discrimination or harassment. The **Global Policy on Gender Equality** sets out principles and guidelines for ensuring a level playing field in which all employees, regardless of gender, can realise their full potential and for creating a gender-balanced leadership pipeline in which the contributions of both genders are equally valued in decision-making processes, at all levels of the organisation. The Group has also issued the **Combating Harassment, Sexually Inappropriate Behaviour and Bullying Global Policy**, reflecting the commitment to supporting a happy working environment free of all forms

of harassment, sexually inappropriate behaviour and bullying. Lastly, the **Human Rights Commitment** establishes that there will be no tolerance of any discrimination based on age, race, nationality, ethnicity, 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. No incidents of discrimination in the workplace were brought to the attention of the Group in 2022.

The Fineco Group is also committed to gender neutrality in terms of remuneration. In particular, the Board of Directors, with the support of the Remuneration Committee, oversees the gender neutrality of policies, monitoring the gender pay gap defined, as the ratio of the average remuneration of the most represented gender to the average remuneration of the least represented gender, and its evolution over time. In addition, the equity pay gap is also calculated, which enables assessment based on equal pay for equal work, taking into account 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. Management is made responsible for gender neutrality in remuneration systems. Indeed, in 2022, the ESG objective of "Stakeholder Value", which includes, among others, the KPI "Y/Y delta on Gender Pay Gap and Gender Balance", was again included in the performance evaluation forms for the Group CEO and the other Identified Staff.

According to the GRI 405-2 standard methodology, the ratio of women's to men's basic salaries⁷⁸ in 2022 totalled 80% for executives, 99% for managers and 102% for professional employees, while in 2021 the figures were 87%, 96% and 101% respectively. The ratio of women's to men's total remuneration⁷⁹ in 2022 totalled 62% for executives, 98% for managers and 102% for professional employees, while in 2021 the figures were 71%, 95% and 101% respectively.

Since 2019, FinecoBank has annually signed the association agreement with **Valore D**, promoting access to new training courses and the sharing of 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. In 2022 Fineco took part as a supporter in the "**D&I in Finance**" event promoted by the **Italian Banking Association**. This is a key annual event for banks and professionals in the financial world to reflect on the importance of the socio-cultural transformations taking place, nationally and internationally, in relation to diversity, inclusion and accessibility.

Fineco is also committed to the management and continuous monitoring of employees returning from **maternity and paternity leave**. In this regard, in keeping with the previous years, an analysis was

carried in relation to three themes, which revealed that out of the total of 23 people returning from leave in 2022:

- **Position and role**: 100% went back to the same role as before the period of absence, including in the case of positions of responsibility;
- **Flexibility**: 87% returned full-time without requesting any kind of flexibility, whilst 13% requested a change to more flexible working hours; all requests were granted;
- **Promotions**⁸⁰: around 80% received a promotion or salary increase or a bonus during the period of maternity leave.

Lastly, the Group is constantly committed to supporting people from **protected groups**, which, as at 31 December 2022, came to a total of 55, of which 7 were middle managers and 48 were office workers. In this context, in 2022 Fineco participated in three events aimed at promoting diversity management and the employment of people with disabilities and from protected groups: (i) **Diversity Day** in-person event organised at the University of Milano-Bicocca in partnership with private companies, universities, public institutions, the media and communities; (ii) Digital **Inclusion Job Day**; and (iii) Digital **Diversity Day E-campus**. In addition, 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 the management and empowerment of staff with disabilities.

⁷⁸ The basic salary is understood as the Gross Annual Salary (GAS). Due to the specific nature of the role assigned to the CEO, the calculation does not include the CEO's basic salary. The information reported states that there were 42 executives in 2022, so changes in the individual pay structure may lead to significant variations in the gender ratio.

⁷⁹ 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 assigned to the CEO, the calculation does not include the CEO's total remuneration. The information reported states that there were 42 executives in 2022, so changes in the individual pay structure may lead to significant variations in the gender ratio.

⁸⁰ The data on the award of bonuses and promos refer solely to the staff eligible for an evaluation (232).

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 based on the principles of meritocracy and objectivity, and are 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 liberties and reject all forms of discrimination, to be replaced by the fundamental importance of assessing each individual's skills and abilities, and backed up by a specific commitment to nurturing and integrating the people who join the Group.

In absolute terms, **17.8%** of the Network is made up of **women**, compared to an average in the national Networks of 22.1%⁸¹. In this regard, it is worth noting that the profession of personal financial ad-

visor 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. On the contrary, Fineco believes that the daily organisational needs of women, including mothers, are highly compatible with the organisational flexibility afforded by the work of a personal financial advisor. From this perspective, this flexibility could be considered an implicit benefit, facilitating a more efficient work-life balance. This is why, for some years now 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. Here, female participation is higher, showing that there is a greater willingness to embark on this career path in the younger generation.

Lastly, Fineco provides support measures for PFAs on **maternity leave**, including, for example, the possibility of temporarily transferring management of their customer portfolios to colleagues operating in the vicinity, while retaining a part of the fees.

81 Source: Supervisory Board and Register of Personal Financial Advisors - 2021 Annual Report.

7.3. PROMOTING AND DEVELOPING HUMAN RESOURCES

OUR EMPLOYEES

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.

In 2022, training focused both on acquiring and consolidating the skills required by the various corporate needs, and on updating individual knowledge, with a focus on compulsory, technical, linguistic and behavioural-managerial training. In line with the previous years, the courses were mainly conducted in synchronous and asynchronous e-learning mode, with the support of external training companies or internal staff.

In 2022, Fineco delivered over 45,400 hours of training involving all employees, equating to an average of over 34 hours of training per person.

Fineco is constantly committed to disseminating and improving its risk and compliance culture. Accordingly, in 2022 the Group again gave special attention to compulsory training for all employees, which includes learning tests and periodic monitoring. The completion of **compulsory training** is also a requirement for access to the annual incentive scheme. Some of the topics covered were: Bank Compounding, Conflict of Interest, Market Abuse, Financial Sanctions, Anti-Money Laundering and Anti-Terrorism. 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.

In order to ensure compliance with **occupational health and safety** regulations, Fineco provides appropriate training, information and instruction on a regular and continuous basis to all the staff concerned on the basis of current regulations.

The following new compulsory courses were also released during the year:

- “Training course for Smart Workers”, aimed at supporting employees in managing remote work, with a specific focus on regulations and safety.
- “Sustainability: commitments and initiatives at Fineco”, to illustrate how the key themes of Sustainability and Sustainable Finance underpin the Group's strategy and operations, encouraging virtuous environmental and social behaviour.
- “Cybersecurity”, to increase knowledge and awareness of possible cyber threats and the ability to react appropriately.

To emphasise the importance of this last aspect, Fineco has chosen to support the CertFin consortium in the information campaign “I Navigati - Informati e sicuri” designed to promote the safe and informed use of digital channels for financial services, by providing training modules on the different types of cyber attacks.

To improve business development and enhance employee **specialisation**, training sessions were organised on technical and behavioural skills, in collaboration with specialist internal trainers, external suppliers, strategic partners and universities.

A great deal of importance is also given to **on-the-job training**, which are extremely useful when it comes to ensuring that employees receive concrete, practical and effective training. This method of training is used in particular in customer care and a total of 13,487 hours of training was provided to new employees.

The **catalogue of online courses** freely accessible by all employees, for the development of professional, managerial but also personal skills, has been continuously expanded. The topics covered include communication, leadership, motivation, and execution & organisation. The catalogue also includes

courses on ethics, diversity & inclusion and stress management.

During the year, following the migration of the IT systems used by the entire Bank, a course was made available to employees offering a general overview of the new features of Microsoft 365. Training courses on **Project Management** were also launched, aimed at teaching the basic principles and developing a project management-oriented mindset through practical training and a structured approach. In addition, training modules were provided to managers to support them in their role, focused on managing their teams in hybrid working mode.

For the non-compulsory training, a dedicated survey is usually conducted and completed to monitor both satisfaction and effectiveness.

Through the collaboration with Valore D, in 2022

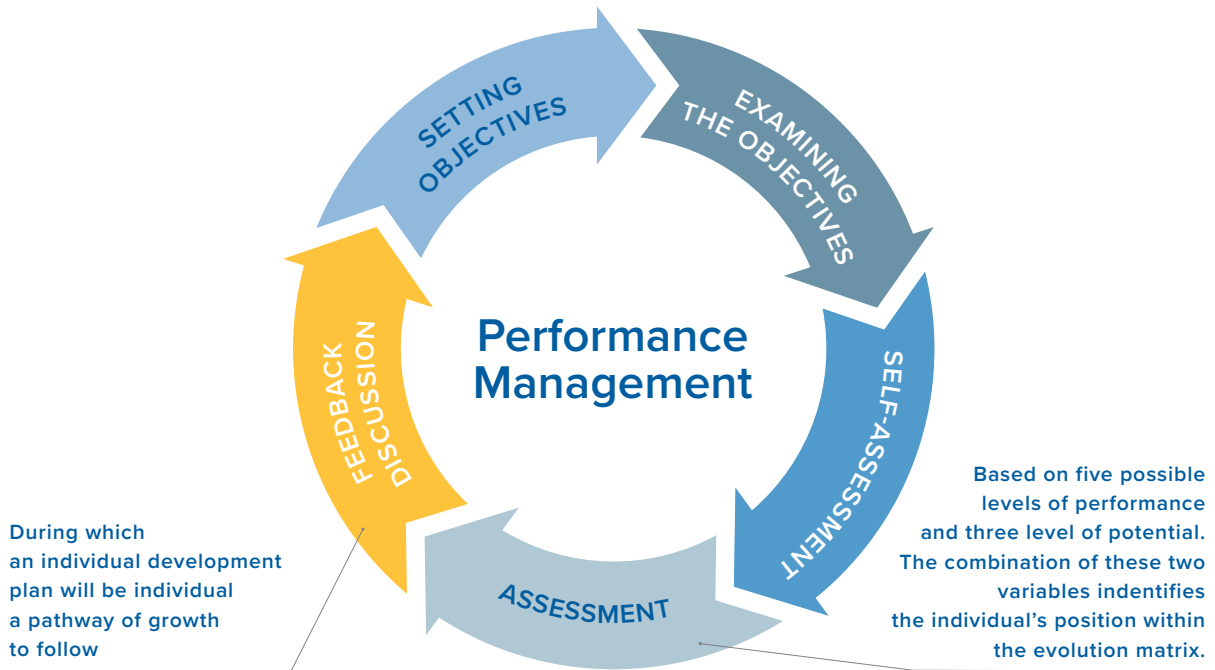
Fineco took part in a number of training initiatives specifically designed to promote diversity and inclusion in the company, covering topics such as unconscious stereotyping, inclusive language, working in diverse teams, empowering staff, and gender and sexual harassment in the workplace.

Lastly, with regard to **language training**, in 2022 all employees had the opportunity to use a dedicated platform, based on artificial intelligence, aimed at enhancing their English language skills through a personalised learning path based on their initial level of knowledge and interests. In addition, the usual group and individual training courses were carried out for over 300 employees by telephone or in virtual classrooms. Courses in legal English and German were provided for specific staff. The progress for this type of training is monitored by analysing levels of knowledge.

	2022	2021	2020
AVERAGE HOURS OF TRAINING PER CAPITA			
BY GENDER	34.1	31.4	33.3
Men	37.0	34.2	35.4
Women	30.1	27.5	30.4
BY EMPLOYEE CATEGORY	34.1	31.4	33.3
Executives	43.0	41.2	30.1
Managers	26.7	26.5	28.3
Professionals	37.7	33.5	36.0
TOTAL TRAINING HOURS			
BY TRAINING AREA			
Technical	17,881	13,207	13,651
Linguistic	4,121	4,917	11,319
Mandatory	22,075	21,410	16,569
Behavioural	1,411	1,418	444
Total	45,488	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 de-

velopment. 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 **developing talent** and increasing **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 pathways for **Senior Managers** are designed to support them in successfully dealing with the changes and challenges of the current environment, to develop new methods of strategic thinking needed to manage complex situations based on a mindset of sustainable growth for the organisation and its team. The pathways for female **Middle Managers** are designed to help develop more advanced professional skills, in addition to acquiring the necessary tools

for the development of a sustainable career. Moreover, with regard to **young talents** in the company in particular, in order to support them in the early stages of their professional growth, pathways were identified designed to increase self-awareness and self-knowledge and to enhance relations with others and within the organisation.

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. In 2021, around 97% of employees received an annual performance evaluation using the Performance Management tool⁸².

The compensation and **salary review process**, for its part, is closely linked to the performance evaluation

⁸² The most recent data available is for the 2021 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 2022 will be available after this document has been published.

system. The head of each unit proposes a promotion and/or pay rise for their staff, which is analysed by the Chief People Officer 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. This analysis is presented annually to the Remuneration Committee.

OUR PERSONAL FINANCIAL ADVISORS

Training has always been one of the main building blocks to support the company's growth and guide it towards its business goals. Such growth can only be achieved if the advisors are able to grow, cultivate and express their full potential as professionals and be recognised as such. Fineco is therefore constantly committed to implementing training plans aimed at developing the advisors as professionals and as businesses, with a strong focus on managerial training and on the private banking segment.

For years, Fineco has provided a training course dedicated to new arrivals with a senior profile called "welcome senior", which consists of 5 training sessions on the products and services offered by the Bank to its Network. In 2022, a new session on pension funds was added to this course, as Fineco's pension offering continuously being updated with new implementations and features. Solely for the advisors originating from the bank, the course also includes a session on their new role, enabling them to develop the all-important role awareness that characterises a Fineco advisor.

The series of sessions entitled "**Current Scenario and Managing Emotions**", includes a series of web conferences with academics and industry professionals to support the advisors with new insights into the emotional management of customers in this difficult time of international tensions.

In continuation from the previous year, in 2022 another step forward was made in the programme of supporting the **managers** in the Network with the structuring of decision-making teamwork, a method for effectively conducting meetings and gatherings, focusing attention on the phases that make up the meeting and creating the right climate of proactive

collaboration between the participants and engagement for the decisions taken.

At the end of the training sessions, the participants are given a survey to collect feedback on the content and methods of delivery in order to continue to improve the process.

A total of **over 235,000 hours of training** were provided in 2022 (approximately 80 hours per personal financial advisor) against over 215,000 hours in 2021 (approximately 77 hours per personal financial advisor), including:

- 132,136 hours of training on mandatory topics;
- 80,531 hours of training on Fineco product-related issues;
- 5,059 hours of highly specialised training for the Private Banking PFAs through a dedicated course;
- videos, media, web conferences, webinars and dedicated sessions;
- an 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**, continues to be a key element for strengthening the risk and compliance culture. Indeed, again in 2022, the training offering for all the personal financial advisors was updated and personalised with targeted content, and the results were monitored to ensure that the subjects had been mastered. 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. In the regulatory sphere, training sessions were organised on the subject of anti-money laundering, delivered in virtual classrooms directly by the Compliance Department,

mainly aimed at the new PFAs that arrived during the year, with a specific focus on operational aspects and practical cases.

Special attention has also been maintained on the subjects of possessing and maintaining the knowledge and skills required of the personal financial advisor network. Indeed, to comply with the requirements of the regulations on the review of development and training needs, in 2022 a specific **Knowledge and Skills Assessment** was again made available to the entire Network. Any skills gaps identified by the assessment were filled through specific online training courses.

The 30-hour training course validated for **CONSOB, IVASS and EFPA** purposes on specific topics also continued, together with the 60-hour training course for personal financial advisors who were not yet registered with the Register of Insurance Intermediaries (IVASS), as envisaged by the related IVASS Regulation.

Lastly, the following new mandatory courses of strategic importance for Fineco were launched in 2022:

- “Sustainability: commitments and initiatives at Fineco”, to illustrate how the key themes of Sustainability and Sustainable Finance underpin the Group’s strategy and operations, encouraging virtuous environmental and social behaviour;
- “Sustainability: from the latest regulatory provisions to the integration of ESG drivers into the adequacy assessment”, aimed at exploring the issue from a legal perspective and promoting appropriate behaviour towards customers interested in sustainability-related investments;
- “Cybersecurity”, to increase knowledge and awareness of possible cyber threats and the ability to react to them appropriately.

To assess the effectiveness of the training provided, each mandatory course includes a final knowledge

assessment test, which must be passed at the end of the course. Participation in the mandatory courses is also periodically and continuously monitored and, under certain conditions, the personal financial advisors who have done so are reported to Fineco’s internal control bodies.

In relation **ESG**, which is now a shared and priority objective for many of the personal financial advisors in line with the greater market awareness of this issue, since July 2021 Fineco has supported the **EFPA ESG Advisor** certification for its personal financial advisors. This is the European certification of a continuous and permanent professional training process and includes a compulsory preparatory course for registration for the exam organised by EFPA. Obtaining the certification is optional for the individual personal financial advisors, however, with the aim of offering an incentive to the Network, the Bank provides a one-off contribution to the advisors who obtain the certification. As at 31 December 2022, a total of 225 Fineco personal financial advisors had obtained EFPA ESG Advisor certification.

In 2022, Fineco continued its investment and focus on **young personal financial advisors** who want to enter the profession. In fact, during the year 128 young advisors were included in the Youth Project, which provides training support, in addition to financial support and the assistance of a tutor, through a four-year course, constantly monitored and updated in terms of content, for the acquisition of the technical and behavioural/commercial skills necessary to exercise the profession. Specifically, in 2022 a total of 70 dedicated courses were delivered, for a total of over 10,434 hours of training.

	2022	2021	2020
AVERAGE HOURS OF TRAINING PER CAPITA			
BY GENDER	80.8	77.2	65.8
Men	80.0	77.2	65.5
Women	85.0	77.5	67.6
BY ROLE	80.8	77.2	65.8
Area Manager	85.4	136.1	79.8
Group Manager	85.4	108.7	75.8
Other PFAs	80.5	74.0	65.0
TOTAL TRAINING HOURS			
BY TRAINING AREA			
MANDATORY	132,136	136,929	109,066
ESG	20,395	15,552	-
Compliance	27,427	45,278	17,361
Product insurance issues	9,329	4,381	12,031
IVASS/CONSOB maintenance	65,865	61,578	74,994
New IVASS registrations	9,120	10,140	4,680
BUSINESS AND YOUTH PROJECT	103,780	78,577	62,515
ESG	-	4,252	-
Products	80,531	50,680	46,173
Technical	10,854	7,546	2,338
Behavioural	12,395	16,099	14,004
Total	235,916	215,506	171,581

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.

7.4. WELFARE AND INDUSTRIAL RELATIONS

OUR EMPLOYEES

Also in 2022, the process of close collaboration with social partners continued, to address issues of relevance to the entire company population. In March 2022, the new **Agreement regulating agile work** in the post-emergency period was signed with the trade unions, which is considered an important tool in achieving work-life balance. The new Agreement, valid until 31 December 2023, introduces significant changes and more favourable conditions with respect to the provisions of the national collective bargaining agreement for the sector, including:

- the possibility of working remotely for 12 days a month;
- the provision of meal vouchers also for days worked remotely;
- additional flexibility for certain categories of workers such as pregnant women and shift workers.

In addition, in light of the recent national plan to curb energy consumption and the current economic environment, a temporary trade union agreement was signed on 20 October 2022 that envisages – in the period from 31 October 2022 to 31 March 2023 – remote working on Mondays and Fridays and, with the aim of ensuring greater flexibility, raising the monthly limit of agile working days to 14 days (for shift workers the number of days has been raised to 16). These solutions will reduce consumption by changing the scheduling of energy services (heating and electricity) in the company offices and achieve environmental benefits related to the reduction of greenhouse gas emissions.

The work of the **Joint Commission** on work-life balance, innovation and welfare also continues. The Company and the Trade Union, as part of the work of the Commission, intend to continue promoting the company's welfare system to increase the wellbeing of its staff and their families, introducing measures and solutions to improve the company atmosphere, which is the reason why the **Welfare System** is con-

tinuously being evolved and enhanced. In particular, the Commission met four times over the course of the year with the aim of developing and improving services and initiatives relating to four themed macro areas: (i) Savings: pension funds, mortgages, loans, financial support at preferential rates, and welfare accounts; (ii) Family: contributions for families with children and support for elderly and disabled family members; (iii) work-life balance: home working, flexible working hours, part-time hours, leave of absence and sabbatical years; (iv) Health: supplementary healthcare, insurance cover and prevention campaigns.

The initiatives relating to parenting, organisational flexibility and staff welfare promoted within the **Innovation Plan**, the second-level agreement aimed at introducing and promoting tools to facilitate work-life balance, have been confirmed until 31 December 2023. In particular, the possibility of taking leave for key life events (children's wedding, bereavement for relatives up to the second degree, children's graduation, moving house, buying of a first home), for childcare, for carrying out voluntary work, for introducing children to daycare and/or nursery school, for children's illness, for disabled family care and for quarantine and suspension of in-person education has been maintained⁸³. The flexibility granted to working parents in the use of daily leave to care for children in their first year of life has also been maintained, with the granting of additional leave allowing them to accumulate so-called breastfeeding leave in the afternoon and to work up to the morning break. The company benefits in the form of financial contributions for employees with children aged between 4 and 12, the Christmas gift for employees with children aged between 0 and 12 and the disabled family contribution also continue to be provided.

Finally, as further confirmation of Fineco's constant focus on the wellbeing and satisfaction of its staff, and

⁸³ All the leave indicated is paid except for introducing children to daycare and/or nursery school and children's illness.

in the light of the current economic climate, Fineco has decided to provide additional support in the form of extraordinary welfare payments for the purchase of goods and services through the Welfare Platform.

The communication campaign dedicated to the Welfare Plan continues. **Digital information corners** have been created where employees were able to request more information on the services available.

The renovation of the workspaces at the Milan office continued, helping to achieve the Group's aim of creating a better workplace for its people.

Confirming its commitment to promoting the health of its employees, Fineco extended and increased the range of services at the time of the three-year (2022-2024) renewal of its **Health Insurance Plans**, also through discussions with the trade union representatives. The revised health insurance policy provided for the raising of the out-of-pocket maximums for many benefits and the introduction of new protection cases. The Employee Benefits were also confirmed with the following policies: life, permanent disability, car work-related and personal use, and accident insurance.

The **remote medical assistance** service (telemedi-

cine) and home swabs for Covid-related symptoms also continued in 2022, alongside the telephone counselling service, aimed at providing specialist support.

In keeping with FinecoBank's Remuneration Policy, benefits are generally aligned by applying a series of common criteria for each employee category, whilst the nature of the benefits is established based on the Bank's practices. Benefits that complement national social security, healthcare and work-life balance support systems with the aim of ensuring the wellbeing of employees and their families throughout their working lives and even after retirement, for example, are included. Special access conditions for various banking products and other FinecoBank services are also granted with the aim of providing employees with support throughout the stages of their lives.

Welfare systems in line with local best practice are adopted for Fineco AM employees, which include: agile working, a supplementary healthcare plan, marriage leave, paid parental leave, and 5 days of leave in addition to those provided for by law.

All FinecoBank S.p.A. employees are covered by collective bargaining agreements⁸⁴.

OUR PERSONAL FINANCIAL ADVISORS

The focus on the wellbeing of workers and their families is also equally strong for the personal financial advisor 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 access to the Bank's products and services at special conditions.

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 favourable conditions for current accounts, mortgages, credit facilities and personal loans, in line with that available for employees.

⁸⁴ The figure stated refers to the Group's Italian division (which accounts for 96% of employees), the employment relationships of which, where Professional Areas for Middle Managers and Executives are concerned, are regulated by the respective NCBA's 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 FAM is concerned, there are no agreements resulting from collective bargaining.

7.5. HEALTH AND SAFETY

OUR EMPLOYEES

In its efforts to protect the health and safety of its people, the Fineco Group 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 **Human Rights Commitment**. The **Code of Ethics** 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.

To ensure the health and safety of all employees, Fineco AM is committed to complying with local regulations, conducting risk assessments and introducing appropriate measures to prevent illness and injury and to minimise risks to employees. FinecoBank has implemented an effective **Health and Safety Management System**, in line with the regulatory requirements, coordinated and managed by the Prevention and Protection Office, 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, up to the end of November 2022, and two Worker Safety Representatives (below WSRs), one for the Milan office and one for the Reggio Emilia office. In December 2022, new Safety Responsibilities of were assigned and, as a result, a new system was developed with three “theme-based” Safety Officers⁸⁵, each with specific employer responsibilities allocated according to their area operation, based on their actual spending, organisational, management and control powers. The system for the monitoring, management and prevention of risks related to the performance of the professional activities in place at FinecoBank relates,

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 FinecoBank employees.

Suppliers are also subject to appropriate professional and technical checks. 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, through specific inspections, and at the PPOs, following which a new Risk Assessment Document was produced. These types of risk were deemed to be medium-low.

The Real Estate Unit and a specific email 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

⁸⁵ For more information, see the section “The Governance System - Sustainability Governance”.

Real Estate Unit to report dangerous situations, either by email or through the dedicated application (*RefTree*).

Fineco also provides its employees with an **occupational health service**. In particular, the Company Doctor carries out an annual inspection of the company offices to check for any work-related risks, assessing whether changes or improvements need to be made to the work environment or the equipment used. 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 Worker Safety Representatives (**WSRs**), appointed from 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.

To maintain the high level of attention to issues related to workers' health and safety, the **Work-Related Stress Assessment** was updated in 2022. To mitigate the effects of stress, the Company has put in place:

- preventive treatments, contractual arrangements and company initiatives that promote physical, mental and social wellbeing within the organisation;
- restorative measures, helpful in mitigating new or possible stress conditions that may also originate from outside the work environment;
- alleviating measures to mitigate any issues identified during the Assessment.

In addition, the regular updating and monitoring of data related to workloads and work rhythms continues, also in order to assess the possible implementation of improvement measures.

Lastly, 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. There have been no work-related injuries or occupational illnesses in the last three years.

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, the Bank has nevertheless adopted a number of measures for the **prevention of risks present in the Corporate Fineco Centers**, i.e. offices with leases in the name of the Bank.

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

Corporate 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.

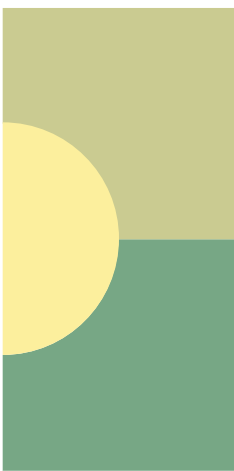
The personal financial advisors working in buildings managed by FinecoBank can **report any risks** by contacting the real estate unit directly through the dedicated application (*RefTree*).





THE COMMUNITY

- 8.1. FINANCIAL EDUCATION
- 8.2. COMMUNITY SUPPORT



8. THE COMMUNITY

8.1. FINANCIAL EDUCATION

In line with the previous year, in 2022 FinecoBank continued to strengthen its financial education activities, 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 their assets.

The aim of the financial education offered by Fineco is to provide all the participants more in-depth knowledge of all the topics covered. To this end, a number of mini-surveys were introduced during the web sessions to check the level of understanding of the most relevant aspects, and at the end of the individual webinars, the comments made via chat are reviewed and a number of mini-surveys are carried out on the level of enjoyment of the event, in order to be able to continue improving the quality of what is offered. In addition to this, all the interventions proposed by Fineco aim to provide the necessary tools to assess, understand and approach markets and instruments with full awareness of the risks involved.

To this end, in 2022 the financial education activities were divided into two streams. In the first, related to assets under administration products, Fineco focused on the characteristics and functioning of individual financial instruments (from bonds to government bonds to more speculative products), and on understanding the market environment in order to be able to use them most effectively. Through weekly columns and with the help of external and internationally renowned lecturers (Trading Titans),

short-term market dynamics were discussed to gain a better understanding of the economic and financial aspects involved. Presentations on topics related to operational strategies and risk management also played an important role. The second stream deals with asset management, in which importance is given to the concepts of financial planning, diversification (also over time) of investments and financial methods, such as the Accumulation Plan (PAC), which enable investment in small steps and also with modest sums.

To communicate these concepts in the best possible way, different types of content have been created, ranging from notions of behavioural finance and supplementary pensions to the organisation of sessions running going the pages of *Fineconomy*⁸⁶ to better explain the long-term market environment and its main drivers.

In addition, in the area of raising awareness among savers, during the UN International Days for the Protection of the Planet (6-8 June 2022), Fineco organised two public webinars, in collaboration with LifeGate, aimed at exploring the megatrend of sustainability and understanding how this can also be supported by investments, through ESG thematic funds, in specific sectors such as water, environment, nature, etc.

Lastly, in 2022 FinecoBank continued to contribute with its participation in Edufin's initiative **"Financial Education Month"** organised by the Committee for the planning and coordination of financial education activities, with 4 webinars on financial planning and supplementary pensions.

⁸⁶ <https://www.fineconomy.it/>: Information and financial education blog on topics related to savings.

By type of delivery [no.]	2022			2021			2020		
	Sessions	Parteci-pants	Hours	Sessions	Parteci-pants	Hours	Sessions	Parteci-pants	Hours
Classroom ⁸⁷	-	-	-	-	-	-	22	937	66
Webex	190	30,577	190	309	60,675	309	372	101,734	372
Mini Videos ⁸⁸	190	n.a.	n.a.	349	n.a.	n.a.	261	n.a.	n.a.
Total	380	30,577	190	658	60,675	309	655	102,671	438

Initiatives by target topic and participants [no.]	2022		2021		2020	
	Sessions	Participants	Sessions	Participants	Sessions	Participants
Live trading and operating ideas	46	8,224	59	9,796	46	13,701
Trading courses	70	10,720	109	19,535	208	49,584
Operating strategies	30	4,448	65	12,474	71	23,500
Investing	37	5,695	71	17,369	43	14,098
Initiatives included in Financial Education Month and similar	7	1,490	5	1,501	4	851
Total	190	30,577	309	60,675	372	101,734

The resumption of in-person **customer events** (starting in March) encouraged a return to normal customer and prospect contact activities, with physical events organised by Group and Area Managers. At the same time, digital continues to be a widely used channel, especially for certain types of events that are able to involve far more participants than the same initiatives in person.

In 2022, market volatility offered an opportunity to bring the topic of financial planning and its key aspects back to the forefront. Also, it was possible to make more frequent use of qualified external speakers able to offer customers specialist insights. In line with previous years, a total of 1,432 events were held in 2022, with the participation of almost 62,300 customers and prospects.

There continues to be a strong commitment to raising awareness of the broader issue of asset plan-

ning 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 (52 during the year, involving around 4,400 private banking customers) are held by the Private Banking Advisory team (and, in some cases, by accredited external professionals).

The digitalisation of the process for the end-to-end management of the engagement of customers and prospects in events organised by the Network and by the Bank for the Network provides a better customer experience, as well as enabling a more precise monitoring of each individual step of the process (from invitation, to registration, to post-event), while also obviously ensuring the management of data privacy consents.

⁸⁷ In 2021 and 2022, the in-Classroom sessions were suspended due to the pandemic.

⁸⁸ Data on the number of participants and training hours are not available as the use of the Mini Videos on the platform does not provide a breakdown over the different years.

8.2. COMMUNITY SUPPORT

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

To be approved, projects must be promoted by non-profit organisations (NGOs, Foundations, Associations, Religious bodies, Universities, Public Institutions), whose activities cover a wide range throughout 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 Department and Tax Affairs and Advisory Unit 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.

During the first half of the year, in response to the **emergency** caused by the **war in Ukraine**, Fineco donated a total of €400,000 to the *Soleterre* and *AiBi* locally based associations providing support to the people affected by the conflict. In addition, a fundraising campaign was launched via the Fineco website, which raised more than €1 million. Fineco also supported *Fondazione Theodora*, through the “Pic Nic Solidale” project, an event that has been held for several years in Milan to raise funds for the activities of the Dottor Sogni, doctors dressed up as clowns who provide fun and entertainment to children being treated in the paediatrics wards of several Milanese hospitals.

The second half of 2022 saw the launch of Fineco’s traditional **Christmas solidarity campaign**, which combines a donation from the Bank with customer participation via the company website. Four areas of intervention were selected, with support to projects selected from Associations operating in Italy, for a total donation of €120,000. In the cam-

paign, in 2022 Fineco focused on four projects:

- in the fight against economic and educational poverty, the Bank contributed to the National Programme “Varcare La Soglia”, promoted by the association *L’Albero della Vita*. Running from North to South Italy, the programme involves families in a programme of social, economic and relational reintegration, providing material support and an educational project that also includes financial education.
- In the area of social inclusion, Fineco contributed to the *CESVI* project “Le case del sorriso in Italia”, protected spaces to combat marginalisation, isolation, educational, emotional and cultural poverty of children and families in the most deprived suburbs.
- In the area of environmental sustainability, the Bank chose to support *Legambiente’s national “Mosaico Verde” campaign*, aimed at creating new green areas and restoring Italy’s forest resources in response to the climate and environmental crisis.
- With regard to support for childhood and the treatment of illnesses, Fineco supported *Make a Wish Italia* with the project “Realizziamo sogni che cambiano la vita”, it was possible to make the wishes of children and young people aged 3 to 17 years with serious illnesses from paediatric wards all over Italy come true, giving them the chance to have an emotional experience, making them more resilient and physically and emotionally stronger in fighting their illness.

Lastly, in the second half of 2022, Fineco also directly supported 8 other non-profit associations, donating a total of around €68,000. These consisted of (i) *I Semprevivi*, for support to adolescent patients suffering from mental disorders in expressing themselves and their personalities in an autonomous and conscious manner; (ii) *AIL*, with a project to support leukaemia, myeloma and lymphoma patients travelling to receive treatment and their families; (iii) *Fondazione Monzino*, to support research in the field of

cardiology; (iv) *No Walls*, for the inclusion of immigrants, to support employment and their integration into society; (v) *Una Mano Alla Vita*, which promotes health welfare and social initiatives aimed at improving the quality of life of people with progressive chronic illnesses in the advanced stages; (vi) *Kyoto Club*, with the environmental sustainability project “Frutteto solidale” for the planting of fruit trees in

Sardinia; (vii) *Associazione Amici Dell’ematologia Di Pavia*, to support research and the treatment of patients suffering from blood diseases, leukaemia, lymphoma, myeloma, and anaemia; (viii) and *I Gigli Del Campo*, with a project to support children with autism in organising their free time, in the hours not taken up by school and therapy.

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. In addition, as in 2021, Fineco was the main sponsor of the 2022 edition of the “Giornate FAI di Primavera” and the “Giornate FAI d’Autunno”, the two most important public events dedicated to Italy’s cultural and environmental heritage, with 1,000 extraordinary openings during the weekends in hundreds of Italian towns and cities. Fineco distributed cards to all employees to enable them to access the resources free of charge during the two events.

The Bank’s participation continued in the project “**Cura e adotta il verde pubblico**” launched by the Milan City Council, involving a partnership for the redevelopment of urban green areas in the city, 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. In particular, several sets of decorative railings were built in 2022, which will then remain with the city to continue to preserve the green areas, including the beautiful ancient olive trees. The green area was enhanced through maintenance work, selecting and planting various types of plants. In terms of support to local communities, the project for the regeneration of the NOLO district in Milan continued. The intervention is part of the “**Tunnel Boulevard**”, a wide-ranging regeneration initiative aimed at trans-

forming and renovating 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.

The collaboration with **LifeGate**, in the **PlasticLess®** project, continued in 2022 with the aim of not only consolidating the action begun in 2021 in the fight for the recovery of plastic materials in seas and lakes, but also to increase the extent of the commitment, increasing the number of *Seabins* supported to a total of 12. The new units that Fineco has supported from 2022 are located in Naples, Lignano Sabbiadoro (UD), Fiumicino (RM), Santo Stefano al Mare (IM), Menaggio (CO), Fano (PU), and Messina. This investment has brought tangible results, with 4.5 tonnes of floating plastic waste collected in 2022. The initiative was also accompanied by the activation of a local campaign to raise awareness of the issue of plastic waste, meeting hundreds of people across the country.

In 2022, FinecoBank provided its support for the second time to **TEDxMilano**, the local TED event held in Milan, which was divided into two events:

- The first was held over two days in May at the Teatro Parenti in Milan. The event, called “Micro¯o”, was dedicated to discovering the links that, in an increasingly connected world, bring together the Micro and the Macro, to understand how each individual, young or adult, can drive change towards a more human and sustainable environment.

In November, the second event was held, entitled “Countdown”, which focused on the global climate emergency. The Countdown project was created to identify and promote concrete solutions and actions to tackle the climate emergency, with the aim of building a more responsible and sustainable future.

Fineco gave employees access to all the events free of charge.

In 2022, a 5-year sponsorship was also initiated in Genoa with the company *Mobilità e Trasporti* aimed at implementing a Mural representing shared values (innovation, localness, and sustainable ethics).

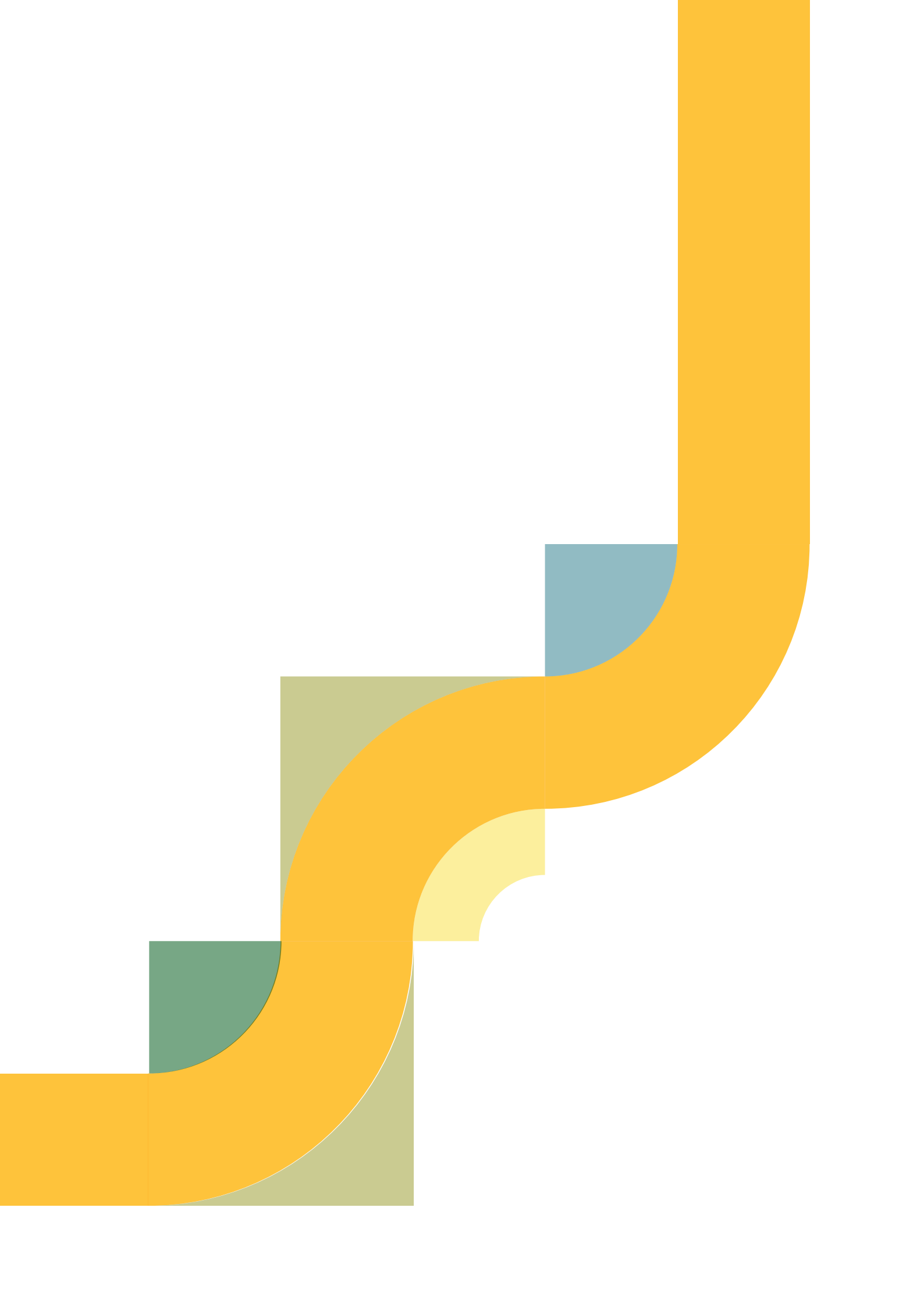
As part of its activities aimed at supporting institutional events, Fineco sponsored the “*IOC Annual Forum & Auxiliary Corporate Governance Conference 2022*”, the “*Ghislieri Prize*” organised by the University of Pavia and the “*XVIII Forum del Private Banking*” organised by AIPB (Italian Private Banking Association).

Lastly, with regard to social aspects, at the beginning of 2022 **Fineco AM** financed the **AlxGirls project**, a free weekly campus for girls finishing the fourth year of high school, aimed at encouraging their enrolment in degree courses in technological subjects. The initiative is the first of its kind in Italy.

Type of community contribution (€)	2022	2021	2020
By Fineco	1,099,144	480,950	679,000
Charitable donations	692,995	179,000	313,000
Sponsorship ⁸⁹	406,149	301,950	366,000
By customers through Fineco	1,169,955	250,862	2,153,000
Funds raised and donated ⁹⁰	1,169,955	250,862	2,153,000
Total	2,269,099	731,812	2,832,000

⁸⁹ The amount shown includes VAT at 22%.

⁹⁰ The figures for donations by customers in 2022 and 2020 were significantly higher than in 2021 as a result of the highly successful fundraising campaigns in support of associations in relation to the Russia-Ukraine conflict and the Covid-19 epidemic, in the respective years.





09



ENVIRONMENT

- 9.1. THE EMAS ENVIRONMENTAL MANAGEMENT SYSTEM
- 9.2. ENVIRONMENTAL PERFORMANCE

Protecting the environment, fulfilling compliance obligations, adopting tools and operating methods aimed at limiting the consumption of natural resources, preventing and mitigating risks related to the environment and reducing the impacts that may arise from the Group's activities are objectives that Fineco pursues along the entire value chain, from procurement choices to the operations of the personal financial advisor network.

These commitments are enshrined in the following company documents:

- FinecoBank's **Code of Ethics**, which is the cornerstone of the Organisation and Management Model adopted pursuant to Legislative Decree No. 231/2001, and in which 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 and carefully assessing the environmental consequences of every choice it makes in carrying out its activities.

- 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.
- **Reducing energy consumption - Global Policy**, containing guidelines on the reduction of energy consumption at buildings occupied and/or managed by Group Companies, in order to promote virtuous personal behaviour and practices.

9.1. THE EMAS ENVIRONMENTAL MANAGEMENT SYSTEM

In September 2022 FinecoBank obtained the EMAS Registration⁹¹ on its **Environmental Management System** in accordance with Regulation 1221/2009/EC (EMAS Regulation - Eco-Management and Audit Scheme), a voluntary European certification of the organisation's compliance with all regulatory obligations relating to the environment and its commitment to continuously measure, assess and improve its environmental performance.

The **scope of Fineco's EMAS Registration** (below "EMAS Scope") comprises:

- FinecoBank's company offices, where its employees work and which include the Registered Office, the Head Office and the two Data Processing Centres (DPCs) located in premises owned by third parties and leased to Fineco;
- the sales network of Fineco Centers (FCs).

The subsidiary Fineco Asset Management DAC in Dublin is not included in the scope of the EMAS Registration.

The implemented and planned actions for improving environmental performance are contained in the **2021-2024 Environmental Programme** which is part of Fineco's broader Sustainability Goals Plan, described in section "1.3 Sustainable Development Objectives and commitments subscribed" of this NFS. The environmental improvement objectives have been set in line with the results of the materiality assessment of FinecoBank's direct and indirect environmental aspects, including business-related environmental aspects and environmental aspects related to property management (the Bank's company offices and Fineco Centers)⁹².

⁹¹ Registration number IT-002166; NACE reference code 64.191 (Monetary intermediation by monetary institutions other than central banks); EMAS registration valid until 28 June 2024.

⁹² The methodology for assessing environmental aspects is described in the 2020 Environmental Statement, available at: <https://about.finecobank.com/en/investors/rendicontazione-societaria-di-sostenibilita/2020/>

ENVIRONMENTAL ASPECT	ACTIVITY
Significant environmental aspects	
Environmental aspects connected to the offering of socially and environmentally focused lending products (mortgages and loans)	Business
Environmental aspects connected to the offering of ESG investment products and services	Business
Energy consumption	Property management: i) company offices, ii) Fineco Centers
Air emissions	Property management: i) company offices, ii) Fineco Centers
Environmental aspects of medium significance	
Environmental aspects related to green and social bond investment policies and their management in the Bank's portfolio	Business
Non-significant environmental aspects	
F-GASES – Ozone-depleting substances	Property management: i) company offices, ii) Fineco Centers
Water consumption	Property management: i) company offices, ii) Fineco Centers
Water discharges	Property management: i) company offices, ii) Fineco Centers
Paper consumption	Property management: i) company offices, ii) Fineco Centers
Consumption of other materials – Plastic	Property management: i) company offices
Waste production and management	Property management: i) company offices, ii) Fineco Centers
Emergency management	Property management: i) company offices, ii) Fineco Centers
Mobility	Property management: i) company offices, ii) Fineco Centers
Other environmental aspects (storage of hazardous substances; asbestos; radon; noise; electromagnetic fields)	Property management: i) company offices, ii) Fineco Centers

MANAGEMENT OF LEGISLATIVE COMPLIANCE

With regard to **environmental compliance**, in accordance with the compliance model relating to sustainability, described in section “5.1 Governance System” of this NFS, the Real Estate Unit is identified as the Specialist function with regard to the regulations on responsible consumption, waste disposal and pollution reduction at buildings used by the

Bank and the personal financial advisors with lease in the name of the Bank. With regard to environmental compliance, in the three-year period 2020-2022, no sanctions were imposed for non-compliance with environmental regulations and laws, nor were any complaints received.

OPERATIONAL MANAGEMENT OF BUILDINGS

The management of the buildings depends on the type of site: company offices and Fineco Centers (FCs). For the latter, in particular, these can be divided into two categories:

- “Corporate” FCs: offices for which FinecoBank holds the lease, which are given on a free loan for use basis to the PFAs.
- “PFA and Personal Office” FCs: properties where the lease is held by the PFAs operating there.

In the Bank’s company offices and in the corporate FCs, the maintenance, management, organisational and design activities, aimed at maintaining the value of the buildings, are entrusted by the Bank to Global Service (GS) companies on the basis of specific contracts; fire protection services are outsourced to other specialised companies. The services performed by GS companies include: electrical installations, mechanical installations (heating, air conditioning, plumbing, drainage), building and complementary structures (works by masons, locksmiths, carpenters, glaziers, etc.), and outdoor green areas. In addition to the activities of the GS, further services provided by external companies, such as cleaning and waste management services, are also provided at the company offices.

In the “PFA and Personal Studio” FCs, the building management is the responsibility of the PFAs in charge of the offices.

With regard to the management of the environmental aspects connected with the activities carried out

by third-party firms in the company offices and the corporate FCs, the respective contracts set out the legislative and operational requirements that the contractors are required to meet in performing the services and the methods of verification adopted by Fineco to control and monitor compliance with the requirements by those firms.

For all the types of FCs, since 2021 Fineco has produced and supplied a **handbook** summarising the main obligations and operating procedures to ensure proper environmental management of the offices. Guidelines for the **environmental design of the Fineco Centers** were also drawn up in 2022, with the aim of managing and mitigating the environmental impacts associated with the supply chain, which include the following criteria:

- the **optimisation of existing building features**, linked to the desirability, when acquiring, maintaining or renovating a property, of reusing pre-existing architectural elements, installations and furnishings, adapting them to the Fineco layout, following an analysis of their condition;
- the **reuse of fixtures and fittings**, in order to re-utilise the components and fittings products of discontinued FCs (furniture, seating, lighting, signs, etc.) as much as possible for new Fineco Centers and the image makeovers of existing financial shops.

The methods for selecting and controlling suppliers are described in section “1.2. Who we are, strategy and business model”.

COMMUNICATION, AWARENESS AND INFORMATION

Fineco is committed to supporting tangible solidarity and awareness projects in various areas, including environmental protection, as described in section “8.2 Community support” of this NFS. In relation to EMAS, after having obtained the certification, a series of dedicated initiatives were carried out, aimed at communicating the result obtained to internal and

external stakeholders and promoting the dissemination of the EMAS logo, including a press release and a news item on the internal portal aimed at employees. The recognition was also incorporated into the content of the social media communication campaign on Fineco’s sustainability initiatives and commitments.

9.2. ENVIRONMENTAL PERFORMANCE

This section contains the environmental data for the Fineco Group. For the sites within the EMAS scope, in particular, the relevant KPIs (Key Performance Indi-

cators) are calculated, in accordance with the EMAS Regulation.

ENERGY CONSUMPTION

As part of its commitment to minimise its environmental impact, the Group monitors energy consumption at its offices in Milan, Reggio Emilia and Dublin, at its DPCs and at the Fineco Centers where the Bank is the registered user of the utilities⁹³. The company **Energy Manager** is the Head of the Real Estate Unit.

In October 2022, the Bank issued the Circular on “Operational Measures for Responsible Energy Consumption”, which implements the European Commission’s guidelines set out in Regulation (EU) 2022/1369 and the related National Consumption Reduction Plan of the Ministry of Ecological Transition. The Circular envisaged the following for the Fineco Centers, for the 2022-23 winter season: reducing the period and duration of switch-on of heating systems, reducing the temperatures set in the systems, as well as reducing the operating times of illuminated signs. The document was uploaded onto the X-Net platform, with the personal financial advisors being required to read it, and sent to the Global Service companies, which have implemented it for the corporate FCs.

In 2022, the Energy Manager initiated specific analyses, in collaboration with a specialist energy management consulting firm, aimed at designing **energy efficiency** measures for the Milan office. In 2022, work also began in the offices on the columns serving the heating and cooling systems to add electrovalves able to partition the operation of the systems, in order to optimise the utilisation of the spaces being used.

In January 2022, a contract was signed with a single national supplier for the supply of natural gas and electricity. 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 that it uses **renewable sources**. In addition, for gas, the supplier buys a quantity of certified carbon credits (VER - Verified Emission Reductions) that enables the offsetting of 100% of the CO₂ equivalent of methane gas consumption. The agreement provides for the extension of the offer at the same financial conditions also to personal financial advisors that are the registered users of the electricity supply at the Fineco Centers and Personal Studios. This will bring benefits in terms of increased use of renewable energy in the Fineco Centers and greater visibility of consumption data also for the utilities registered in the name of PFAs. By the end of the year, 42 personal financial advisors had signed up to the agreement.

In 2022, authorisation was obtained for the installation of **photovoltaic panels** at the Milan head office. The new installation, which will be built and activated by 2023, will have a capacity of around 190 kW and is expected to produce around 10% of the electricity used for the building’s overall needs.

At the FAM offices in Dublin, in 2022 the building management work aimed at optimising space and rationalising the lighting system has been completed. Overall, the energy efficiency measures implemented during the year resulted in energy savings

⁹³ The corporate Fineco Centers can be separated into FCs where Fineco is the registered user of electricity utilities (15% of all the Fineco Centers and 56% of the corporate Fineco Centers) and those where these utilities are registered to the PFA.

of around **30 GJ** at Group level.

Below is a summary of the categories of sites included in the scope of the NFS, including the classification of the corresponding energy consumption and

related emissions. Lastly, the methods for classifying internal and external energy consumption and the respective Scope 1, 2 and 3 emissions are based on the operational control of the utilities.

TYPE OF SITE	Energy consumption classification	Emission classification
Company offices		
Milan FinecoBank	Internal to FinecoBank	- Scope 1 for fuels - Scope 2 for electricity
Reggio Emilia ⁹⁴ FinecoBank	External to FinecoBank	- Scope 3
Dublin ⁹⁵ Fineco AM	External to FinecoBank	- Scope 3
Service sites		
Data Processing Centres ⁹⁶	External to FinecoBank	- Scope 3
Fineco Centers		
Leased to 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 to the PFAs ⁹⁷	External to FinecoBank	- Scope 3

The **Fineco Group's total energy consumption** in 2022 was 47.7 TJ, of which approximately **75% due to indirect consumption**, i.e. purchasing electricity and heat. With regard to the total electricity con-

sumption – therefore including utilities registered to Fineco and those registered to third parties – the Group consumed 66% of its **electricity from renewable sources in 2022**.

⁹⁴ The building is owned by UniCredit and the corresponding utilities are owned by UniCredit.

⁹⁵ FAM'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.

⁹⁶ 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.

⁹⁷ FinecoBank does not own the utilities at any Fineco Center leased by PFAs.

Below are the main data and indicators on energy consumption, both direct (gas and diesel) and indirect (purchased electricity and thermal energy), for the FinecoBank offices⁹⁸, Fineco AM and Fineco Centers, and the respective EMAS KPIs for the sites included in the EMAS scope⁹⁹. Information about the car fleet and the mobility initiatives, is provided in a

specific section below. With regard to the sales network, for the FCs where the utilities are registered to Fineco, metered consumption data are available, while for the remaining FCs, consumption is estimated¹⁰⁰ on the basis of the characteristics of the offices, including in particular the surface area used for the activities.

Energy consumption within the organisation, by source [GJ]	2022	2021	2020
Natural gas for heating	4,007	5,283	5,163
<i>of which Milan office</i>	3,482	4,592	4,494
<i>of which FCs utilities registered to FinecoBank</i>	525	691	669
Fuel for FinecoBank car fleet¹⁰¹	1,478	1,251	916
<i>of which gasoline</i>	537	239	120
<i>of which diesel</i>	941	1,012	796
Total direct energy consumption	5,485	6,534	6,079
Electricity	13,197	13,285	12,648
<i>of which Milan office</i>	6,336	6,375	6,688
<i>of which FCs utilities registered to FinecoBank</i>	6,861	6,910	5,960
From non-renewable sources	-	54	472
From renewable sources	13,197	13,231	12,175
District heating	-	68	70
<i>of which FCs utilities registered to FinecoBank</i>	-	68	70
From non-renewable sources	-	68	70
From renewable sources	-	-	-
Total indirect energy consumption	13,197	13,353	12,718
Total internal energy consumption	18,682	19,887	18,797

98 For the year 2022, for the Milan and source text office, the allocation of assumption for electricity and heating was made on the basis of occupancy square metres apportioned based on the use of space (office, warehouse, bathrooms, etc.) of the individual companies operating in the buildings. The common areas were also apportioned according to the same occupancy percentages. Based on this approach, the figures for 2020 and 2021 were restated. See the 2021 Sustainability Report, for the previously published historical figure. In addition, for the months of November and December 2022, a further parameter was introduced solely for Mondays and Fridays, because on these days almost all Fineco offices were closed to employees (unlike the other companies in the buildings), which meant that no electricity was used and the heating system was running at a minimum.

99 For employees, the KPIs are calculated on the number of FinecoBank employees as at 31/12 each year: 1,279 (in 2022), 1,261 (in 2021), and 1,222 (in 2020). For the advisors, the KPIs are calculated on the number of personal financial advisors as at 31 December of each year: 2,918 (in 2022), 2,790 (in 2021), and 2,606 (in 2020).

100 Based on the invoice amounts for Fineco Centers where the utilities are registered to Fineco, the electricity and gas consumption per square metre of each FC was calculated, the average value of which was in turn used to estimate the total consumption of the Fineco Centers where the utilities are not registered to Fineco.

101 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 2022 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. With regard to the mobility associated with the operation of the Fineco Centers, please also note that the related vehicles are under the control of the PFAs.

Energy consumption outside the organisation, by source [GJ]	2022	2021	2020
Natural gas for heating	6,352	5,768	5,847
<i>of which FCs utilities registered to third parties</i>	6,032	5,610	5,548
<i>of which Fineco AM</i>	320	158	299
Total direct energy consumption	6,352	5,768	5,847
Electricity	21,415	23,229	23,816
<i>of which Reggio Emilia office</i>	735	770	839
<i>of which DPCs</i>	8,747	10,544	12,109
<i>of which FCs utilities registered to third parties</i>	11,577	11,786	10,703
<i>of which Fineco AM</i>	356	129	165
From non-renewable sources	11,681	11,915	10,868
From renewable sources	9,734	11,314	12,948
District heating	1,237	1,722	1,219
<i>of which Reggio Emilia office</i>	1,237	1,722	1,219
<i>of which FCs utilities registered to third parties</i>	-	-	-
From non-renewable sources	1,237	1,722	1,219
From renewable sources	-	-	-
Total indirect energy consumption	22,652	24,951	25,035
Total external energy consumption	29,004	30,719	30,882

ENERGY CONSUMPTION - FINECO GROUP [GJ]	2022	2021	2020
DIRECT CONSUMPTION	11,837	12,302	11,926
INDIRECT CONSUMPTION	35,849	38,304	37,753
ENERGY PURCHASED FROM RENEWABLE SOURCES	22,931	24,545	25,123
CONSUMPTION (DIRECT + INDIRECT)	47,686	50,606	49,679

EMAS KPI Italy - Energy	2022	2021	2020
DIRECT CONSUMPTION AT FINECOBANK OFFICES [GJ]	4,960	5,843	5,410
INDIRECT CONSUMPTION OF FINECOBANK OFFICES [GJ]	17,055	19,411	20,855
Energy consumption per employee [GJ per capita]	17.21	20.03	21.42
DIRECT CONSUMPTION FINECO CENTERS [GJ]	6,557	6,301	6,217
INDIRECT CONSUMPTION FINECO CENTERS [GJ]	18,438	18,764	16,733
Energy consumption per advisor [GJ per capita]	8.57	8.98	8.81

In 2022, 54% of the electricity consumption of the company offices was attributable to the consumption of the DPCs, which represent the most energy-intensive activities. Therefore, the weight of this consumption and the presence of only 6 employees at the Data Centres must be taken into account when analysing the per-capita indicator of the offices (also compared to that of the sales network). Indeed, if we consider the total consumption per employee of the Milan and Reggio Emilia offices alone, removing the effect of the DPCs, the indicator in 2022 falls from 17.2 GJ/employee to 10.4 GJ/employee. In terms of performance, the DPCs show high levels of energy efficiency, as demonstrated by their respective Power Usage Effectiveness (PUE) values, a widely recognised standard, in comparison with the benchmarks.

PUE	2022	2021
CED Pero	1.57	1.57
CED Milan	1.48	1.55

PUE	LEVEL OF DPC EFFICIENCY
3.0	Very inefficient
2.5	Inefficient
2.0	Medium
1.5	Efficient
1.2	Very efficient

Source: <https://www.42u.com/measurement/pue-dcie.htm>

AIR EMISSIONS

Greenhouse Gas (GHG) emissions are calculated to identify and monitor the Group's environmental performance. Any misalignments of one unit are due to rounding.

TYPE OF EMISSION FINECOBANK OFFICES AND DPCs [t CO ₂ e]	CATEGORY	2022	2021	2020
Direct Emissions	Natural gas	203	266	260
	Diesel	70	75	59
	Gasoline	40	18	9
TOTAL DIRECT EMISSIONS - SCOPE 1		313	359	328
Indirect Emissions (Location-based)	Electricity	460	495	554
	District heating	-	-	-
TOTAL INDIRECT EMISSIONS – SCOPE 2 (Location-based)¹⁰²		460	495	554
Indirect Emissions (Market-based)	Electricity	-	-	45
	District heating	-	-	-
TOTAL INDIRECT EMISSIONS – SCOPE 2 (Market-based)		-	-	45
Other Indirect Emissions	Natural gas	-	-	-
	Electricity ¹⁰³	-	-	-
	District heating	44	62	101
	Office paper	3	2	3
TOTAL OTHER INDIRECT EMISSIONS – SCOPE 3		47	64	104
TOTAL EMISSIONS (with Scope 2 - "Location-based")		819	918	985
TOTAL EMISSIONS (with Scope 2 - "Market-based")		360	423	477

TYPE OF EMISSION FINECO AM [tCO ₂ e]	CATEGORY	2022	2021	2020
Direct Emissions	Natural gas	-	-	-
	Diesel	-	-	-
	Gasoline	-	-	-
TOTAL DIRECT EMISSIONS - SCOPE 1		-	-	-
Indirect Emissions (Location-based)	Electricity	-	-	-
	District heating	-	-	-

¹⁰² 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 2022 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 261.2 gCO₂e/kWh from the Italian Banking Association Guidelines 2022). 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 457 gCO₂/kWh for Italy (Source: European Residual Mixes 2021, Version 1.0, 2022-05-31, AIB).

¹⁰³ When drawing up the Net Zero Plan, in-depth studies were carried out on the calculation of greenhouse gas emissions, as a result of which the emissions associated with the electricity consumption of the two DPCs and the Reggio Emilia office were more accurately zeroed as they were covered by certificates of guarantee of origin. Based on this approach, the figures for 2020 and 2021 were restated. See the 2021 Sustainability Report, for the previously published historical figure.

TYPE OF EMISSION FINECO AM [tCO ₂ e]	CATEGORY	2022	2021	2020
TOTAL INDIRECT EMISSIONS – SCOPE 2 (Location-based)		-	-	-
Indirect Emissions (Market-based)	Electricity	-	-	-
	District heating	-	-	-
TOTAL INDIRECT EMISSIONS – SCOPE 2 (Market-based)		-	-	-
Other Indirect Emissions	Natural gas	19	9	17
	Electricity	8	10	14
	District heating	-	-	-
	Office paper	0.02	0.01	0.08
TOTAL OTHER INDIRECT EMISSIONS - SCOPE 3		26	19	31
TOTAL EMISSIONS (with Scope 2 - "Location-based")		26	19	31
TOTAL EMISSIONS (with Scope 2 - "Market-based")		26	19	31

TYPE OF EMISSION FINECO CENTERS [t CO ₂ e]	CATEGORY	2022	2021	2020
Direct Emissions	Natural gas	31	40	39
	Diesel	-	-	-
	Gasoline	-	-	-
TOTAL DIRECT EMISSIONS - SCOPE 1		31	40	39
Indirect Emissions (Location-based)	Electricity	498	536	493
	District heating	-	4	6
TOTAL INDIRECT EMISSIONS - SCOPE 2 (Location-based)		498	540	499
Indirect Emissions (Market-based)	Electricity	-	7	16
	District heating	-	4	6
TOTAL INDIRECT EMISSIONS - SCOPE 2 (Market-based)		-	11	22
Other Indirect Emissions	Natural gas	351	325	321
	Electricity	840	914	886
	District heating	-	-	-
	Office paper	14	13	14
TOTAL OTHER INDIRECT EMISSIONS - SCOPE 3		1,205	1,253	1,221
TOTAL EMISSIONS (with Scope 2 - Location-based)		1,734	1,833	1,759
TOTAL EMISSIONS (with Scope 2 - Market-based)		1,236	1,304	1,282

EMISSIONS - FINECO GROUP [t CO ₂ e]	2022	2021	2020
TOTAL SCOPE 1	344	399	367
<i>of which FinecoBank Offices</i>	313	359	328
<i>of which Fineco Centers</i>	31	40	39
TOTAL SCOPE 2 (“Location-based”)	958	1,035	1,053
<i>of which FinecoBank Offices</i>	460	495	554
<i>of which Fineco Centers</i>	498	540	499
TOTAL SCOPE 2 (“Market-based”)	-	11	67
<i>of which FinecoBank Offices</i>	-	-	45
<i>of which Fineco Centers</i>	-	11	22
TOTAL SCOPE 3¹⁰⁴	1,279	1,336	1,356
<i>of which FinecoBank Offices and DPCs</i>	47	64	104
<i>of which Fineco Centers</i>	1,205	1,253	1,221
<i>of which Fineco AM</i>	26	19	31

EMAS KPI Italy - Emissions [t CO ₂ e]	2022	2021	2020
Emissions per employee (with Scope 2 - Location-based)	0.64	0.73	0.80
Emissions per employee (with Scope 2 - Market-based)	0.28	0.34	0.39
Emissions per advisor (with Scope 2 - Location-based)	0.59	0.66	0.67
Emissions per advisor (with Scope 2 - Market-based)	0.42	0.47	0.49

Greenhouse gas emissions per employee in Italy have decreased over the last year, by around 12% considering Scope 2 emissions calculated using the Location-based approach and by around 18% considering those calculated using the Market-based approach. This improvement in performance over the past year reflects the reduction in energy consumption.

Similarly, the emissions per advisor for the Fineco Centers have decreased over the past two years, from 0.66 to 0.59 t CO₂e (location-based Scope 2 emissions) and from 0.47 to 0.42 t CO₂e (market-based Scope 2 emissions).

In August 2022, the Board of Directors approved the “**Net-Zero Emission in 2050 Commitment**” relating to the Fineco Group’s zeroing of greenhouse gas emissions by the year 2050, envisaging both a significant reduction in operating emissions and the alignment of its assets with the Paris Agreement goals of limiting the global temperature increase to 1.5° C above pre-industrial levels. See section “1.3. Sustainable Development Goals and commitments made” of this NFS for more details.

¹⁰⁴ The GHG Protocol identifies 15 categories of Scope 3 “Other indirect GHG emissions”, including activities upstream and downstream of the Company’s operations. The Scope 3 emissions included in this NFS are the following: i) Category 1 office paper consumption; ii) Category 8 electricity and district heating of the Reggio Emilia and Fineco AM Dublin offices; electricity of Data Processing Centres; iii) Category 14 electricity and gas for heating of FCs with lease registered to Fineco, but utilities registered to third parties.

MOBILITY

With regard to mobility management, in 2022 FinecoBank again drew up the **Home-Work Travel Plan** for the Milan and Reggio Emilia offices, based on the analysis of public transport in the areas concerned and the mobility habits and needs of employees gathered through a specific survey. The Plan has been drafted 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. The company **Mobility Manager** coordinates the drafting of the Plan and, with the support of the units concerned, oversees the effective implementation of initiatives to promote sustainable mobility and monitors emissions from home-to-work journeys.

In 2022, a company portal dedicated exclusively to sustainable mobility was created, made up of specific sections for mobility-related services such as “*traffic info*”, “*route finder*”, “*purchase of travel passes at reduced rates and in instalments*”, etc., in

addition to the initiatives already made available to employees (e.g. the reimbursement of bike-sharing subscriptions). In 2023, a new initiative dedicated to Sharing Mobility will be introduced, which will allow employees to use travel services such as car-sharing, bike-sharing and scooter-sharing at subsidised prices.

The policy on the allocation of cars for mixed private and business use includes a **car list consisting solely of hybrid/electric cars**. With regard to the mobility associated with the operation of the Fineco Centers, the related vehicles are under the control of the PFAs.

Lastly, with regard to Fineco Asset Management DAC, several initiatives have been implemented to encourage sustainable mobility, including the possibility of obtaining public transport passes at subsidised prices and buying traditional or electric bicycles without paying taxes.

CONSUMPTION OF MATERIALS

The initiatives described in the chapter on innovation in dematerialisation, in particular the possibility for customers to provide digital and electronic handwritten signatures and the use of digital signatures by the bank, have brought great benefits in terms of reducing paper consumption, enabling the Bank and its customers to **save more than 44 tonnes** of paper

in 2022 alone.

The paper consumption and related indicators are shown below. For the FCs, the data reported are the result of an estimate¹⁰⁵ based on the consumption of reams of paper recorded in a sample of Fineco Centers.

Paper consumption	2022	2021	2020
Total paper consumed - FinecoBank offices [kg] ¹⁰⁶	6,836	5,755	7,125
of which FSC-certified paper [%]	100%	100%	100%

¹⁰⁵ The paper consumption for the sales network was estimated by collecting the number of reams consumed each year, from a sample of FCs, and, consequently, the total weight of paper consumed. This figure was used to obtain an indicator of the kg of paper consumed per PFA per capita, which was then multiplied by the total number of PFAs to obtain the total consumption.

¹⁰⁶ For the year 2020, the consumption data for the offices is not fully comparable with the subsequent years 2021 and 2022, because it does not include the data on the consumption of paper at the DPCs, which was not available.

Paper consumption	2022	2021	2020
of which EU Ecolabel-certified paper [%]	100%	99%	100%
Total paper consumed - Fineco AM [kg]	64	14	195
of which FSC-certified paper [%]	100%	100%	100%
of which EU Ecolabel-certified paper [%]	-	-	-
Total paper consumed - Fineco Centers [kg]	36,156	34,455	36,043
of which FSC-certified paper [%]	51%	49%	47%
of which EU Ecolabel-certified paper [%]	61%	89%	62%
OVERALL TOTAL [kg]	43,056	40,224	43,363
of which FSC-certified paper [%]	59%	57%	52%
of which EU Ecolabel-certified paper [%]	67%	91%	63%

EMAS KPI Italy - Paper consumption [kg per capita]	2022	2021	2020
Paper consumption per employee	5.3	4.6	5.8
Paper consumption per advisor	12.4	12.3	13.8

WASTE MANAGEMENT

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)¹⁰⁷. This waste is delivered to the respective municipal public collection service, except for paper produced at the company offices – for which the service of collection and delivery for treatment is contracted out to a specialised waste company – and for spent toners, which are managed by a sup-

plier as part of the maintenance of printing consumables. At the DPCs, paper and cardboard waste is managed by the host companies.

Below are the quantities of waste produced by Fineco and managed by contracted companies, taken from the Waste Identification Forms accompanying their transport to recovery or disposal facilities; the figures refer exclusively to the Bank's company offices.

¹⁰⁷ Legislative Decree 116/2020, transposing the EU Directive 2018/851 on waste, partially amended, with effect from 1 January 2021, the regulations of Part IV of Legislative Decree 152/2006 (Environmental Code). The amendment of Articles 183 and 184 of the Environmental Code revised the definition of waste, which can now be divided into municipal waste, special waste and "formerly assimilated" municipal waste. Annex L quinquies of Legislative Decree 116/2020 lists the economic activities that may produce such waste, including Banks ("Annex L-quinquies: Activities producing formerly assimilable, now municipal waste").

EMAS KPI Italy - FinecoBank waste	2022	2021	2020
Paper and cardboard ¹⁰⁸ [kg]	33,530	29,070	26,050
Total waste produced [kg]	33,530	29,070	26,050
Waste generated per employee [kg pro-capite]	26.2	23.1	21.2

From a circular economy perspective, electronic devices that are no longer usable, if they are considered obsolete but still functional, are reconditioned for resale or sale for humanitarian purposes (e.g. missions and social works). If the goods have outlived their usefulness and are found to be non-functional, they are transferred to specialist firms, which take care of their destruction and disposal in accordance with the legal requirements.

In 2022, a Life Cycle Assessment¹⁰⁹ (LCA) study was carried out on the reconditioning and reuse of electronic equipment, in particular multifunctional devices and monitors, compared to their disposal at mechanical recycling plants. Specifically, the reduction of environmental impacts due to the reuse of electronic equipment compared to a traditional scenario of delivery to WEEE facilities was calculated.

Life Cycle Assessment KPIs ¹¹⁰	2022
Devices delivered [kg]	4,784
Devices delivered [no.]	429
Devices sent for reuse [no.]	313
% devices sent for reuse	73%
Greenhouse gas emissions avoided [tonnes CO ₂ e]	126
Water consumption avoided [m ³]	1,183
Emissions of human carcinogens avoided [tonnes]	18
Emission of ecotoxic substances in freshwater avoided [tonnes]	43
Emission of ecotoxic substances into the marine environment avoided [tonnes]	56

¹⁰⁸ The figure for 2020 only comprises the Milan office. It was not possible to include the figure for Reggio Emilia because, as at 31/12/2020, paper and cardboard waste was mainly collected through the municipal collection service. Since 2021, this type of waste has been delivered to an external contracted firm for collection and sending for recovery.

¹⁰⁹ Analytical and systematic method for assessing the environmental footprint (defined as the impact on the ecosystem and natural resources) of a product or service over its entire life cycle. The calculation of the environmental impacts using LCA methodology was carried out in accordance with ISO 14041-14044.

¹¹⁰ The environmental impact related to the production and disposal of electrical and electronic equipment does not end with the emission of greenhouse gases, but also involves other aspects, such as groundwater pollution (both river and sea), harmfulness to humans due to carcinogenic substances, and water consumption. The indicators for carcinogenic and ecotoxic substances shown in the table are normalised on the basis of the carcinogenicity of the aromatic compound 1,4-dichlorobenzene.

WATER CONSUMPTION AND DISCHARGES

The water supply is from the aqueduct and is mainly used for sanitary facilities and office cleaning. Water consumption has gradually increased over the last two years, linked to the steady return of employees and personal financial advisors to their respective offices, compared to the extensive use of home working for employees in 2020 and the level of attend-

ance of the PFAs in FCs, due to the pandemic.

The water consumption of Fineco Centers is derived from an estimate¹¹¹ based on the number of PFAs present at the FCs multiplied by an average consumption per advisor. Wastewater is discharged into the public sewerage system, in accordance with the applicable regulations.

Water consumption [m ³] ^(m²)	2022	2021	2020
Water consumption - FinecoBank ¹¹²	6,452	3,291	1,343
Water consumption - Fineco AM	176	82	n.a.
Water consumption - Fineco Centers	35,568	21,233	17,544
TOTAL	42,196	24,606	18,887

EMAS KPI Italy - Water consumption [m ³ per capita]	2022	2021	2020
Water consumption per employee	5.0	2.6	1.1
Water consumption per advisor	12.2	7.6	6.7

BIODIVERSITY

The indicator of gross surface area per employee (used as an indicator of total land use in accordance with the EMAS Regulation¹¹³) is 16.2 m² per employee

for the company offices, and 26.3 m² per advisor for the company FCs, as detailed below.

¹¹¹ For the estimate, the invoiced amounts were collected from the Fineco Centers where the utilities are registered to the Bank, to first quantify the consumption in cubic metres of each office and then a consumption per PFA, based on the number of personal financial advisors associated with the individual FCs considered. The average consumption of m³ of water per PFA was used to estimate the total consumption.

¹¹² The figure for FinecoBank offices does not include the water consumption of Fineco staff at the DPCs. However, they represent a very low quantity due to the small number of staff in the centers (6) and their use exclusively for hygiene and sanitary purposes.

¹¹³ Annex IV of the EMAS Regulation lists "land use in relation to biodiversity" as a key environmental performance indicator. In this regard, information must be collected on the following: total use of land, total sealed area, total nature-oriented area on site, total nature-oriented area off site. For FinecoBank's EMAS registration, this indicator was constructed solely with respect to the m² of land occupied in total by the Bank's offices and sales network (total use of land).

EMAS KPI Italy - Biodiversity	2022	2021	2020
Gross surface area FinecoBank offices [m ²]	20,693	21,157	21,222
<i>of which Registered Office</i>	<i>15,558</i>	<i>15,558</i>	<i>15,992</i>
<i>of which Head Office</i>	<i>4,260</i>	<i>4,399</i>	<i>3,170</i>
<i>of which DPCs</i>	<i>875</i>	<i>1,200</i>	<i>1,310</i>
<i>of which business continuity site¹¹⁴</i>	<i>-</i>	<i>-</i>	<i>750</i>
Number of employees FinecoBank [no.]	1,279	1,261	1,221
Gross surface area per employee [m ² per capita]	16.2	16.8	17.3
Gross surface area FCs [m ²]	76,678	63,478	73,669
Number of advisors [no.]	2,918	2,790	2,606
Gross surface area per advisor [m ² per capita]	26.3	22.8	28.3

OTHER ENVIRONMENTAL ASPECTS

The air conditioning of the premises is carried out through the operation of equipment containing fluorinated greenhouse gases (f-gases), which, in line with applicable regulations, are regularly checked for leaks and subject to routine and extraordinary maintenance. This activity is outsourced to maintenance firms for the Bank's company offices and the company FCs, and controlled using a specific electronic facility management platform.

Within the EMAS scope, the management of **emergencies** mainly concerns fire prevention measures. The Bank complies with all the general occupational health and safety measures in accordance with Legislative Decree no. 81/2008 and organises the necessary relations with the competent public services in terms of first aid, rescue, fire fighting and emergency management. An evacuation test is carried out annually at the company offices, the results of which are duly recorded and any anomalies are promptly taken into account and addressed. The

Milan Durante and Reggio Emilia offices have the respective Fire Prevention Certificates pursuant to Presidential Decree 151/2011. There are no activities in the FCs that are subject to fire prevention controls under the above-mentioned regulations.

The presence of **asbestos** is not a significant environmental aspect of FinecoBank's business. For the assessment of the environmental significance of this aspect, the possible presence of asbestos in the sites is considered relevant in that it represents a problem for the external environment and for human health and safety. In this respect, the presence of asbestos can only be considered environmentally significant when it is detected in areas and parts of buildings in contact with the outdoors, such as chimneys and building roofs. There are no objects with Materials Containing Asbestos in contact with the external environment, either in the Milan office or in the company FCs.

With regard to the possible presence of **radon gas**,

¹¹⁴ The termination of the business continuity site in Milan was formalised on 01/03/2021. The site was still included in the Fineco scope in the first two months of 2021, but it was no longer operational.

an analysis was carried out on all the company FCs located in the Puglia and Campania Regions (both company FCs and PFA and Personal Studio FCs) and in the remaining corporate Fineco Centers located throughout the country, examining the basement and ground floor rooms of the buildings. In the FCs of the Puglia Region, no gas levels above the limits set by regional regulations were detected. In the FCs of the Campania Region, the presence of radon gas was detected inside three buildings. In the remaining FCs located throughout the country, the presence of Radon gas was detected in eight buildings. In the FC buildings where the presence of radon gas was detected, remedial works are planned and carried out on the premises under the responsibility of Fineco and/or the owner, based on their respective responsibilities.

In general, Fineco's activities do not give rise to external **noise**. The only noise sources can be found in the motors of the air conditioning systems, both in the company offices and at the Fineco Centers. However, in both cases these are not situations capable of generating significant disturbances. In the

DPCs, the assessment of the risks related to the noise sources represented by the systems supporting the operations of the data centres, carried out from the perspective of occupational health and safety in fulfilment of the requirements of Legislative Decree 81/2008, has not identified any critical issues. Noise is consequently not a significant environmental aspect.

Within the EMAS scope, no problem issues related to the presence of **electromagnetic fields** and consequent compliance with the applicable regulations have been identified. This environmental aspect is consequently not significant.

The presence of **hazardous substances** in the Fineco sites is not a significant environmental aspect. This environmental aspect may derive from the possible presence of stocks of diesel fuel serving power generators at company offices (for which checks are carried out periodically to ensure that they are properly maintained) or from the possible use of hazardous substances by suppliers during maintenance or construction activities, the proper management of which is contractually regulated.

GRI CONTENT INDEX

Statement of use	FinecoBank S.p.A. has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	The <i>Sector Standards for the financial services sector</i> were not yet available at the date of publication of this document

GRI Standard/ Other source	Disclosure	Page No./ Notes	Omissions
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	7, 11-12	
2-2	Entities included in the organization's sustainability reporting	7	
2-3	Reporting period, frequency and contact point	6-7	
2-4	Restatements of information	7, 23-25, 93, 147, 150	
2-5	External assurance	165-167	
Activities and workers			
2-6	Activities, value chain and other business relationships	12-16	
2-7	Employees	112-113; There are no non-guaranteed hours employees	
2-8	Workers who are not employees	116	
Governance			
2-9	Governance structure and composition	66-67, 70-71	
2-10	Nomination and selection of the highest governance body	66, 69, 72	
2-11	Chair of the highest governance body	69-70	
2-12	Role of the highest governance body in overseeing the management of impacts	67-69	
2-13	Delegation of responsibility for managing impacts	67-69	
2-14	Role of the highest governance body in sustainability reporting	7	
2-15	Conflicts of interest	102-103	
2-16	Communication of critical concerns	99-100	

GRI Standard/ Other source	Disclosure	Page No./ Notes	Omissions
2-17	Collective knowledge of the highest governance body	66	
2-18	Evaluation of the performance of the highest governance body	71	
2-19	Remuneration policies	73-74	
2-20	Process to determine remuneration	73-74	
2-21	Annual total compensation ratio	75	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	4-5	
2-23	Policy commitments	99, 103-104	
2-24	Embedding policy commitments	98	
2-25	Processes to remediate negative impacts	99-108	
2-26	Mechanisms for seeking advice and raising concerns	99-100	
2-27	Compliance with laws and regulations	No significant instances of non-compliance with laws and regulations were recorded in 2022	
2-28	Membership associations	30	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	34-38	
2-30	Collective bargaining agreements	128	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	39	
3-2	List of material topics	39-41	
Cybersecurity and information security			
GRI 3: Material Topics 2021			
3-3	Management of material topics	45-48	
Customer Satisfaction			
GRI 3: Material Topics 2021			
3-3	Management of material topics	35	

GRI Standard/ Other source	Disclosure	Page No./ Notes	Omissions
Innovation			
GRI 3: Material Topics 2021			
3-3	Management of material topics	60-61	
Responsible Finance			
GRI 3: Material Topics 2021			
3-3	Management of material topics	49-54	
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 broken down by purpose	50-51, 54	
G4 - FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	50-51, 54	
G4 - FS11	Percentage of assets subject to positive and negative environmental or social screening	54	
G4 - FS14	Initiatives to improve access to financial services for disadvantaged people	55	
Group's solidity and resilience			
GRI 3: Material Topics 2021			
3-3	Management of material topics	64-89, 95	
GRI 201: Economic Performance (2016)			
201-1	Direct economic value generated and distributed	90-92	
Correctness and transparency of information			
GRI 3: Material Topics 2021			
3-3	Management of material topics	56	
GRI 417: Marketing and Labeling (2016)			
417-3	Incidents of non-compliance concerning marketing communications	56	
Business ethics and compliance culture			
GRI 3: Material Topics 2021			
3-3	Management of material topics	98-101, 104	
GRI 205: Anti-Corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	101-102	

GRI Standard/ Other source	Disclosure	Page No./ Notes	Omissions
GRI 206: Anti-competitive Behavior (2016)			
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415-1	Political contributions	30	
GRI 418: Customer privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	104	
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GRI 3: Material Topics 2021			
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GRI-G4 Financial Services Sector Disclosures			
G4 - FS16	Initiatives to enhance financial literacy	134-135	
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GRI 3: Material Topics 2021			
3-3	Management of material topics	112, 114-128	
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	114-115, 117	
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	122, 126	
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	70, 113, 116	
405-2	Ratio of basic salary and remuneration of women to men	119	
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	118	
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GRI 3: Material Topics 2021			
3-3	Management of material topics	142-147, 149, 152-158	
GRI 301: Materials (2016)			
301-1	Materials used by weight or volume	153-154	

GRI Standard/ Other source	Disclosure	Page No./ Notes	Omissions
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GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	152	
305-2	Energy indirect (Scope 2) GHG emissions	152	
305-3	Other indirect (Scope 3) GHG emissions	153	
Indicators according to Annex IV Regulation 1221/2009/EC (EMAS)			
Letter C, point 2. a) i) c i) d)	Direct energy consumption, total and per employee	149	
Letter C, point 2. a) ii) c ii) d)	Annual mass flow of main materials used, total and per employee	153-154	
Letter C, point 2. a) iii) c iii) d)	Annual water consumption, total and per employee	156	
Letter C, point 2. a) iv) c iv) d)	Annual waste production, total and per employee	155	
Letter C, point 2. a) iv) c iv) d)	Annual production of hazardous waste, total and per employee	No hazardous waste was produced in the three-year period 2020-2022	
Letter C, point 2. a) v) c v) d)	Use of land, total and per employee	157	
Letter C, point 2. a) vi) c vi) d)	Annual atmospheric emissions, total and per employee	152	
Other GRI disclosures not related to material topics			
GRI 207: Tax (2019)			
207-1	Approach to tax	106-107	
207-2	Tax governance, control, and risk management	107	
207-3	Stakeholder engagement and management of concerns related to tax	107	
207-4	Country-by-country reporting	108	
GRI 402: Labor/Management Relations (2016)			
402-1	Minimum notice periods regarding operational changes	128	

GRI Standard/ Other source	Disclosure	Page No./ Notes	Omissions
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GRI 403: Occupational Health and Safety (2018)

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of FinecoBank S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2022 consolidated non-financial statement of the FinecoBank Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 14 March 2023 (the "NFS").

Our procedures did not cover the information set out in section 5.5 "*Environmentally sustainable assets*" of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of FinecoBank S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.



FinecoBank Group
Independent auditors' report
 31 December 2022

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) 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 company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does 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 we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).



FinecoBank Group
Independent auditors' report
 31 December 2022

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at group and subsidiaries level
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- through remote meetings, we held discussions with the parent's management, which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 consolidated non-financial statement of the FinecoBank Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in section 5.5 "*Environmentally sustainable assets*" of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Other matters

The NFS presents the corresponding figures included in the 2021 consolidated non-financial statement for comparative purposes, on which other auditors performed a limited assurance engagement and expressed an unqualified conclusion on 31 March 2022.

Milan, 23 March 2023

KPMG S.p.A.

(signed on the original)

Roberto Spiller
 Director of Audit

ANNEX I – Principles for Responsible Banking - Reporting e Self-Assessment Template

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) the Bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of the Bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and customers served.

Links and references

1.2. Who we are, strategy and business model (pages 11-16)

Strategy Alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☒ UN Guiding Principles on Business and Human Rights

☒ International Labour Organization fundamental conventions

☒ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: FinecoBank Group Public Disclosure – Pillar III¹¹⁵

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: FinecoBank Group Public Disclosure – Pillar III

☐ None of the above

Links and references

2022 Consolidated Non-Financial Statement:

1.3 Sustainable Development Goals and commitments made (pages 17-27)

FinecoBank Group Public Disclosure – Pillar III as at 31/12/2022:

Disclosure of environmental, social and governance risks (pages 109-131)

¹¹⁵ Article 449a of Regulation (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

a. Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

The Impact Analysis takes into account the business areas that make up the Bank's business model, starting with the Banking & Credit and Investing areas, which together account for 80% of the Group's revenues in 2022. The Brokerage area will be examined later, as it is the component with the lowest percentage weight in terms of revenue among the business areas.

Links and references

2022 Consolidated Non-Financial Statement:

1.2. Who we are, strategy and business model (pages 11-16)

2022 Results presentation:

<https://images.finecobank.com/docs/pdf/pub/corporate/investors/FY22-Results.pdf> (page 30)

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition your portfolio globally and per geographical scope:

i) by sectors & industries¹¹⁶ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

The Impact Analysis considers the composition of the Bank's portfolio. As described in section 1.2 of this NFS, FinecoBank is a retail bank, with 93% of customers belonging to the retail segment in 2022. The company strategy does not include the provision of credit to corporate clients.

Links and references

1.2. Who we are, strategy and business model (pages 11-16)

¹¹⁶ "Key sectors" relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?¹¹⁷ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

The Impact Analysis takes into account the context in which the Bank operates, particularly with respect to its sustainability challenges and priorities. The goals set in the ESG Plan 2020-2023 are related to the UN Sustainable Development Goals and the Italian National Sustainable Development Strategy. For example, the development of credit products with environmental value, including the green mortgages, is linked to the national objective of "Increasing energy efficiency and energy production from renewable sources".

Moreover, within the scope of the Materiality Analysis described in sections 2.1 and 2.2 of this NFS, the potentially relevant sustainability topics emerging from the context, identified through desk research, were investigated through engagement with the priority stakeholders, by means of a survey. The results of the Materiality Analysis provide input to the Impact Analysis.

Links and references

1.3 Sustainable Development Goals and commitments subscribed (pages 17-27)

2.1 Stakeholder engagement (pages 34-38)

2.2 Material topics (pages 39-41)

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)?¹¹⁸ Please disclose.

Response

The Impact Analysis is underway and will be completed during 2023, also based on the drafting of the new Set of ESG Goals.

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex [of the PRB Template].

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

The Impact Analysis is underway and will be completed during 2023, also based on the drafting of the new Set of ESG Goals.

¹¹⁷ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

¹¹⁸ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?¹¹⁹

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

In progress.

How recent is the data used for and disclosed in the impact analysis?

- ☒ Up to 6 months prior to publication
- ☐ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ More than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (option)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets¹²⁰ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART¹²¹). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with¹²² have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

The Impact Analysis and target setting on the most significant impact areas are in progress and will be completed during 2023, also based on the drafting of the new Set of ESG Goals.

¹¹⁹ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.
¹²⁰ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

¹²¹ Specific, Measurable, Achievable, Relevant, Time-bound (SMART).

¹²² Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

b) Baseline: Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using a summary table such as the one below, including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

If you have identified other and/or additional indicators that are relevant for determining the baseline and assessing the level of alignment with the impact-driven targets, please indicate them.

Response

The Impact Analysis and target setting on the most significant impact areas are in progress and will be completed during 2023, also based on the drafting of the new Set of ESG Goals.

c) SMART targets (including key performance indicators, KPIs¹²³): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

The Impact Analysis and target setting on the most significant impact areas are in progress and will be completed during 2023, also based on the drafting of the new Set of ESG Goals.

d) Action Plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

The Impact Analysis and target setting on the most significant impact areas are in progress and will be completed during 2023, also based on the drafting of the new Set of ESG Goals.

¹²³ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Self-assessment summary:

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing:

	First area of most significant impact: (please name it)	Second area of most significant impact: (please name it)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART Targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action Plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

The Impact Analysis and target setting on the most significant impact areas are in progress and will be completed during 2023, also based on the drafting of the new Set of ESG Goals.

Principle 3: Clients and Customers



We will work responsibly with our customers and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Customer engagement

Does your bank have a policy or engagement process with customers and customers in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its customers and customers to encourage sustainable practices and enable sustainable economic activities¹²⁴. It should include information on relevant policies, actions planned/implemented to support customers' transition, selected indicators on customer engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Links and references

3.2 Responsible Products and Investments (pages 49-54)

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.)

Links and references

3.2 Responsible Products and Investments (pages 49-54)

¹²⁴ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²⁵) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Links and references

2.1. Stakeholder engagement (pages 34-38)

2.2 Material topics (pages 39-41)

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:

- - which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- - details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

FinecoBank has a sustainability governance structure, described in section 5.1 of this NFS. The sustainability aspects subject to supervision, approval and monitoring by the governance bodies described include the commitments made through the subscription to PRBs.

Links and references

5.1 Governance System
(page 66-75)

¹²⁵ Such as regulators, investors, governments, suppliers, customers and customers, academia, civil society institutions, communities, representatives of indigenous population and non-profit organisations.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for customer-facing roles, inclusion in remuneration structures and performance management and leadership communication, among others).

Links and references

5.1 Governance System (page 66-75)

6.2 Compliance culture (page 99-100)

7. Our people (page 111)

7.3 Promoting and developing human resources (page 121-126)

5. Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹²⁶
Please describe.

Please describe what due diligence processes your banks has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Links and references

2022 Consolidated Non-Financial Statement

5.1 Management of ESG risks (pages 76-88)

FinecoBank Group Public Disclosure – Pillar III as at 31/12/2022

Disclosure of environmental, social and governance risks (pages 109-131)

Self-assessment summary:

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes

☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes

☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes

☐ In progress

☐ No

¹²⁶ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistleblower policies, etc.

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes ☒ Partially ☐ No

If applicable, please include the link or description of the assurance statement

Response

The information contained in this NFS referred to in the PRB Template is subject to limited assurance by KPMG S.p.A. The compilation of this PRB Template is not subject to limited assurance.

Links and references

External Auditors' Report (page 165)

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI
- ☐ SASB
- ☒ CDP
- ☐ IFRS Sustainability Disclosure Standards (to be published)
- ☐ TCFD
- ☒ Other: EMAS Regulation No. 1221/2009/EC

Links and references

2022 Consolidated Non-Financial Statement:

Methodological note (page 6-7)

GRI Content Index (page 159-164)

CDP Climate Change Questionnaire:

<https://www.cdp.net/en/responses>

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹²⁷, target setting¹²⁸ and governance structure for implementing the PRB)? Please describe briefly

Response

The next steps are the completion of the Impact Analysis and the subsequent identification of impact areas and setting of their targets.

¹²⁷ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

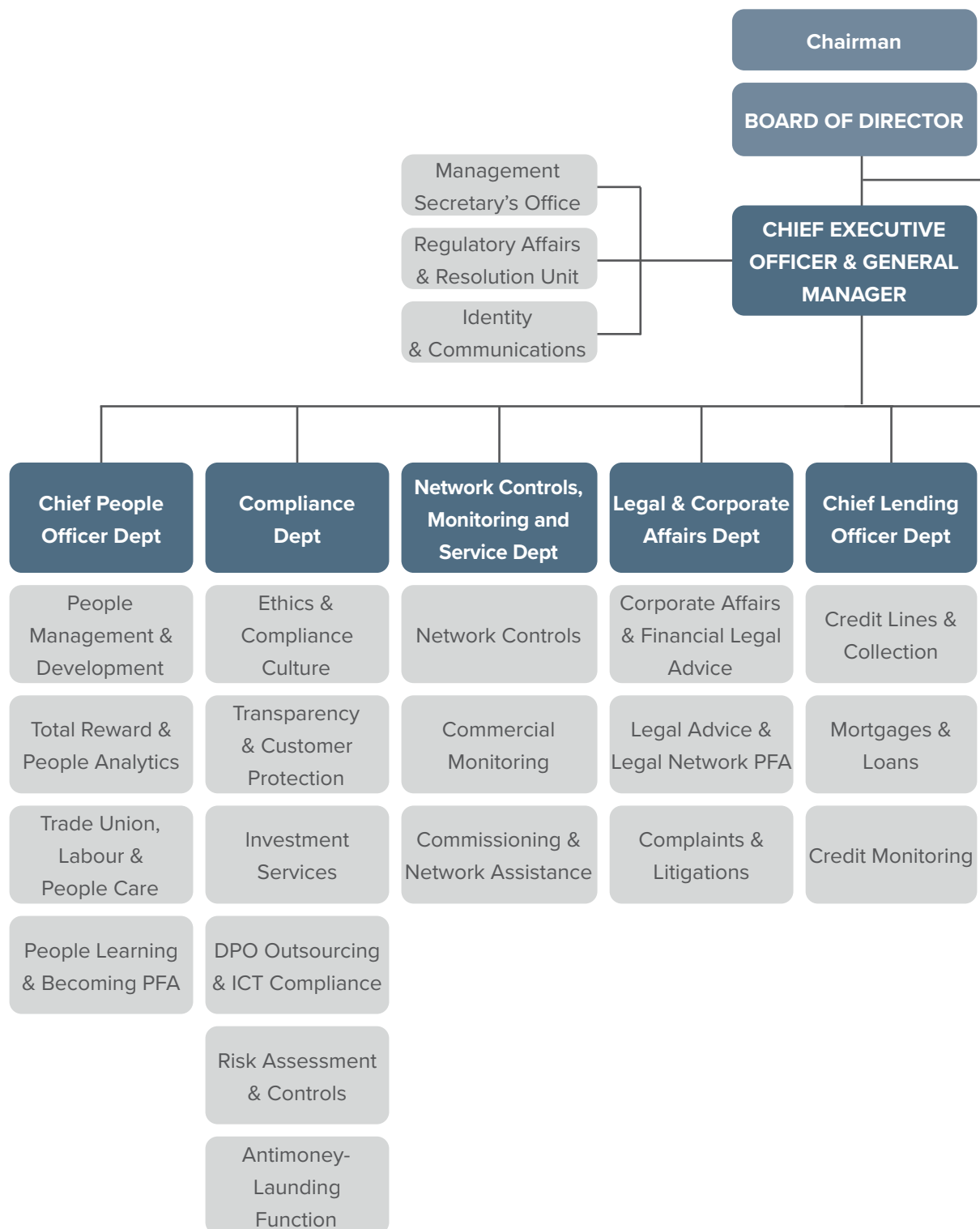
¹²⁸ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

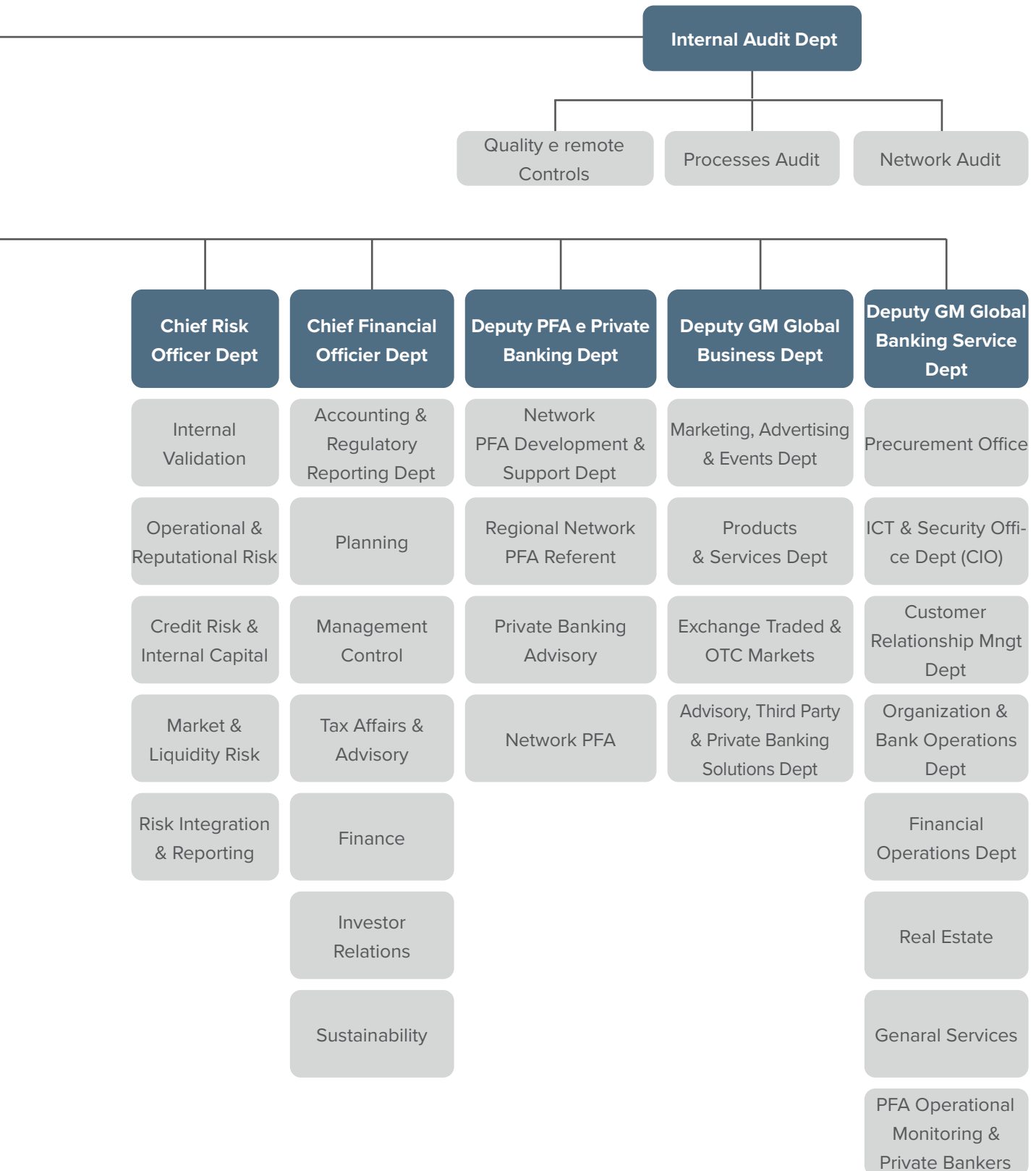
ANNEX II - SDGs and related relevant targets

Below are the 12 of the 169 targets of the 17 **Sustainable Development Goals** (SDGs) considered most relevant on the basis of their commonalities with the material topics and objectives of the Sustainability Goals Plan to be pursued in the years 2020-2023..

SDG	TARGET
1 NO POVERTY 	1.4 By 2030, ensure that all men and women, particularly the poor and 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 technologies and financial services, including micro-finance.
4 QUALITY EDUCATION 	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
5 GENDER EQUALITY 	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
7 AFFORDABLE AND CLEAN ENERGY 	7.3 By 2030, double the global rate of improvement in energy efficiency
8 DECENT WORK AND ECONOMIC GROWTH 	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 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
10 REDUCED INEQUALITIES 	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.2 By 2030, achieve the sustainable management and efficient use of natural resources 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
13 CLIMATE ACTION 	13.2 Integrate climate change measures into national policies, strategies and planning
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	16.b Promote and enforce non-discriminatory laws and policies for sustainable development

ANNEX III – ORGANISATIONAL CHART







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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This Non Financial Statement has been prepared by the Sustainability Function – CFO
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