



FINECOBANK

Italian Sustainability Week 2023
Borsa Italiana

Milan, 6th September 2023

Agenda

- 1 **PROFILE**
- 2 **HIGHLIGHTS**
- 3 **SUSTAINABILITY PRINCIPLES AND COMMITMENTS**
- 4 **SUSTAINABILITY GOVERNANCE STRUCTURE**
- 5 **OVERSIGHT IN THE ESG AREA**
- 6 **ESG RISK FRAMEWORK**
- 7 **SUSTAINABILITY STRATEGY AND INTEGRATION INTO GROUP ACTIVITIES**

Diversified business model for a sustainable growth

Fully integrated offer of Banking, Brokerage and Investing via multi-channel approach

Corporate purpose:

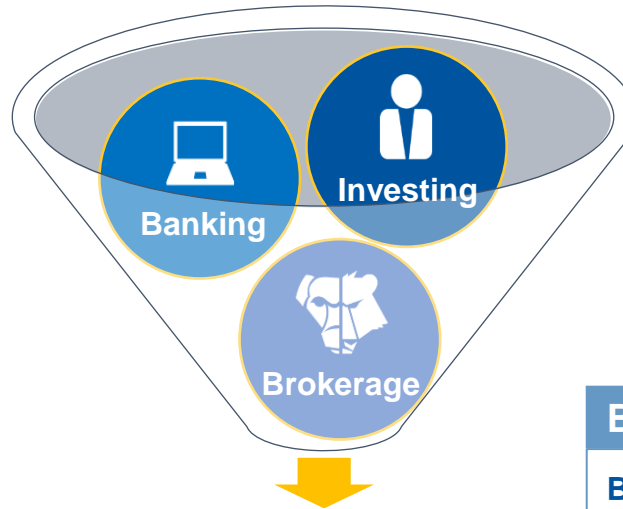
to support clients in the responsible management of their savings in order to create the conditions for a more prosperous and fairer society

1H23 weight on total revenues for each product area

Banking

58%

- **100%** of operations can be performed online or from apps
- Lending offered only to existing base of **retail clients (no corporates)**
- Strong focus in building a low-risk and high-quality portfolio thanks to internal IT culture and Big Data analytics



ONE-STOP solution

Investing

26%

- **FAM** (Fineco Asset Management, with 29.2bn TFA) key in delivering quality investment solutions for our clients
- More than **6,000** mutual funds by more than **70** Asset Managers worldwide
- Physical distribution network: **2,952** PFAs, third largest network in Italy⁽¹⁾

Brokerage

16%

Best-in-class brokerage platform giving access to wide set of global markets, bonds, ETFs, futures, derivatives and multicurrency with 20+ currencies both online and mobile

Our Key figures

TFA 1H23

€115.9 bn

with 1.5 mln clients

Net Sales 1H23

€5.2 bn

€10.3 bn in FY22

adj. Net Profit 1H23

€308.9 mln

+38.8%
y/y

€428.8 mln in FY22

adj. Cost/Income 1H23

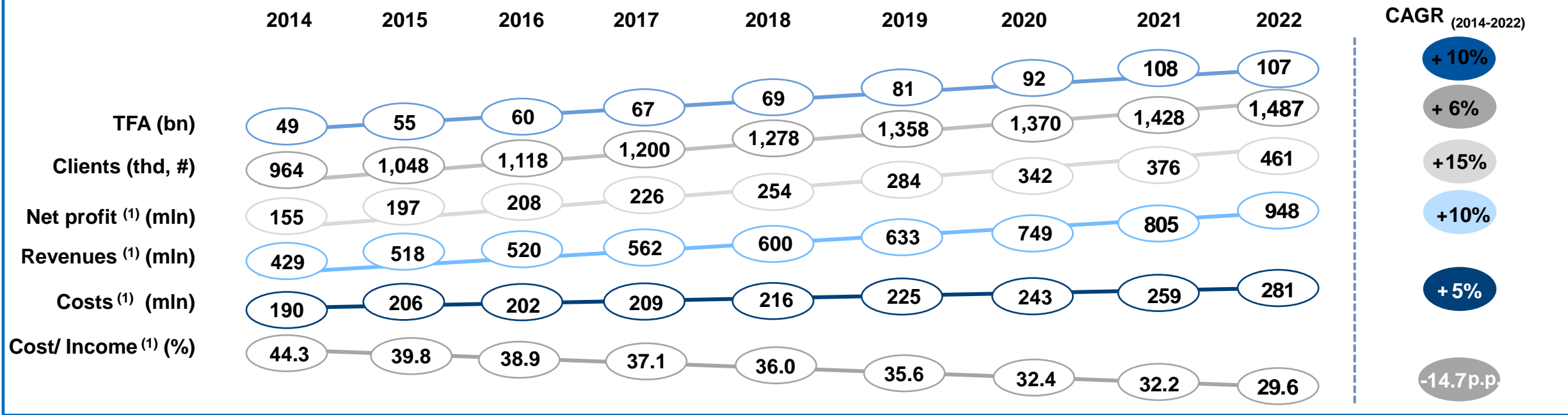
24.0%

CET1 Ratio 1H23

23.2%

Healthy and sustainable growth with a long-term horizon

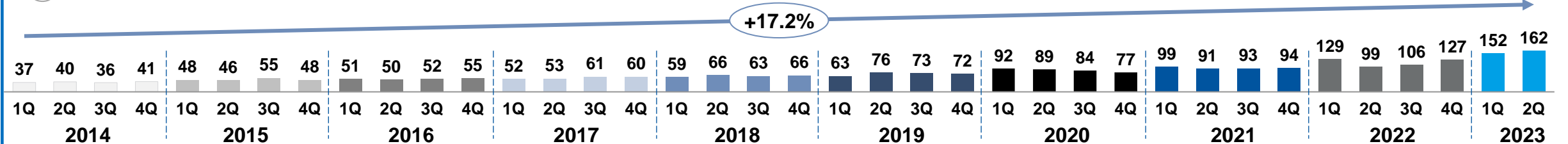
Highly scalable operating platform...



...with a diversified revenues mix leading to consistent results in every market conditions

Net Profit adjusted (net of systemic charges) ⁽¹⁾, mln

○ CAGR



Our Pillars as key drivers for Sustainability

We are a looking-forward organization playing for the long-run and able to generate a **positive impact for all our Stakeholders** and the society as a whole.

The keys of our Strategy leads path of sustainable growth committed to **maximize Stakeholders' value**

EFFICIENCY

- ✓ **Proprietary back-end:** in-house development and automated processes allow an efficient cost structure and fast time to market
- ✓ Strong **focus on IT & Operations** and more flexibility
- ✓ **Strong operating leverage** thanks to best-in-class operating platform and internal IT culture

INNOVATION

- ✓ **Digitization** as a main market trend and a key driver for Sustainability
- ✓ Anticipate customers need by **simplifying** their life
- ✓ Lending: strong competitive advantage leveraging on **Big Data analytics**

TRANSPARENCY

- ✓ **Fairness** and respect for all our stakeholders
- ✓ **High quality** products and services for our clients
- ✓ **Fair pricing** and no performance fees
- ✓ **Cost of funding** close to zero
- ✓ **High quality lending portfolio**, offered only to existing base of clients and low cost of risk

Total alignment with Clients' interest in the way we grow the business



CUSTOMER SATISFACTION at 94%⁽¹⁾



NO short-term aggressive COMMERCIAL OFFERS and **ZERO REMUNERATION** on current accounts



Total **ABSENCE OF PERFORMANCE FEES**



BENEFITS from **FAM SHARED WITH CLIENTS**: better quality and timely products with lower TER

Low UPFRONT FEES representing only

1%
of Investing fees⁽²⁾



FOCUS ON ORGANIC GROWTH
Low incidence of net sales from recruiting (~13%)⁽²⁾

Highlights⁽¹⁾ (1/2)

Our People



1,336 Employees (+31 vs 2021)

2,918 Personal Financial Advisors (+128 vs 2021)



42.2% women employees (41.7% in 2021)

57.8% men employees (58.3% in 2021)



17.8% women PFA (17.4% in 2021)

82.2% men PFA (82.6% in 2021)



99% employed on permanent contracts



77% Engagement Index



34 h average training per employee

81 h average training per Personal Financial Advisor

Our Customers



More than 1,450,000 Customers
around **367,000 contacts** per month



95 Score TRI*M new index

Score of **4.7 out of 5** on Trustpilot



Financial Education: 62,300 participants in 1,432 events; participation in **Financial Education Month⁽²⁾**

(1) Source: 2022 Consolidated Non-Financial Statement.

(2) The initiative, held annually in October, is organized by the Committee for Planning and Coordination of Financial Education Activities (Edufin Committee) with the aim of disseminating throughout Italy financial, insurance and pension culture through events, conferences, seminars and public meetings

Highlights⁽¹⁾ (2/2)

ESG Offer



87% funds, in terms of ISIN, have **ESG Rating**

of which **86%** have a rating «High», «Above Average» and «Average»

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ASSET
MANAGEMENT

Funds ex Art. 8 SFDR⁽²⁾ **56%** ISIN
€ 16.8 bn AuM

43% ISIN
€ 13.0 bn AuM

Funds ex Art. 9 SFDR⁽³⁾ **5%** ISIN
€ 0.9 bn AuM

1% ISIN
€ 0.3 bn AuM

91% funds, in terms of AuM (€ 29.4 bn), have **ESG Rating**

of which **92%** (€ 27.1 bn) have a rating «High», «Above Average» and «Average»



18% of all new purchase mortgage agreements refers to **green mortgages** for the purchase of **A or B energy class buildings**, amounting to **€ 63 mln**, roughly **20%** of the total amounts disbursed for purchase mortgage agreements



€ 1,745 mn of **ESG bonds** in the internal investment portfolio

Reducing environmental impacts



93.8% exposure in debt securities of sovereign and bank issuers with a **Net-Zero in 2050 target⁽⁴⁾**



-16% vs 2021 Scope 1 and 2 emissions (market-based) [tCO₂e]
- 4% vs 2021 Operational Scope 3 emissions [tCO₂e]



100% electricity purchased from **renewable sources⁽⁵⁾**



44 tons of **paper saved** through dematerialisation initiatives

(1) Source: 2022 Consolidated Non-Financial Statement

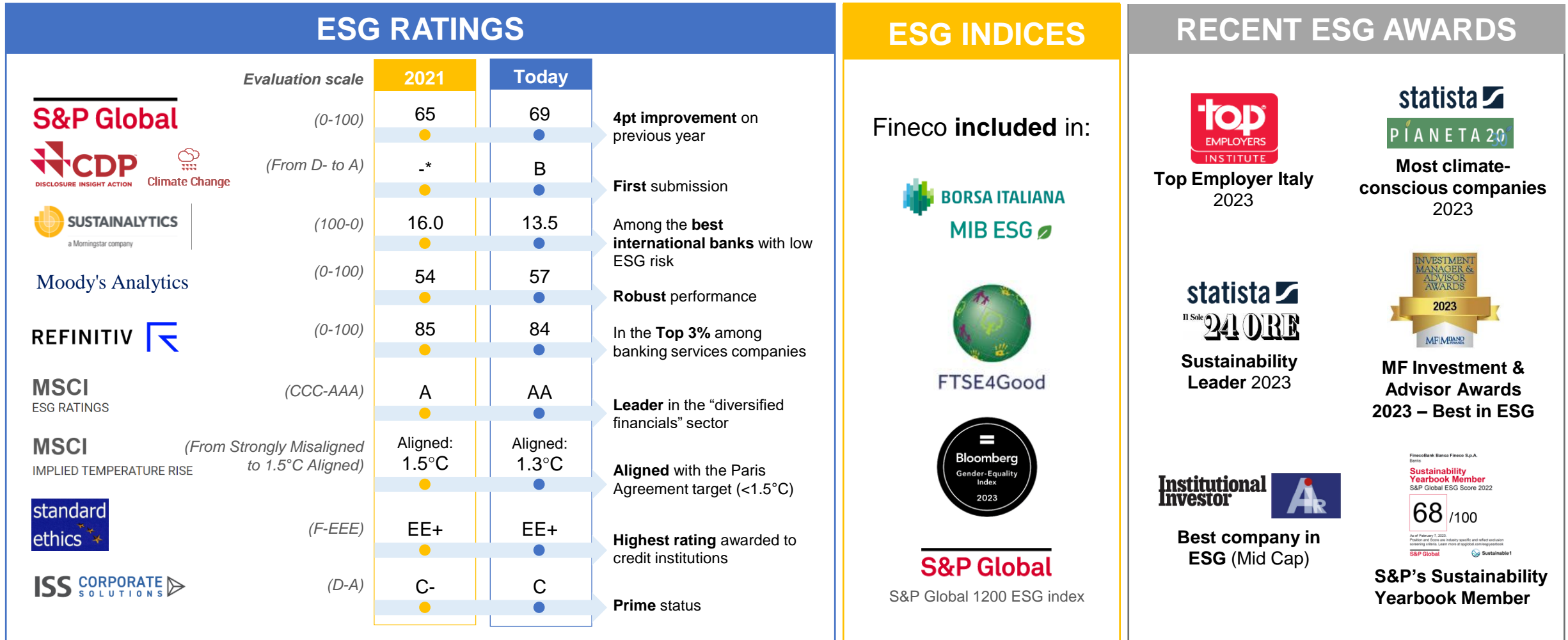
(2) Funds that, in addition to other characteristics, promote environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made comply with good governance practices

(3) Funds that have sustainable investments as their objective

(4) For sovereign issuers, the source for mapping 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 bank emissions, Net-Zero targets on financed emissions are mapped.

(5) The figure refers to electricity consumption related to the properties where the utilities are registered to Fineco

Sustainability performance recognised by external parties



(*) In 2021, FinecoBank responded to the 'minimum' version of the CDP Climate Change questionnaire, dedicated to companies in their first year of submission. The questionnaire response was made public on the dedicated CDP portal but did not provide a CDP scoring.

Sustainability Principles and Commitments

The orientation toward a sustainable growth is a founding element of our long-term value creation strategy.

In line with the principles and standards of conduct enshrined in the Group's **Code of Ethics**, **Charter of Integrity** and **Code of Conduct**, Sustainability commitments has been formalized through the adoption of a number of **policies and commitments in specific areas**:



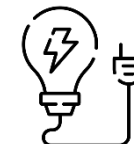
**Sustainability
Policy**



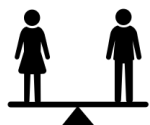
**Qualitative and quantitative
composition of the Board of
Directors of FinecoBank
S.p.A.**



Environment



**Energy consumption
containment**



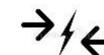
Gender Equality



Human Rights



Compensation



**Conflicts
of Interest**



**General
principles of
information
system security**



**Anti-
Corruption**



Privacy



**Anti-Money
Laundering and
Combating the
Financing of
Terrorism**



Whistleblowing



**Combating
Harassment,
Sexually
Inappropriate
Behaviour and
Bullying**

National and international commitments subscribed



UN Global Compact is a voluntary initiative of the United Nations that promotes corporate social responsibility through respect for and adherence to **Ten Principles** concerning **human and labour rights, environmental protection and anti-corruption**

FinecoBank:
Signatory since September 2020

Fineco Asset Management:
Signatory since March 2022



The United Nations Principles for Responsible Banking are the set of measures developed by the innovative collaboration between the world's banks and the UN Environment Finance Initiative (UNEP FI) to design a **sustainable future for the banking sector**

FinecoBank:
Signatory since December 2020



The membership to the United Nations Principles for Responsible Investment (PRI) initiative reinforces the commitment to the development of a sustainable financial system through **the integration of social, environmental and good governance criteria into investment practices**

Fineco Asset Management:
Signatory since October 2020



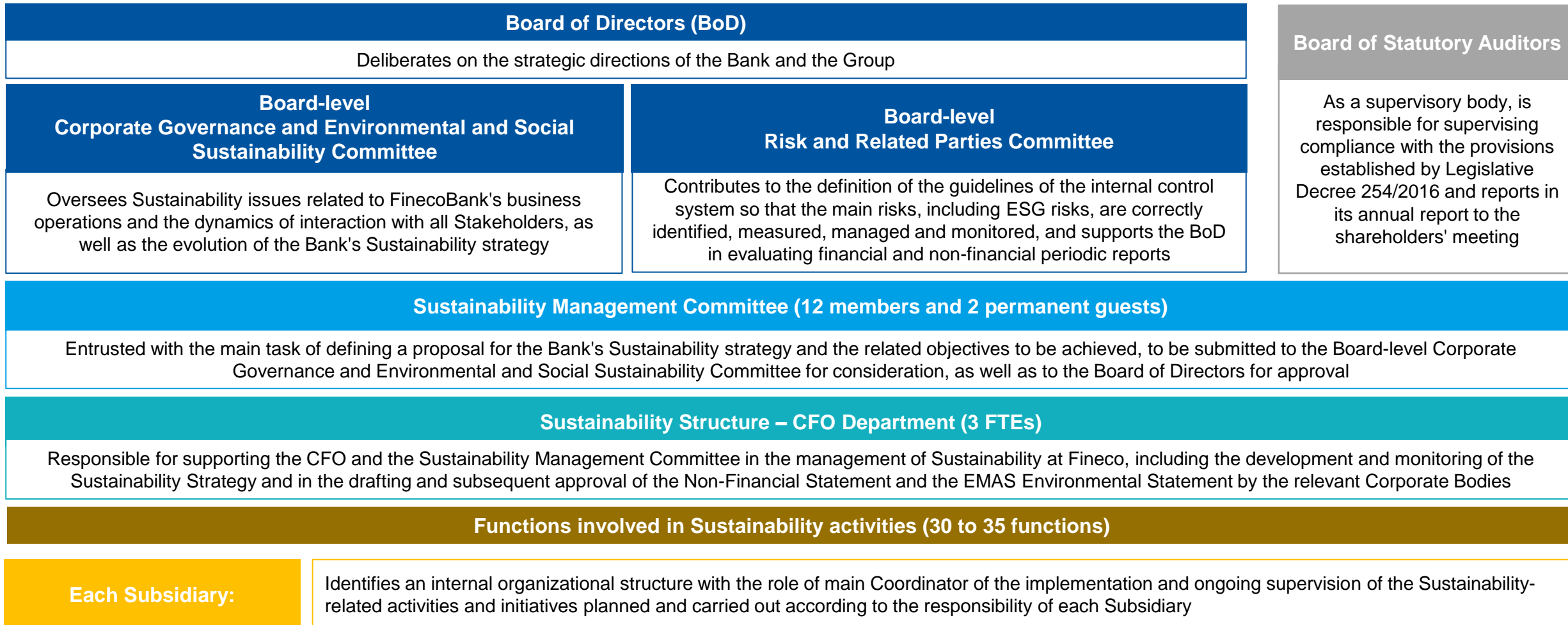
Valore D is the organisation with a network of over 320 companies in Italy committed to **ensuring an inclusive culture within organisations.**

Thanks to this partnership, Fineco participates in specific training courses aimed at promoting female talent within the company

FinecoBank:
Signatory since 2019

Sustainability Governance Structure

Since 2018, **Fineco** has integrated ESG principles into its governance, assigning specific responsibilities to governing bodies and operational functions



ESG Regulatory oversight

A **dedicated ESG regulatory oversight organizational model** is established in **FinecoBank**, structured into **thematic macro-areas**:

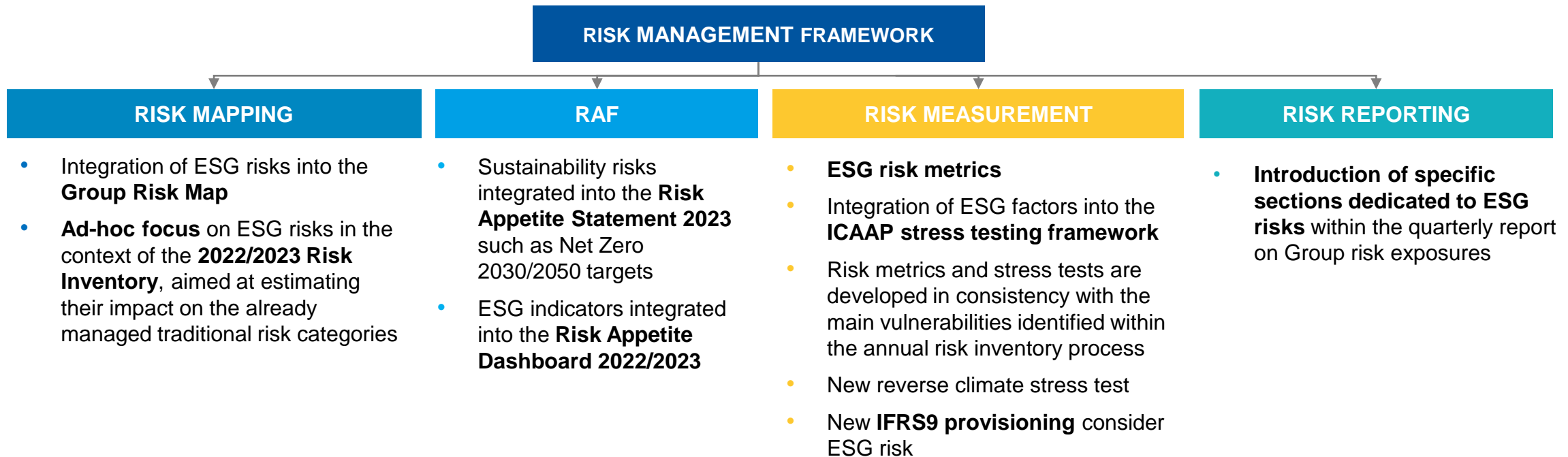
Macro-area	Corporate structure in charge of ESG regulatory oversight
Non-Financial Disclosure	Sustainability Structure
Requirements of corporate officers, related parties and connected persons, operation of the Assembly	Corporate Law & Board Secretary's Office
Health and Safety	Real Estate Unit ⁽¹⁾ ; Chief People Officer Department ⁽²⁾ ; Procurement Office ⁽³⁾
Labour Law	Chief People Officer Department
Tax	Tax Affairs and Advisory Unit
Environmental Protection	Chief People Officer Department ⁽⁴⁾ ; Real Estate Unit ⁽⁵⁾ ; Chief Financial Officer ⁽⁶⁾
Other Sustainability obligations	Chief Risk Officer department ⁽⁷⁾ ; Compliance Department ⁽⁸⁾

Proportionate to size and in consideration of the type of business, **Subsidiaries adopt the necessary oversight to ensure ESG compliance** at the local level and, therefore, at Group level

- (1) With reference to issues relating to compliance of workplaces (Titles I, II, VIII, IX, X, XI of Legislative Decree 81/2008), plant, machinery and equipment, keeping and updating compulsory documentation, identifying gaps in emergency personnel, verifying the technical and professional suitability of contractors, preparing the interference risk assessment document and calculating the safety costs, authorising sub-contracts
- (2) With reference to aspects relating to training, information, employee health surveillance, appointment of the Company Doctor, identification and designation of emergency staff, and communications to institutional bodies
- (3) With reference to 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
- (4) With reference to legislation related to mobility management
- (5) With reference to regulations on responsible consumption, waste disposal and pollution reduction at properties used by the Bank and Financial Advisors
- (6) As Management Representative under EMAS Regulation; Sustainability Structure, reporting to the CFO, with reference to regulations related to the Environmental Management System
- (7) With reference to the regulations related to ESG risk management
- (8) With reference to regulations on investment services, banking and credit products, anti-corruption, anti-money laundering and combating the financing of terrorism, Conflicts of Interest, Gender Equality, Combating Harassment, Sexually Inappropriate Behaviour and Bullying, Privacy, Compensation Policies, Whistleblowing

ESG Risk Framework

Since 2020, the Group has been **integrating ESG risks** into its **Risk Management Framework**. In line with regulatory guidance, priorities have focused primarily on the Pillar II framework, with particular reference to **climate and environmental (C/E) risks**



Fineco's **exposure to C/E risks is limited** by the inherent characteristics of its business model (e.g., absence of physical branches, corporate lending not envisaged, etc..)

FINECO

Despite the limited exposure to ESG risks, the ESG risk focus carried out within the 2022/2023 Risk Inventory has identified two traditional risk categories which might be slightly affected by C/E risks

- **credit risk** → could be affected by the deterioration in the creditworthiness of counterparties or by the decrease in the value of real estate collateral, triggered by C/E factors (e.g., extreme weather events)
- **business risk** → could have long-term impacts due to changing customer preferences in the shift toward a low-emission economy

Cyber security

- Security strategy follows a multi-tiered approach based on deep customer knowledge, behavioral analysis and risk assessment; **vulnerability analysis** and management capabilities well defined; strong monitoring of ICT Risk at 1 and 2 levels
- Formal and comprehensive **Security Incident Response Plan**. A detailed plan with a number of different levels (governance, organization, operation and reporting) tested at least annually
- **Specific indicators** related to **losses for system failure** and **ICT incidents** are monitored in the **RAF** and in the **second-level control framework**
- Core system and security services **internally managed: ICT & Security Office Department** (CIO – 16% of total HC⁽¹⁾) with a dedicated **Anti-Fraud Team**
- In **2022**:



Over 13% of FinecoBank's technology budget **invested in security solutions**



>99.9% Uptime on main services⁽²⁾



Fraud rate level: official figures in bps⁽³⁾ close to zero, both for cards management (<0.03 bps) and online money/wired transfers (<0.006 bps)



No significant losses registered for system failure

Sustainability Strategy: improving our accountability

In order to ensure an increasing integration of environmental, social and governance aspects within our Strategy, in January 2020 the Board of Directors approved a first set of **sustainability goals to be pursued in the years 2020-2023**, regarding **6 areas**.

The new **ESG Multi-year Plan 2024-2026** is currently being finalised, considering also the updated material topics.



Responsible Finance



Human Resources



Financial Education and Community Support



Supply Chain



Relations with Shareholders



Environment

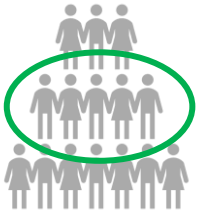
For each area, Fineco aligns the specific objectives with the most relevant 17 [UN Sustainable Development Goals](#) on the basis of the common elements between the total 169 global targets and the Group's goals:



2022 Materiality Analysis: Methodology



- The Analysis started with an **extensive list of potentially relevant topics**, identified through *desk research* on sustainability issues considered relevant by Regulators, sustainability reporting Standards, Fineco's Peers and leading ESG Rating Agencies



- Through the filling of a questionnaire to the Bank's Departments, the **Stakeholder Map was updated**, leading to the identification of the four most relevant Stakeholders to be involved in updating the Materiality Analysis: **Investors, Clients, Employees** and **Personal Financial Advisors**

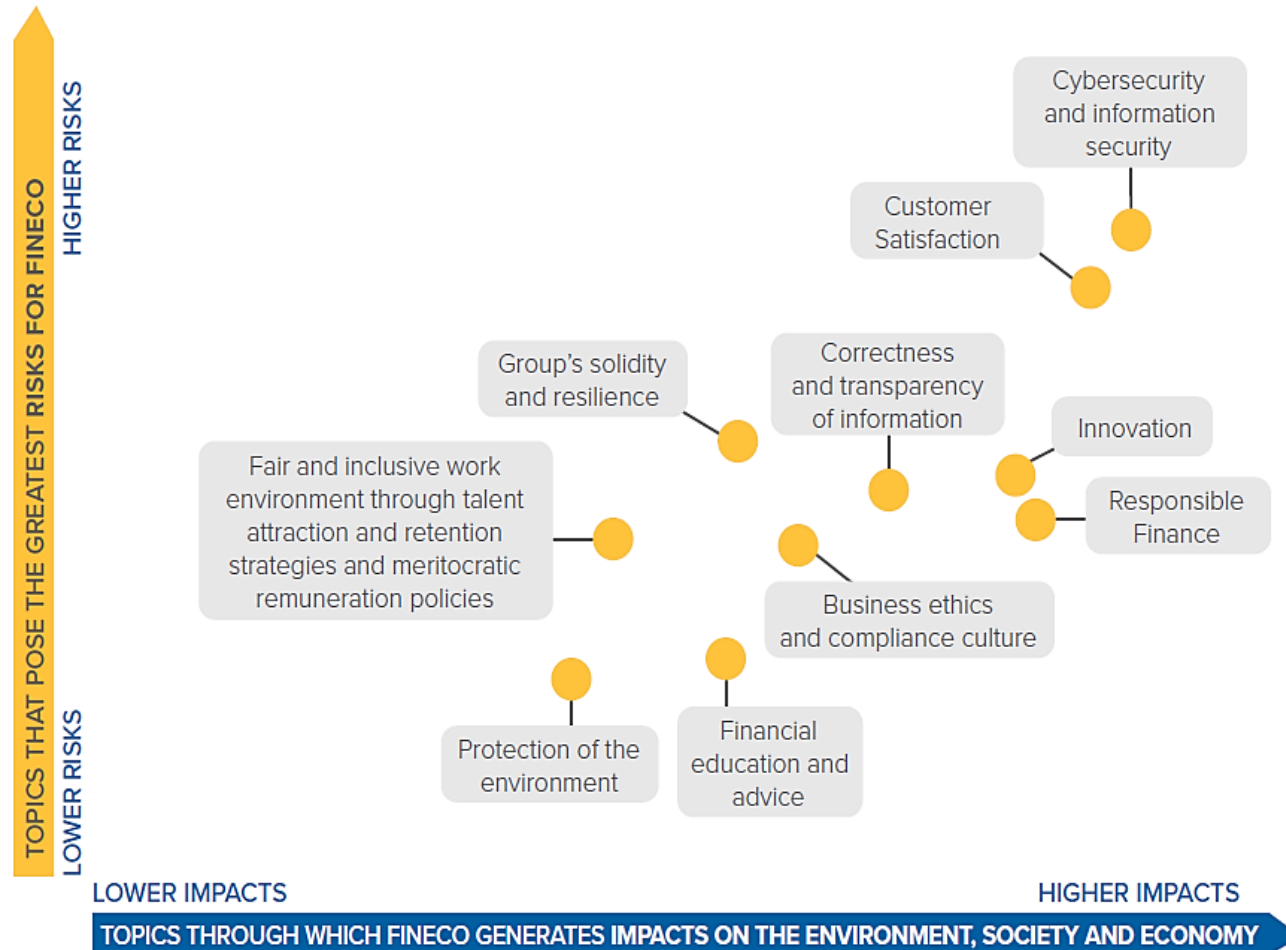


- The Stakeholders thus identified were then **engaged through a survey** aimed at identifying their views on:
 - the importance of the topics with respect to the positive and negative impacts generated by Fineco's business on society, the environment and the economy;
 - the importance of the topics that pose the greatest risks to Fineco and its operating and financial performance



- The survey results led to the preliminary identification of 19 priority themes, which were then merged to arrive at an **updated list of 10 material topics**

2022 Materiality Analysis: Results



Compared with the previous list of material topics (2020):

- the topic of **Innovation** has been enriched with **additional meanings**, in terms of business model innovation and innovation management capabilities to serve customer needs
- People management and development issues are more focused on **equity, inclusiveness, and attraction/retention strategies**, as opposed to less focus on well-established issues such as health and safety
- Economic performance and capital strength sit alongside the themes of responsible governance and reputation in defining **Group's solidity and resilience**
- Environmental Protection has a main declination in terms of **reducing climate change-related impacts**

Sustainability Strategy 2020-2023: our goals



RESPONSIBLE FINANCE

- **Increased supply of products with social and environmental value** within the mortgages and loans sector
- Introduction of **ESG criteria in product evaluation**. ESG evaluation extended to **100% of new FinecoBank Group funds⁽¹⁾**
- **Promotion and design of new funds** based on ESG criteria
- Increased **coverage of green and social bonds** in FinecoBank's portfolio



HUMAN RESOURCES

- 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
- Implementation of an **employee training and awareness plan on Diversity & Inclusion** and sustainability
- **Performance management programme**, aimed at all employees
- Implementation of **initiatives related to flexible work** (greater use), creation of **employee areas** (such as break areas), **preventive health and healthcare**
- Initiatives for **consultations and turnover monitoring**



FINANCIAL EDUCATION AND COMMUNITY SUPPORT PROJECTS

- Promotion of specific **training and awareness-raising courses** on topics such as savings' management, which in the future will particularly involve targeted groups such as young people
- Provision of **specific training on ESG issues for Financial Advisors** in order to meet the demands of clients more attentive to these issues and, at the same time, to promote sustainability among less interested clients
- Allocation of annual investments in **projects that benefit the community**, according to different local needs and allocation of natural disaster funds (to postpone mortgage and loans payments, and suspend debt collection actions for insolvent customers)



SUPPLY CHAIN

- **Suppliers assessment** on the basis of ESG criteria, through an initial self-assessment questionnaire



SHAREHOLDERS

- Strengthening **dialogue with socially responsible investors** and **sustainability rating agencies**
- **Participation in external initiatives** that support the company's commitment to ESG themes



ENVIRONMENT

- Implementation of the **Environmental Declaration**
- **Energy consumption/emissions**: monitoring of internal company consumption with the aim of reducing consumption and emissions
- **Company fleet**: modernisation of the car fleet with hybrid / electric cars (with the possibility of recharging in the parking lot of company offices)
- **Sustainable Mobility**: refund of employees' annual bike-sharing subscriptions, upon request (both in Milan and Reggio Emilia)
- **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

Responsible Products and Investments



7

LENDING

GOAL



increased supply of products with social and environmental value within the mortgages and loans sector

2023
TARGET



- Green loan development
- Y/Y increase of % exposure to ESG bonds out of total FinecoBank portfolio

- **FinecoBank's lending policy** focuses on granting credit facilities to Retail customers (**no corporate lending**) and provides that the assessment of real estate collateral shall also consider climate and environmental risks
- **Strategic investments** are mainly focused on Government bonds issued by countries not significantly exposed to climate and environmental risks
- **Green mortgage offer** enables the financing of the purchase of class A or B energy properties through a mortgage loan, at favorable conditions compared to the standard price list
- Initiatives aimed at **promoting access to banking and financial services for young people**
- **Increased coverage of green and social bonds** in FinecoBank's internal investment portfolio

INVESTING

GOAL



introduction of **ESG criteria in product evaluation**; promotion and design of new investment solutions integrating ESG criteria

2023
TARGET



- 100% of new ESG-rated funds out of total new ISINs entered into the platform since 2021
- Y/Y increase of % ESG-rated funds out of total ISINs in the platform

- Advisory services focused on offering solutions that take ESG criteria into account during the creation of model portfolios, through specific quantitative and qualitative analyses and with the support of **ESG ratings** that are widely recognised by the market
- **Global Policy on New Product Process integrated with sustainability risks:** the assessment of the risks associated with new products and substantial changes to existing products is integrated with the assessment of sustainability risks, establishing the requirement for any environmental, social and/or governance objectives to be included among the features of the products contained in the product identification form
- **Regularly mapping the SFDR classification** of the funds in its platform allows Fineco to guarantee an ESG offering in line with market's preferences

Fineco Asset Management: adding value to our Sustainability Strategy



7

Milestones 2022 - 2023

- Fineco AM's **commitment to 50% SFDR Article 8 and/or 9 AUM** before year end 2022 was successfully **achieved**
- Full implementation of **exclusion policy** on all investments in line with international standards and global norms
- Enhancement of **portfolio management and compliance monitoring** systems to fully integrate ESG considerations
- Enhancement of **Risk Framework to integrate ESG** monitoring
- Updates made in 2023 to all **fund documents and website disclosures** in line with Sustainable Finance Disclosure Regulation
- Publication of the **Fineco AM PAI (Principal Adverse Impacts) statement** and reporting in June 2023
- Continuous **sustainability education** and training throughout the organisation to ensure best in class application

Commitments 2023

- Participant of the **UN Global Compact** with first reporting due in 2023
- Signatory of the **UN Principles for Responsible Investment** with first reporting due in 2023
- **Collective Engagement** via participation in **UN PRI Advance**, a stewardship initiative on human rights & social issues
- Continued active stewardship via **Proxy Voting in 2023 to ensure** proactive Engagement with investee companies in line with our responsible investment approach
- Enhancement of **Sustainable Investments methodology** underway in 2023
- Consideration and publication of **Principal Adverse Impact Indicators** "PAIs" in 2023 which measure negative effects on sustainability factors



United Nations
Global Compact



ASSET
MANAGEMENT



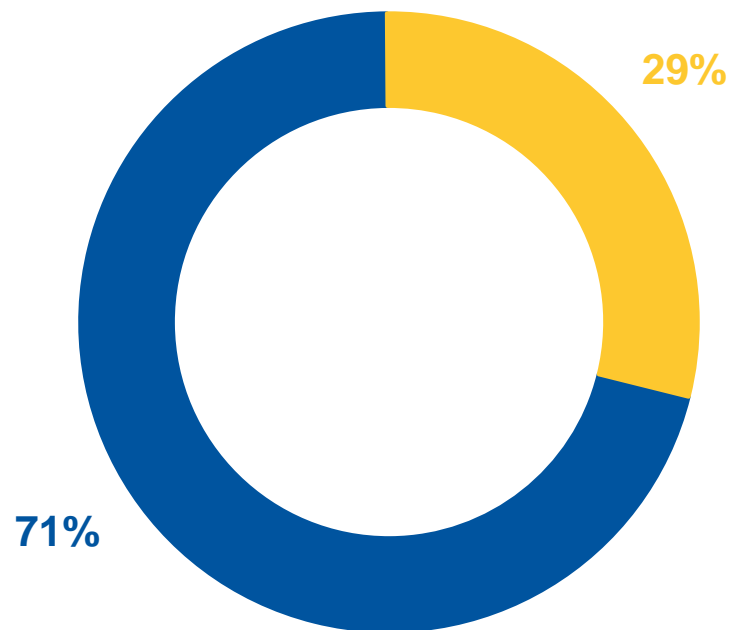
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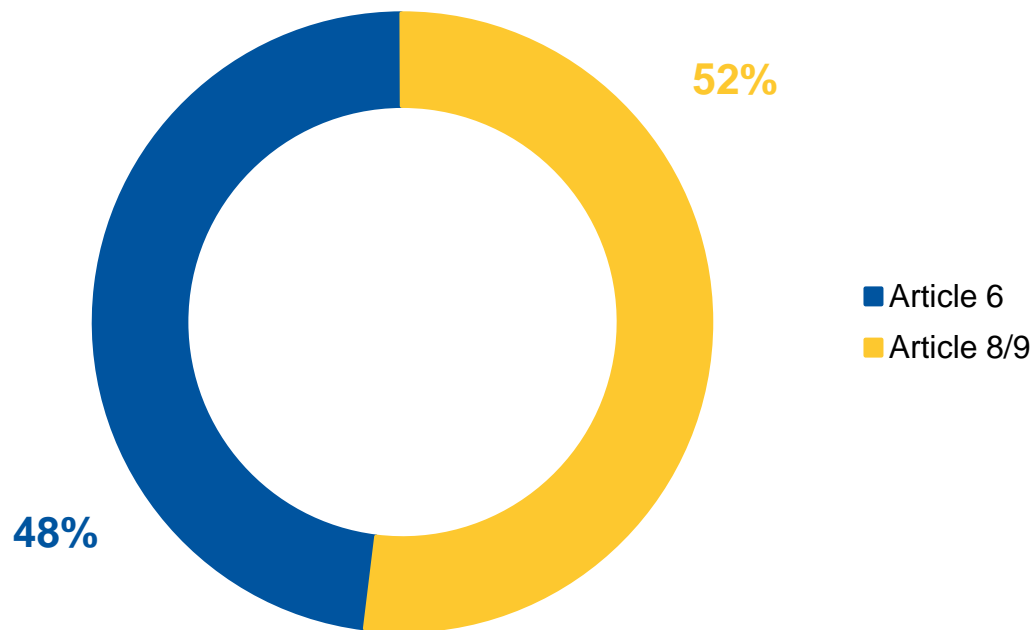
Fineco Asset Management: ESG AUM Journey

Fineco AM is committed to continue to deliver strategies to customers in 2023 that integrate ESG characteristics

31 DECEMBER 2021



31 DECEMBER 2022





Human Resources

People constitute one of the main **Key Success Factors**: the goal that Fineco aims to achieve every day is to become “**The Place To Be**” for its staff, a workplace in which everyone can fully express their potential and aspirations, contributing to the success and sustainability of the business.

With this aim, the **Human Resources Department** is committed to:



Invest in people **development and growth**, by creating an **inclusive and sustainable working environment** free of any form of discrimination, in which equal opportunities among employees are ensured



Maintain a high level of **motivation and engagement** which is measured through a specific survey to determine both the employee Engagement Index and the level of Fineco’s reputation among the employees (Engagement & Reputation Survey). People Care, Working Environment, Work-life Balance, Best Place To Work and People Development are the areas Fineco is focusing on as a result of employee feedback



Design **appropriate training plans and programmes** to develop and strengthen personal, professional and managerial skills as well as the appropriate competencies to allow us to maintain our competitive advantage



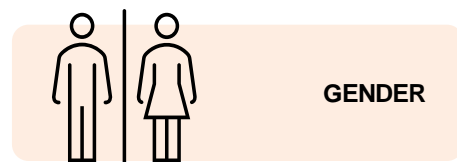
Provide for a **total compensation approach** with the aim to attract, motivate and retain strategic resources. The remuneration strategy is based on a balance of fixed and variable, monetary and non-monetary components. Moreover, we support the well-being of employees and their families, by offering a comprehensive package of **welfare, healthcare and life balance** benefits



Focus - Diversity and inclusion

Diversity of gender, thinking, experience and skills represents a value that enhances Fineco's professionalism, as well as a source of strength in an ever-changing competitive environment.

Our approach to diversity and inclusion focuses on:



GENDER

Fineco is committed to ensuring equal opportunities in terms of:

- **professional development** (training and growth opportunities).
- **Recruitment and selection process** in line with the Global Policy on Gender Equality, avoiding every form of discrimination.
- **Remuneration** (with particular regard to gender pay gap) and gender balance.
- **Work-life balance** through hybrid working mode, ad hoc insurance plans, additional permits and structured welfare system.

In this area, we've started the activities aimed at achieving the **Italian Gender Equality Certification**.



AGE

Fineco is committed to a workplace in which everyone, regardless of age, can fully express their potential and aspirations:

- the **wellbeing area**, recently opened, facilitates socialization among different generations.
- Customer Care is a "**talent incubator**" for young people.
- Fineco establishes a channel with '**digital natives**' through social media and digital job fairs.
- **Fineco@Work** supports internal job rotation for employees of all ages.

Focus on PFA

Fineco continues its investment on **young personal financial advisors** providing training and financial support. In this regard, Fineco ranks first for the percentage of financial advisors under 35 (14.06%).



DISABILITY

The Group is committed to supporting work placement of people with disabilities through:

- participation in **Digital Diversity day** and **Inclusion Day**.
- Partnership with **Jobmetoo**, an online company for recruiting candidates with disabilities.
- Enhanced **insurance plans** (e.g., Long term care).
- **Contribution** for relatives with disabilities.
- Fulfillment of **legal obligations** in term of recruiting through the specific tools provided by regulation.



MULTICULTURALITY

The Group does not tolerate any form of discrimination and promotes cultural diversity. Among the initiatives:

- Ad hoc training on "**cultural diversity**".
- A digital platform for **language training** and customized learning paths.
- **Managerial and Behavioral training**, for promoting fair and inclusive environment.
- **Global Mobility** opportunities.

Focus on FAM

FAM has **diverse geographical footprint** in terms of origin of its workforce, based on place of birth and citizenship. In fact, around 60% of workforce is international.



Focus – Remuneration and ESG Strategy

The Remuneration Policy is consistent with corporate values and objectives, including ESG factors.

Short term incentive system

The **2023 Scorecard of the CEO and General Manager** and that of the Identified Staff, depending on the specificity of the role, includes sustainable goals related to the capacity of generating medium-long term value for all the stakeholders. In particular, the goal **“Stakeholder Value”** declines ESG targets that are included and represented in the **FinecoBank Group ESG Goals Plan**, in alignment with the Group 2020-2023 Multi Year Plan.

Long term incentive system

In the **2021-2023 LTI Plan for employees**, among the performance objectives considered, **ESG parameters relating to customer satisfaction, employee engagement and the extension of the ESG rating to all new funds** were introduced in line with the Multi Year Plan.

2023 CEO Scorecard – Stakeholder value

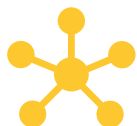
WEIGHT	GOAL NAME	REFERENCE TARGET 2023
15%	Stakeholder Value	Improve/maintain the scores of the main ESG ratings: S&P CSA, CDP Climate Change, Sustainalytics, MSCI, Moody's ESG Solutions, Standard Ethics.
		Responsible finance: y/y % of new ISIN funds with ESG rating
		Delta on Gender Pay Gap and Gender Balance (Y/Y)
		Improve Fineco's environmental performance: maintenance of EMAS Registration, also through the achievement of the Environmental Program goals with particular reference to the development of new green lending product.

LTI 2021-2023 Performance goals - Stakeholder value

GOALS	KPIs	WEIGHT	TARGET	ASSESSMENT CRITERIA	
				Threshold	Payout
STAKEHOLDER VALUE	Customer satisfaction	5%	Average 2021-2023	≥ 90 pt	100%
				85 pt - 90 pt	0% - 100%
				≤ 85 pt	0%
	People engagement	5%	Average 2021-2023	≥ 76%	100%
				71%- 76%	0% - 100%
				≤ 71%	0%
	ESG rating for all new funds	5%	EOY 2023	100%	100%
				80% – 100%	0% - 100%
				≤ 80%	0%



Our PFA Network



The FinecoBank Network's strategy is based on the fundamental pillars of **growth**, **transparency** and **quality of customer relations**, **innovation** and **efficiency**



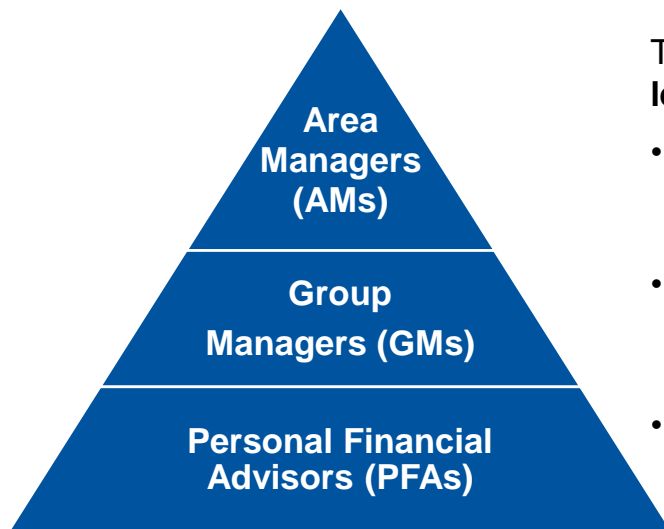
Another pillar is the Bank's **investment in junior talent**, to promote generational change in the network and update the working methods and professional culture. New PFAs are provided thorough a strong **induction process**



The selection process focuses on **qualified professionals** with proven experience



The implementation of the Network strategy is always based on **listening to the needs, suggestions and ideas originating from the advisors**, who have direct contact on the community and are more aware of customer expectations



The Network, the second largest in Italy in terms of total financial asset⁽¹⁾, is organised on **three levels**:

- **AMs 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
- **GMs are the intermediate role** in the Network, who, in addition to **managing customers**, have the managerial task of **coordinating the PFAs within local areas**
- **PFA's represent the base of the pyramid** and are the people almost exclusively responsible for the customer management



Financial Education and Community Support

FINANCIAL EDUCATION

GOAL



Promotion of specific **training and awareness-raising courses** on topics such as savings' management;
Provision of specific **training on ESG issues** for Financial Advisors

- Financial education activities aim to **increase awareness and knowledge** of the way in which the financial markets function, and of the best and most appropriate use of financial instruments in order to better manage resources
- Training and financial education initiatives **target both customers and prospects** and cover a **variety of topics**, such as:
 - ✓ behavioural finance
 - ✓ financial planning
 - ✓ supplementary pensions
 - ✓ asset management
 - ✓ accumulation plans
 - ✓ asset planningand are also carried out **through membership in external initiatives** such as that to **FEduF**, the Foundation for Financial and Savings Education established by the Italian Banking Association for the purpose of social benefit by promoting Financial Education

COMMUNITY SUPPORT

GOAL



Allocation of annual investments in **projects that benefit the community**, according to different local needs (e.g.: schools, universities, hospitals, health and cultural associations);
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)

- Since its foundation, FinecoBank has been committed to **supporting effective charitable projects** in various areas of intervention (e.g., social and health care, 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 area across Italy
- The process of identifying associations and approving donations involves a **careful selection and a compliance assessment**, by requesting and analysing specific documentation concerning the association and the initiative for which the contribution is being requested. A questionnaire is also submitted to organisations in order to avoid taking on initiatives that would benefit entities involved in acts of corruption

Supply Chain



Suppliers who invoice FinecoBank for a total annual amount of €25,000 or more (including VAT)⁽¹⁾ are required to submit an **ESG Questionnaire**. The process enables the **monitoring of any risks related to the procurement process**, mainly related to the possible selection of suppliers involved in illegal operations or who have been involved in disputes regarding social responsibility



In 2022, FinecoBank signed an Agreement, in force throughout 2023, with nationwide supplier of electricity and natural gas, according to which:



- the electricity supplied comes from **100% renewable sources**
- methane gas is **100% CO₂ free**, thanks to the purchase of an amount of **certified carbon credits** that allows for full offsetting of the carbon dioxide generated

All PFAs who own an electric utility in the Fineco Center can join the Agreement for the supply of 100% renewable electricity at the **same contractual and economic conditions** applied to Fineco



As for the procurement of image processing devices (i.e., printers, multifunctional devices, scanners, professional image processing product), specific guidelines has been adopted in tender specifications that include **green procurement criteria** based on best practices and EU GPP criteria⁽²⁾

Relations with the Financial Community

Fineco supports a constant, transparent and thorough dialogue with the financial community, within its strategy aimed at creating **Shareholders' value** in the long term.

In this context, the Board of FinecoBank on December 16th, 2021, approved the **Policy for Managing the dialogue with the Financial Community**, aimed at:



Managing dialogue in accordance with the Principles of **transparency of information** provided to the Financial Community by ensuring that it is **clear, complete, truthful and not misleading**



Respecting the Principle of **equal treatment of the holders** of financial instruments issued by the Company



Comply with the laws and regulations in force from time to time, with particular attention to those relating to the banking and listed issuer nature of the Company - especially the regulations on market abuse and inside information - as well as the internal governance rules, in full cooperation and transparency with supervisory authorities



Environmental management at FinecoBank

As part of the Environmental Policy, numerous commitments on environmental management involve the Bank and the PFA Network



Environmental Management System, certified by a third-party independent auditor in compliance with the requirements of the European [EMAS Regulation no. 1221/2009/EC](#) and implemented throughout **the whole perimeter** of the offices, i.e., corporate offices, Data Processing Centers and the entire Network of Fineco Centers throughout Italy



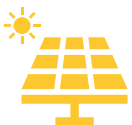
Adoption of a **Global Policy on Reducing Energy Consumption** and appointment of an **Energy Manager** in charge of the coordination of **energy efficiency initiatives**



Adoption of **sustainable mobility initiatives** for employees



Implementation of an **Environmental Internal Audit Plan** covering the **whole Fineco Center Network** in Italy
➡ **Over 70 audited sites** per year



Installation of **photovoltaic panels** at the Milan head office, to be activated by 2023



Support to the entire PFA Network with the provision of a **Vademecum for Efficient and Effective Environmental Management** and related **ongoing helpdesk**



Commitment towards Net-Zero emissions by 2050

RESPONSIBLE FINANCE - Scope 3 emissions from internal investment portfolio

Exposure in countries, institutions and banks: > 70% of 2021 Total Consolidated Assets



% exposure in debt securities of **sovereign and bank issuers with a Net-Zero target** by 2050⁽¹⁾

2021

2030

2050

64.5%

95%⁽²⁾

100%

ENVIRONMENT - Scope 1, 2 and Scope 3 emissions from operations



Scope 1 – CO₂e from energy consumption of Milan registered office and of the Fineco Centers with utilities in the Bank's name; CO₂e from fuel for company car fleet



Scope 2 (market-based) - CO₂e from energy consumption of Milan registered office and of the Fineco Centers with utilities in the Bank's name



Scope 3 - CO₂e from paper consumption of all sites; CO₂e from energy consumption of Reggio-Emilia Headquarters, of Fineco AM's Dublin office, of the Data Processing Centers and of the Fineco Centers with utilities in the Personal Financial Advisors' name

410
tCO₂e

- 35%

- 90%
and neutralisation of
residual emissions

1,336
tCO₂e

- 20%

- 90%
and neutralisation of
residual emissions


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

(2) Target subject to formalisation of Net-Zero commitment in a national policy document by Italy.

Disclosure and Transparency

All commitments, goals, actions implemented and results achieved are reflected in our **transparent and full disclosure approach** and are available on our [website](#). In 2023:

- the fourth [Consolidated Non-Financial Statement \(NFS\) of the FinecoBank Group](#), prepared in accordance with Articles 3 and 4 of Legislative Decree 254/2016 and covering the financial year 2022, was published. In line with the previous years, the Report was prepared in accordance with the GRI Standards⁽¹⁾. A new addition to 2022 NFS is the data and information to meet the disclosure requirements of Annex IV of Regulation 1221/2009/EC – verified by a third-party independent auditor within the annual **EMAS** verification process⁽²⁾ – and those arising from the adoption of the **United Nations Principles for Responsible Banking** (PRB), as set out in the related reporting template.
- For the first time, the [FinecoBank Group Public Disclosure - Pillar III](#) was integrated with the disclosure on ESG risks

2022 CONSOLIDATED NON FINANCIAL STATEMENT		FINECOBANK GROUP PUBLIC DISCLOSURE – PILLAR III	
 <p>2022 Sustainability Report</p> <p>CONSOLIDATED NON-FINANCIAL STATEMENT</p> <p>In accordance with Legislative Decree 254/2016 (NFS)</p> <p>FINECO</p>	<p>LETTER FROM THE CEO</p> <p>METHODOLOGICAL NOTE</p> <p>1. GROUP PROFILE</p> <p>2. STAKEHOLDER RELATIONS AND MATERIALITY ANALYSIS</p> <p>3. OUR CUSTOMERS</p> <p>4. INNOVATION</p> <p>5. SOLIDITY AND RESILIENCE</p> <p>6. ETHICS AND COMPLIANCE CULTURE</p> <p>7. OUR PEOPLE</p> <p>8. COMMUNITY</p> <p>9. ENVIRONMENT</p>	<p>GRI CONTENT INDEX</p> <p>EXTERNAL AUDITORS' REPORT</p> <p>ANNEX I Principles for Responsible Banking Reporting and Self-Assessment Template</p> <p>ANNEX II SDGs and related relevant targets</p> <p>ANNEX III Organisational chart</p>	<p>Introduction</p> <p>[...]</p> <p>Exposures to credit risk and dilution risk</p> <p>Disclosure of the use of the Standardised Approach Disclosure of the use of credit risk mitigation techniques</p> <p>Exposures to counterparty credit risk</p> <p>Operational risk management</p> <p>Market risk</p> <p>Exposures to interest rate risk on positions not held in the trading book</p> <p>Liquidity requirements</p> <p>Encumbered and unencumbered assets</p> <p>Leverage</p> <p>Disclosure of environmental, social and governance risks</p> <p>Remuneration policy</p> <p>[...]</p>

(1) The scope of data and information includes companies consolidated on a line-by-line basis within the Consolidated Financial Statements 2022, namely FinecoBank S.p.A. and the Irish-based subsidiary Fineco Asset Management DAC

(2) The scope and data verified within the EMAS verification process include FinecoBank S.p.A., consistently with the scope of EMAS Registration.

THANK YOU

