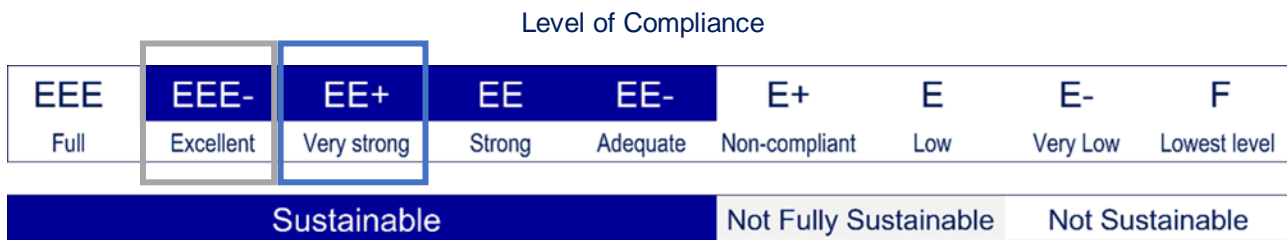


Standard Ethics Rating [^{corp}SER]: **EE+** *Outlook Positive*
 Long Term Expected ^{corp}SER [1y to 2y]: **EEE-**

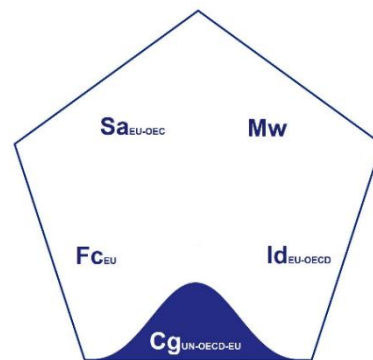
Issuer: FinecoBank S.p.A.
Listing: Borsa di Milano
ISIN: IT0000072170
Market Capitalisation: 6.80 Bln EUR
Sector: Financials
Industry: Banking
Type of rating: Corporate Standard Ethics Rating [SER]
Date: 27 July 2023
Expiry Date: 15 July 2024
Last action: 27 July 2023
Previous SER: EE+ *Outlook Stable*
Type of document: Rating Report



Summary

Snapshot (adj.)

FinecoBank is a multi-channel direct bank offering credit, trading and investment services. The careful management and implementation of ESG (Environmental, Social, Governance) policies is now a structural feature of the Bank, as is the sustainability governance model that it has adopted. The model is in line with the voluntary guidelines of the major international bodies (UN, EU, OECD). The range of policies covers the relevant topics: from the quality of the working environment and focus on stakeholders, to the management of ESG risks in line with the business model. Non-financial reporting and the definition of medium- to long-term objectives seem appropriate for this type of bank. Technological innovations are also introduced and managed in relation to sustainability issues. The qualitative-quantitative composition of the top management bodies (in terms of independence, diversity and gender parity) shows good industry practice. The short- and long-term outlook is positive.



Each side of the diamond represents one of the five “standards” measured by the Standard Ethics Algorithm. The symbolic representation of a normal (Gaussian) distribution provides an intuitive indication of those areas where the Company probably will, or should, take action. See below for further details.

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BACKGROUND, METHODOLOGY, RATING

New elements – such as the evolution of the Internet – have created open and transparent financial markets, in which growing segments of the population participate. This has resulted in:

- greater attention to **extra-financial** factors, both tangible and intangible, with repercussions on the level of trust and credibility of issuers;
- new assessments of the quality and **long-term durability** of listed financial products, related to both companies (stocks, bonds, green bonds) or institutional issuers (such as government bonds).

Standard Ethics has ascertained that we have reached the end of the classic financial era, which was focused exclusively on economic variables. Despite their fallibility and volatility, regulated markets have evolved and are proving to be the most important and independent system in assessing the long-term **sustainability**¹ of numerous human activities.

The Standard Ethics Rating helps refine the strategies, language and ways in which an issuer operates on the market.

STANDARD ETHICS

Standard Ethics Ltd (SE) is a **Self-Regulated Sustainability Rating Agency** that issues Non-Financial Solicited Ratings to companies and sovereign nations. The Standard Ethics® brand has been around since 2004 in the world of “sustainable finance” and ESG (Environmental, Social and Governance) studies.

Standard Ethics is supervised by internal control and audit offices. The composition of the Board complies with the international guidelines on diversity of nationality, professional skills, independence and gender equality.

STANDARD ETHICS RATING

The Standard Ethics Rating, which has been put to the test over the last 15 years, is a Solicited Sustainability Rating (SSR). It has 3 main characteristics:

- **Solicited:** it is issued only at the request of an applicant, by means of a direct, bilateral and regulated agreement.
- **Standard:** it is always comparable to other ratings, as the methodology and issuance parameters are aligned to pre-established guidelines, and the algorithm takes into account the size and typology of the issuer.
- **Independent:** in order to remain third party to investors, Standard Ethics does not provide any individual investor with advice, analysis or data regarding companies under rating, it does not use the data gathered for asset management advisory services (to banks or funds) and it does not share it with third parties.

In short, the Standard Ethics Rating indicates the level of compliance by companies (and sovereign nations) in the field of sustainability on the basis of documents and guidelines published by:

- The European Union (EU);
- The Organisation for Economic Cooperation and Development (OECD);
- The United Nations (UN).

Standard Ethics uses an analyst-driven rating process, meaning the analysis performed does not require applicants to fill out forms and questionnaires or to provide any

¹ Standard Ethics synthesizes its vision in three cornerstones of sustainability:

1. Sustainable development policies are about the generations of the future; they have taken on a global dimension; and they are implemented on a voluntary basis. It is up to the main supranational organisations, officially recognised by nations across the globe, to establish the definitions, guidelines and strategies related to sustainable development through science.
2. Economic entities do not define the guidelines, goals and strategies on sustainability: they pursue them to the extent deemed possible.
3. Measuring the sustainability of economic entities means providing comparable and third-party data on their overall compliance with international guidelines.

documents other than those already available and that Standard Ethics does not use artificial intelligence or software either in data analysis or in decision-making.

SE ANALYSIS UNIT

According to the methodology, guidelines and procedures of Standard Ethics, the Analysis Unit working on this rating has carefully analysed the following areas based on the set-up of the Client (the areas have been divided into about **220** analysis points):

- MARKET AND COMPETITORS (13 analysis points)
- MARKET AND DOMINANT POSITIONS (10 analysis points)
- CONTRACTS, FINANCINGS AND PUBLIC AIDS (7 analysis points)
- MARKET DISTORTIONS, FAVOURITISM & CORRUPTION (8 analysis points)
- OWNERSHIP, SHARE CAPITAL AND SHAREHOLDERS (8 analysis points)
- INTERNAL VOLUNTARY RULES ON OWNERSHIP EXERTION (8 analysis points)
- INDEPENDENCE AND CONFLICT OF INTERESTS (12 analysis points)
- MINORITY MEMBERS PROTECTIONS AND DIRECTORS APPOINTMENT (7 analysis points)
- COMMUNICATION, INFORMATION AND TRANSPARENCY (5 analysis points)
- BOARD OF DIRECTORS AND EXECUTIVE GROUP TRANSPARENCY (9 analysis points)
- INTERNAL VOLUNTARY RULES REGARDING MANAGEMENT (10 analysis points)
- INDEPENDENCE AND CONFLICT OF INTERESTS (13 analysis points)
- DISCLOSURE AND TRANSPARENCY (22 analysis points)
- PARTICIPATION AND VOTE IN GENERAL MEETINGS (5 analysis points)
- EMPLOYMENT AND HUMAN RESOURCES SELECTION (11 analysis points)
- HEALTH, SAFETY AT WORK AND SOCIAL DIALOGUE (16 analysis points)
- ADAPTATION TO CHANGES (6 analysis points)
- ENVIRONMENT (17 analysis points)
- CONSUMERS AND QUALITY (9 analysis points)
- SCIENCE AND TECHNOLOGY (4 analysis points)
- LOCAL COMMUNITIES (3 analysis points)
- BUSINESS PARTNERS (9 analysis points)
- HUMAN RIGHTS (6 analysis points)
- EUROPEAN STRATEGIES (2 analysis points)

RESEARCH OFFICE AND RATING COMMITTEE

The Research Office compiles a Final Report and issues a rating based on its review of the work of the Analysis Unit.

The Rating Committee analyses the conformity of the collected data and the ensuing conclusions and it approves the issued rating.

Chinese Walls between the Analysis Unit, the Research Office, the Rating Committee and all other company offices ensure maximum transparency. A Compliance Officer oversees all steps and processes.

SE ALGORITHM OF SUSTAINABILITY ©

Standard Ethics has developed a **proprietary algorithm** based on five “standards” and a premium variable – “k” – to process the data provided by the Analysis Unit (F_{CEU} ; $Sa_{EU-OECD}$; Mw ; $Id_{EU-OECD}$; $Cg_{UN-OECD-EU}$). The balance between the five “standards” is the final pre-assessment underlying the rating.

F_{CEU} = Fair competition.

Main areas: Fair competition, including analysis of dominant positions, market distortions, cartels. Factors that can affect the other variables (Sources: the EU, and the main OECD regulators).

$Sa_{EU-OECD}$ = Shareholders’ agreements.

Main areas: Shareholders’ agreements, rights of minority shareholders, access to information (Sources: the EU and OECD, and the main OECD regulators).

Mw = Market weight.

Main areas: Shareholding structure, weight and type of major shareholders, potential conflicts of interest in relation to other variables (Sources: mainly OECD regulators).

$Id_{EU-OECD}$ = Independent directorship.

Main areas: Structure and quality of boards and executive groups, ESG Risk and Control Management system, Risk Analysis. This standard is most likely to mitigate the risks associated with other variables and can increase the “k” variable. (Sources: the EU and the OECD).

$Cg_{UN-OECD-EU}$ = Corporate Governance and Sustainability.

Main areas: Overall assessment of applicant's ESG strategies and corporate governance (in terms of shareholding structure and sustainability) by weighting the various elements also in relation to the balance of the other variables (Sources: the EU, OECD and UN).

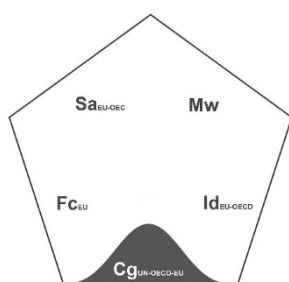
k = Sustainability at Risk (SaR). Statistical projections.

$$\frac{(\mathbf{Fc}_{EU} + \mathbf{Sa}_{EU-OECD} + \mathbf{Id}_{EU-OECD} + \mathbf{Mw} * \mathbf{f}(\mathbf{Sa}_{EU-OECD}) * \mathbf{f}(\mathbf{Id}_{EU-OECD}) + \mathbf{Cg}_{UN-OECD-EU} * \mathbf{f}(\mathbf{Fc}_{EU}) * \mathbf{f}(\mathbf{Id}_{EU-OECD}))}{10} + k$$

ISSUED RATING

Standard Ethics Rating ^[corpSER]: **EE+ Outlook Positive**
 Long Term Expected ^{corpSER} [1y to 2y]: **EEE-**

ALGORITHM – INPUT VALUES (SUMMARY)



The values for each standard are between **0 and 2**.

Assigned and input values are as follows:

- Fc_{EU}** = 1.9
- Sa_{EU-OECD}** = 1.9
- Mw** = 1.6
- Id_{EU-OECD}** = 1.9
- Cg_{UN-OECD-EU}** = 1.9

NB: The variable Mw may be neutral, when below 1, indicating the presence of a major shareholder restraining the influence of a controlling shareholder. The MW value assigned indicates the type of shareholding and related risks.

Each side of the diamond represents one of the five “standards” measured by the Standard Ethics Algorithm. The symbolic representation of a normal (Gaussian) distribution provides an intuitive indication of those areas where the Company probably will, or should, take action.

Other companies in the Banking industry.²

Banca Generali	EE+	PKO Bank Polski	EE-	OTP Bank	E+
BPER Banca	EE+	Skandinaviska Enskilda B.	EE-	Raiffeisen Bank Int.	E+
Unicredit	EE+	Societe Generale	EE-	Unicaja	E+
Svenska Handelsbanken	EE+	Standard Chartered	EE-	Banca Ifis	E
Banca MPS	EE	Swedbank	EE-	Banca Sistema	E
Banca Pop. di Sondrio	EE (pos.)	AIB Group	E+ (pos.)	Bank of Communications	E
Banco BPM	EE (pos.)	Banca Profilo	E+	BNP Paribas Fortis	E
BBVA	EE	Banco Comercial Port.	E+	China Construction Bank	E
BNP Paribas	EE	Banco Santander	E+ (pos.)	CITIC Limited	E
HSBC Holding	EE	Bank of China HK Holdings	E+	Credit Industriel et Com.	E
Intesa Sanpaolo	EE	Bank of Ireland	E+ (und. mon.)	Credito Emiliano	E (pos.)
Nordea Bank	EE	Bank Pekao	E+	Danske Bank	E
ABN Amro Bank	EE-	Bankinter	E+ (pos.)	DNB Group	E
Banca Mediolanum	EE-	Barclays Plc	E+	KBC Group	E
Banco de Sabadell	EE-	CaixaBank	E+	National Bank of Greece	E
Banco Desio Brianza	EE- (pos.)	Credit Agricole	E+	UBS Group	E
Bankia	EE-	CYBG Plc	E+	Bank of China	E-
Commerzbank	EE-	Erste Group Bank	E+	Deutsche Bank	E-
Credito Valtellinese	EE-	Goldman Sachs	E+	Natwest Group	E-
Deutsche Pfandbriefbank	EE-	Hang Seng Bank	E+	Banca Carige	Pending
Julius Baer Group	EE-	ING Group	E+	Banca Finnat	Pending
Illimity Bank	EE-	JPMorgan Chase	E+	Banca Intermobiliare	Pending
Lloyds Banking Group	EE-	Mitsubishi UFJ Financial	E+	Credit Suisse	Pending
Mediobanca	EE-	Natixis	E+		

² A full list of other global and Italian companies in the Banking industry can be found at www.standardethicsrating.eu.

FINECOBANK REPORT

1. MARKET AND DOMINANT POSITIONS

FinecoBank S.p.A. (hereinafter FinecoBank or ‘the Bank’) is among the largest FinTech banks in Europe and one of the most active in brokerage,³ thanks to a network of financial advisors serving more than **1.5 million customers**.

It was founded in 1999 as a digital bank and joined the Unicredit Group in 2008 following the integration with UniCredit Xelion Banca. It went public in 2014 and then left the UniCredit Group in 2019.⁴

As a FinTech, FinecoBank focuses on technological innovation and new digital tools to conduct business.

The Bank operates within the **European market**, with the majority of its activities in **Italy**, in an **open** and **free** market environment,⁵ among the most advanced in terms of regulation.

The banking sector is characterised by close **supervision** and strong **regulation**.

The regulatory framework is on several levels: national, EU and international.⁶ The main objectives of this multilevel regulatory framework are to ensure the proper functioning of the **free market** and its **harmonisation**, respect for **fair competition**, **transparency**, **saver** protection and market **stability**.⁷ Given the importance of these principles and the difficulty of applying them in a global market, the relevant legislation is extremely advanced and complex.

Entry requirements for banking activities, the freedom to choose the territory in which to establish the head office within the European Union, the freedom to offer financial services and the modalities of corporate governance⁸ are regulated by the **Capital Requirements Directive** (and its subsequent amendments).⁹ The regulation of prudential requirements is governed by **Regulation no. 575/2013**,¹⁰ and applied to all banks in the European Union in order to ensure soundness in times of severe economic stress. In recent years, regulations on sustainable finance, such as **Regulation (EU) 2019/2088 (SFDR)** and **Regulation (EU) 2020/852 (SFDR)**, the so-called **European Taxonomy**, have become crucial.

³ FinecoBank confirmed its position among the leaders in the sector, reaching the first position in terms of total volume of shares traded in Italy. Source: 2022 Assosim Report.

⁴ Following its listing and exit from the Unicredit Group, a review of all the Bank’s policies began. This review is still ongoing.

⁵ Fundamental freedoms guaranteed in the integrated single market of the European Union.

⁶ The main sources of Italian law are the TUB (*Testo Unico Bancario*, Consolidated Law on Banking), the TUF (*Testo Unico della Finanza*, Consolidated Law on Financial Intermediation), and the law protecting savings (Law no. 262/2005). These regulations have been adapted over the years to comply with European law. The Italian Constitution provides for the protection of these principles with the freedom of economic initiative (Article 41), limited by the protection of savings in all its forms (Article 47).

⁷ In order to ensure that these principles are complied with, multiple international bodies play an active role in regulatory activity. In particular, the Financial Stability Board, the Basel Committee on Banking Supervision, the European System of Financial Supervision, and the International Organization of Securities Commissions (IOSCO) act independently at the instigation of the Group of Twenty (G20), the forum for debate on financial and economic issues among the most economically important countries. Source: Bank of Italy.

⁸ The issue of governance has become crucial worldwide in the wake of the 2008 financial crisis. Based on the 1999 OECD Principles of Corporate Governance, in the same year the Basel Committee (BCBS) approved the Enhancing Corporate Governance for Banking Organisations which was subsequently updated in 2006 following the revision of the same Principles by the OECD in 2004. Regulatory guidance in the sector is manifold: from the Principles for Enhancing Corporate Governance, also issued by the BCBS in 2010, to the Corporate Governance Principles for Banks, drawn up in 2015 on the advice of the Financial Stability Board (including, by way of example, the Thematic Review on Risk Governance and the Principles for an Effective Risk Appetite Framework, both from 2013). Other relevant examples are the 2011 EBA Guidelines on Internal Organisation and the 2012 EBA Guidelines on Assessing the Suitability of Members of Management Bodies.

⁹ Reference is made to the textual amendments of Directive 2013/36/EU (so-called CRD IV) made by Directive 2019/878/EU of 20 May 2019 on exempted entities, financial holdings, mixed financial holding companies, remuneration, supervisory powers, and capital conservation measures.

¹⁰ The latest changes are in the amending Regulation (EU) 2022/2036 on the “*prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities*.” Source: Eur-Lex.

At national level, the legislative framework is completed by ministerial measures and the provisions of the competent authorities,¹¹ primarily the **Bank of Italy**¹² as a supervisory body with regulatory and sanctioning powers.

The banking market in which **FinecoBank** carries out its activities is characterised by barriers to entry of a regulatory, strategic and size-related nature, in order to maintain **fair competition** in the sector. This always happens while maintaining the regulatory direction towards the removal of obstacles to the free market and its possible distortions, guaranteeing the possibility of free choice among banking operators.

FinecoBank concentrates its activities in three areas: **Banking and Credit** (personal loans and mortgages; current and deposit accounts; payment services; debit, credit and prepaid cards); **Brokerage** (fulfilling customers' orders on the main financial markets); and **Investments** (placement and distribution of financial products between mutual funds and SICAV sub-funds, insurance products, saving products and consultancy services).

FinecoBank does not enjoy a monopoly position in **any** of the three sectors mentioned above nor is it involved in any agreement detrimental to competition. Therefore, the Supervisory and Antitrust Authorities (both national and international) have not highlighted any problems in these areas.

FinecoBank **does not hold major** direct or indirect **stakes** in **other companies operating in the same market**.

There are no anti-competitive commercial agreements in the market. The only agreement in place is the **smooth transition** agreement signed with Unicredit S.p.A. in 2019 following FinecoBank's exit from the Unicredit Group. The agreement **ensures the business continuity** between the two banks.

2. CONTRACTS, FINANCING AND PUBLIC AID

FinecoBank **does not benefit** from public funding, concessions or State aid which could jeopardise free competition and the fair functioning of the market.

3. MARKET DISTORTIONS, FAVOURITISM AND CORRUPTION

The Bank does not provide public utility services.

As highlighted in previous Reports, the Bank's financial results **do not depend** on the outcome of tenders, competitions or assignments by any national or foreign public administration or selected large customer.

Relations with public institutions are circumscribed and mainly relate to compliance and supervision. In this respect, there is a **low risk of corruption** and patronage, which is monitored and controlled through the internal Organisational Model¹³ with its appendices, the Code of Ethics, the Integrity Charter and the Code of Conduct as well as internal policies.¹⁴

¹¹ The main authorities are the CICR (*Comitato Interministeriale per il Credito ed il Risparmio*, Inter-ministerial Committee for Credit and Savings), Consob (*Commissione Nazionale per le società e le borse*, Italian Securities and Exchange Commission), ISVAP (*Istituto per la vigilanza sulle assicurazioni private e di interesse collettivo*, Institute for the Supervision of Insurance); and COVIP (*Commissione di vigilanza sui fondi pensione*, Supervisory Commission on Pension Funds).

¹² The Bank of Italy carries out supervisory activities on banks, banking groups, financial intermediaries, electronic money institutions and payment institutions (Article 5(2) of the Consolidated Law on Banking (TUB)), in order to preserve the efficiency, stability and competitiveness of the entire financial system, overseeing the sound and prudent activities of intermediaries and ensuring compliance with banking and financial regulations (Article 5(1) of the TUB).

¹³ Organisational and Management Model of FinecoBank S.p.A. as per Legislative Decree no. 231/01, updated in 2021. The Code of Ethics was updated in 2022 whereas the Integrity Charter and Code of Conduct were updated in June 2023.

¹⁴ The Global Anti-Corruption Policy was updated in 2022. The policy provides the tools through its Operating Instruction and sets out the minimum anti-corruption compliance criteria applied to all FinecoBank employees and associates. The FinecoBank Group also adopted a Group Anti-Corruption Programme in 2022 to ensure the proper implementation of anti-corruption measures. Source: 2022 Sustainability Report, pages 101 and 102.

The Bank has had a **whistleblowing** policy in place since 2020 to define and regulate how to report unlawful conduct.¹⁵ Case management is delegated to a body acting at local level which, in specific cases, may be directly replaced by FinecoBank's Internal Audit function.¹⁶

The FinecoBank Group has a specific policy and related procedures in place to prevent risks and manage **tax** compliance. Policy and procedures are managed by a specially appointed body.¹⁷

4. INTERNAL VOLUNTARY RULES ON OWNERSHIP

FinecoBank is **listed** on the **Italian Stock Exchange** (the *Mercato Telematico Azionario* system or MTA).¹⁸

FinecoBank's subscribed and paid-up share capital¹⁹ amounts to EUR **201.5 million**, divided into **610,631,635 Ordinary Shares** with a nominal value of EUR 0.33 each. Its **Ordinary Shares** carry the rights provided for by Italian legislation in line with **EU** and **OECD** guidelines.²⁰

The **majority** of FinecoBank's shares are **held by the market**, with a free float of **71.290%**.²¹ The remaining capital²² is held by **BlackRock Inc.** with a **9.201%** stake, **Schroders PLC** with **5.058%**, **Capital Research and Management Company** with **5.050%**, **Wellington Management Group LLP** with a **4.937%** stake, and finally **FMR LLC** with **4.464%**.

None of the major shareholders is an offshore company.

The following **is not** and **will not be** provided for:²³

- Securities with **special control rights**.
- **Special prerogatives** assigned to specific types of shares or bonds.
- **Restrictions** to the transfer of securities.
- Reference to the use of **multiple or increased voting** rights in the Articles of Association.
- **Shareholders' agreements**.
- **Employee Financial Participation** (EFP) in the Bank's capital.

The **derivative instruments** used in regulated financial markets with FinecoBank securities are conventional and comply with the risk criteria set out in the regulations.²⁴

Share-based incentive plans are used within the Bank.²⁵

¹⁵ Reference is made to the Whistleblowing Global Policy, accessible on the Group's website, which guarantees the anonymity of the persons involved in the whistleblowing (both whistleblower and suspect), protecting the possibility of recourse to the whistleblowing instruments established for all staff involved in FinecoBank's activities. Source: 2022 Sustainability Report, pages 99 and 100.

¹⁶ The responsible body is the Compliance Officer located in the company where the report was made. 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." Source: 2022 Sustainability Report, p. 100.

¹⁷ The Bank has implemented a Group Tax Strategy which can be consulted on the corporate website; this tool operates in synergy with the Tax Risk Control Framework, i.e., "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." Source: 2022 Sustainability Report, pages 106 and 107.

¹⁸ FinecoBank has also been a member of the FTSE MIB and the Standard Ethics Italian Index since 2016 and has been in the Stoxx Europe 600 since 2017.

¹⁹ Source: Consob data at 29 June 2023. The Bank's share capital has increased since 31 March 2023 in order to introduce employees' incentive plans. Source: 2022 Report on the Corporate Governance and Ownership Structure, p. 17.

²⁰ These are the rights laid down in European regulations. They are equity rights to profits and share of liquidation; administrative rights to attend and vote at shareholders' meetings; administrative rights to challenge resolutions, consult the financial books, the budgets, the book of resolutions and the shareholders' register; rights to check any report of possible irregularity, rights through pledge of or beneficial interest in shares.

²¹ In detail, they are Free Floating Shares.

²² Consob data at 29 June 2023. Source: Consob website.

²³ Source: 2022 Report on the Corporate Governance and Ownership Structure, pages 17-19.

²⁴ There are many derivatives with underlying FinecoBank shares including Futures (with various maturities), traditional options (Call, Put), and other structured products.

²⁵ FinecoBank adopts such tools only for a limited number of employees: "With the aim of rewarding, retaining and motivating selected Bank Employees in the long term, in line with FinecoBank Group 2020-2023 Strategic Plan, a share based long-term incentive plan has

5. OWNERSHIP AND CONFLICTS OF INTEREST

Among its shareholders, there **are no** public authorities or bodies with regulatory functions in the market in which FinecoBank operates.²⁶

6. PROTECTION OF MINORITY SHAREHOLDERS AND APPOINTMENT OF DIRECTORS

The **protection of minority shareholders** and their **representation** is guaranteed by the provisions of the Bank's Articles of Association in accordance with Italian law and the Italian Corporate Governance Code.²⁷

Considering the absence of a controlling shareholder, the share of capital in the hands of the market and the applicable regulations, the scope for further action in this area is limited.²⁸

The criteria for the composition of the Board of Directors include requirements such as gender balance, independence of Directors and specific expertise, including in the area of **sustainability**.²⁹

7. INTERNAL VOLUNTARY RULES FOR DIRECTORS

FinecoBank uses the traditional **system of administration** and control, linked to two bodies appointed by the shareholders' meeting: the **Board of Directors** (BoD), with the broadest powers in terms of ordinary and extraordinary administration, and the **Board of Statutory Auditors**.³⁰

The Board has **11 members**.³¹ **Gender parity** has been achieved.³² There are **10 out of 11** directors who meet the independence criteria.³³

There are **no** cases of **accumulation** of board **positions** (interlocking directorship). The Bank makes Directors' curricula available on its corporate website.

There is no employee representative on the Board.

The Board of Directors has established the following committees as provided for by current legislation: the **Risk and Related Party Committee**,³⁴ the **Remuneration Committee**,³⁵ the **Appointment Committee**³⁶ and the **Corporate Governance and**

been defined. *The Plan sets performance targets for the period 2021-2023.*" Source: 2023 Remuneration Policy and Report, pages 60-65.

²⁶ Some major shareholders are also active in the banking and/or financial market.

²⁷ Representation of minority shareholders is guaranteed by the electoral mechanisms (list voting) adopted to form the Board of Directors and the Board of Statutory Auditors; in detail, it is envisaged that *"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."* Source: 2022 Report on the Corporate Governance and Ownership Structure, p. 29; representation is also protected in Article 13, para. 12 of the Articles of Association.

²⁸ At the latest election of the corporate bodies, directors Elena Biffi and Marin Gueorguiev were elected as representatives of the minority shareholders. In the Board of Statutory Auditors, Luisa Marina Pasotti, Massimo Gatto and Giacomo Ramenghi were elected as standing auditors whereas Lucia Montecamozzo and Marco Salvatore were chosen as alternate auditors. Source: Corporate website.

²⁹ The composition of the Board of Directors is governed by internal criteria that are checked at each renewal of this body. For details on the requirements, see the document entitled Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A. – 2023. Source: Corporate website. With regard to gender balance, the Bank is in line with the requirements of national regulations, in compliance with Article 147-ter, para. 1-ter, of the Consolidated Law on Financial Intermediation, as most recently amended by Law no. 160 of 27 December 2019. New skills required by the Bank include IT, cybersecurity and ESG.

³⁰ The Board of Directors has managerial and strategic functions whereas the Board of Statutory Auditors has control functions.

³¹ The Shareholders' Meeting held on 27 April 2023 appointed, through list voting, the following Directors, with a term of office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2025: Marco Mangiagalli - Chairman, Gianmarco Montanari, Alessandro Foti - Chief Executive Officer and General Manager, Patrizia Albano, Elena Biffi, Giancarla Branda, Maria Lucia Candida, Paola Generali, Marin Gueorguiev, Arturo Patarnello and Maria Alessandra Zunino de Pignier. Source: Corporate website.

³² There are six elected female members, with the remaining five being male. In the newly elected Board of Directors, therefore, there is a predominance of members of the female gender, in continuity with the previous year (as of March 2021 FinecoBank had become the first FTSE MIB company with a female majority on its Board, with 55% female representation).

³³ In the new Board of Directors elected on 27 April 2023, only Alessandro Foti, the CEO, is not independent. Source: Finecobank Press Release, 9 May 2023.

³⁴ The Risk and Related Parties Committee is composed of Maria Alessandra Zunino de Pignier (Chairwoman), Elena Biffi, Arturo Patarnello, Marin Gueorguiev and Maria Lucia Candida. Source: Corporate website.

³⁵ The Remuneration Committee is composed as follows: Gianmarco Montanari (Chairman), Giancarla Branda and Marin Gueorguiev. Source: Corporate website.

³⁶ The Appointment Committee consists of Elena Biffi (Chairwoman), Patrizia Albano and Arturo Patarnello. Source: Corporate website.

Environmental and Social Sustainability Committee.³⁷ The **Sustainability Management Committee**, chaired by the Bank's Chief Financial Officer (CFO), supports the latter Committee.³⁸

In 2021, the Bank's CFO was appointed by the Board of Directors as **Management Representative** under **EMAS Regulation** no. 1221/2009/EC.³⁹

Members of the Board of Directors and employees of FinecoBank are required to comply with the **provisions voluntarily adopted** and included in the Bank's **Code of Ethics**, updated in 2022, which provides for **voluntary internal rules of conduct** (Internal Voluntary Rules, IVR).

The provisions in the **Integrity Charter** and the **Code of Conduct** complement those outlined in the Code of Ethics.⁴⁰

Compliance with the **Code of Ethics** is safeguarded by a **control body** specifically set up by the Supervisory Body, as provided for in FinecoBank's Organisational and Management Model pursuant to Legislative Decree no. 231/01.⁴¹ All employees and bodies of the Bank (including its management) are monitored.

8. DIRECTORS, CONFLICT OF INTERESTS AND RELATED COMMITTEES

The Italian Stock Exchange's Corporate Governance Code⁴² and Article 148 of the Consolidated Law on Financial Intermediation (TUF) set out the **independence requirements** for Directors.

To complete the framework for **preventing cases of conflict of interest**, specific provisions are also included in the Group's Code of Ethics and internal policies.⁴³

No director is involved in national or local government bodies, judicial institutions or regulatory and licensing bodies, nor are there any cases of cross-directorship. There are **no** shareholders' agreements involving Directors and Managers.

The subject of **gifts** is dealt with in the **Integrity Charter**, where the limits and modalities within which the acceptance or offer of goods, as long as they are not money, do not affect customer relations are laid down.⁴⁴

Following discussion and approval by the supervisory bodies, the Bank complies with the Supervisory Authority's provisions on **remuneration policy**.⁴⁵

³⁷ The Corporate Governance and Environmental and Social Sustainability Committee consists of Patrizia Albano (Chairwoman), Mari Alessandra Zunino de Pignier and Gianmarco Montanari. Source: Corporate website. In January 2023, the Committee's tasks were expanded to include its contribution to the analysis of products with ESG purposes issued by the Bank. Source: Company source.

³⁸ Together with the Board Committee and the Management Committee, FinecoBank has set up a Sustainability Unit, a technical office that helps the two bodies in managing sustainability, "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." Source: 2022 Sustainability Report, p. 67.

³⁹ Source: 2022 Sustainability Report, p. 68.

⁴⁰ The Integrity Charter and Code of Conduct were updated and published in June 2023. The Charter defines the Group's "core values" whereas the Code establishes the "basic principles" on which to base individual behaviour in the Bank's activities. Source: 2021 Integrity Charter and Code of Conduct, p. 4.

⁴¹ The Supervisory Committee consists of Marianna Li Calzi (Chairwoman), Salvatore Messina and Patrizia Verdesca (Head of Internal Audit). "In accordance with the provisions of Art. 6 of Leg. Dec. No. 231/2001, the Supervisory Committee is granted the powers necessary for the precise and efficient supervision of the operation of and compliance with the Organisation and Management Model. An integral part of the Model is the Code of Ethics under the terms of Leg. Dec. No. 231/2001." Source: Corporate website.

⁴² In May 2022, the Bank amended the Regulation of Corporate Bodies to bring it into line with the new Code. Source: 2022 Report on the Corporate Governance and Ownership Structure, p. 22.

⁴³ The Bank adopted a Global Policy for the Management of Transactions with Persons in Potential Conflicts of Interest in 2021 and an Anti-Corruption Global Policy in 2022. Source: 2022 Sustainability Report, pages 101-103.

⁴⁴ The Integrity Charter lays down that "in the context of a business relationship, the Recipients may only offer or receive gifts, entertainment, hospitality if they are of reasonable and proportionate value. These circumstances must not represent undue influence in current or future business relations. It is not permitted to: offer, promise, or give (either directly or indirectly) gifts, entertainment, hospitality or any other benefit to foreign or domestic public officials, except where local procedures allow for approval by the Compliance function. Gifts in cash or equivalent forms are prohibited." Source: Integrity Charter and Code of Conduct, p. 37.

⁴⁵ The Remuneration Policy is published annually on the corporate website. For supervisory bodies, see the 2023 Remuneration Policy and Report, pages 20-23.

As provided for in the regulations, no variable remuneration linked to the Bank's business performance is envisaged for non-executive directors and members of the body with control functions. They are therefore excluded from the Group's incentive plans based on financial instruments.⁴⁶

For a small group of executives identified, the Bank, in addition to fixed remuneration, uses equity incentive plans, linked to FinecoBank's financial and **sustainability** performance, in line with the Bank's **ESG strategy**.⁴⁷

The **Gender Pay Gap** is monitored and mitigated by specific measures.⁴⁸

9. DISCLOSURE, TRANSPARENCY AND INTERESTED PARTIES

The Bank drafts and publishes a Non-Financial Statement in accordance with the **GRI Sustainability Reporting Standards** published by the Global Reporting Initiative (GRI).⁴⁹ A specific section is devoted to information related to the so-called European Taxonomy.⁵⁰

As part of the 2022 Non-Financial Statement, The Bank published a **Reporting and Self-Assessment Template** related to the signing of the UN **Principles for Responsible Banking**. It also published the **Environmental Statement** related to the **EMAS Environmental Certification**.

Since 2023, the Group has also published its **Global Sustainability Policy**.⁵¹

The traditional three-tier risk management and control system is applied to all Group companies. **ESG risks** are also identified in the analysis, along with their mitigation countermeasures.⁵²

With regard to sustainable finance, ESG investments and disclosure, following the policies implemented in 2021,⁵³ FinecoBank has integrated the chapter on **Environmental, Social and Governance Risks Disclosures** in the FinecoBank Group Public Disclosure – Pillar III as at 31 December 2022⁵⁴ – and has expanded the **MiFID questionnaire** with reference to sustainability issues⁵⁵ in line with European requirements.⁵⁶ The **Global Policy on New Product Process**, which was updated the previous year, was also implemented.

As far as traditional corporate **reporting** is concerned, the Bank follows market best practices, using corporate (website and press releases) and institutional communication tools.⁵⁷

⁴⁶ Source: 2023 Remuneration Policy and Report, pages 44-45.

⁴⁷ Source: 2023 Remuneration Policy and Report, pages 8-10.

⁴⁸ Source: 2023 Remuneration Policy and Report, pages 26-27.

⁴⁹ In 2022, work was completed on a new mapping of stakeholders and the issues they consider material. The materiality analysis was conducted following the new provisions of Directive (EU) 2022/2464, called Corporate Sustainability Reporting Directive, or CSRD, which requires a different approach by introducing the concept of double materiality.

⁵⁰ This is Regulation (EU) 2020/852, addressed in the Sustainability Report 2022, p. 93.

⁵¹ The document formalises FinecoBank Group's activities within international agreements on sustainable development and to "regulate how Sustainability is managed in the Fineco Group." Source: Global Sustainability Policy, p. 3.

⁵² The Bank informs that ESG and reputational risks were analysed in detail in the 2023 Risk Inventory process. The impact this type of risk could have on the traditional risk categories already considered (market, credit, business, country, operational risk) was assessed. "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. (...) 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." Emerging risks identified include pandemic risk, geopolitical and economic uncertainty risk, cyber risk and innovation and customer experience risk. Source: 2022 Sustainability Report, pages 76-80.

⁵³ Since 2021, the Group has had policies in place on the integration of sustainability risks into advisory services in order to fulfil the requirements of the European legislation called Action Plan: Financing Sustainable Growth, launched by the European Commission in March 2018 [COM(2018) 97 final].

⁵⁴ Document available on the corporate website.

⁵⁵ Since October 2022, the sustainable investment preference has been used to assess the suitability of the Bank's recommendations in the advisory service. Since November 2022, this preference has also been taken into account in the Bank's target market checks on customer transactions. Source: Company source.

⁵⁶ See the entry into force of the Commission's Delegated Regulation (EU) 2021/1253 dated 21 April 2021 that amended Delegated Regulation (EU) 2017/565 which supplemented Directive 2014/65/EU of the European Parliament (the so-called MiFID II).

⁵⁷ The following documents can be viewed in the corporate website: Financial Statements, Report on the Corporate Governance and Ownership Structure; Articles of Association; Internal Regulations; Minutes of Board meetings with amendments to the Articles of Associations; Directors' and Auditors' CVs; Regulations for General Meetings; Minutes of General Meetings with related reports; main

FinecoBank maintained an ongoing dialogue with the media and its investors during the year.⁵⁸ The dialogue is regulated by the **Policy for managing dialogue with the Financial Community**, implemented in 2021.⁵⁹

The Group generally adopts the **comply or explain** principle.⁶⁰

10. PARTICIPATION AND VOTE IN GENERAL MEETINGS

The Policy for Managing Dialogue with the Financial Community also regulates the various types of relations with shareholders. These relations are already protected by the Group's Code of Ethics.

FinecoBank's Articles of Association set out the tools to facilitate participation in shareholders' meetings, in line with industry best practices.⁶¹

11. EMPLOYMENT AND HUMAN RESOURCES SELECTION

As at 31 December 2022, there were **1,336 employees**, compared to 1,305 in the previous year.⁶²

Management, selection and recruitment of human resources are based on respect for the principles of objectivity, equal opportunities and prohibition of all forms of discrimination.⁶³

These values, laid down in the Code of Ethics, are set out in specific procedures and policies.⁶⁴

Staff are selected through traditional methods of CV analysis and interviews,⁶⁵ but also using new technologies.⁶⁶

FinecoBank is strategically committed to promoting and valuing **gender equality**, inclusiveness and diversity.⁶⁷ The Gender **Pay Gap** is continuously monitored.⁶⁸

procedures. The Consolidated Law on Financial Intermediation (TUF) and Consob Regulation No. 11971 lay down the procedures to disseminate information affecting the price of corporate shares.

⁵⁸ See Non-Financial Statement: "There were 534 interactions with institutional investors during the year. With regard to the interaction on 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." Source: 2022 Sustainability Report, p. 38.

⁵⁹ This policy "is therefore aimed at defining the set of rules, responsibilities and processes to carry out and manage Dialogue, in line with the recommendations of the Corporate Governance Code, the Assonime Principles, the engagement policies adopted by institutional investors and asset managers, as well as international best practices on the subject." Source: Policy for Managing Dialogue with the Financial Community, p. 6.

⁶⁰ Observance of this principle can be inferred from the adoption of the Italian Stock Exchange Code of Corporate Governance (governance section) and, in terms of reporting, from its financial and non-financial statements. See "the corporate governance standards (based on transparency, accountability and a long-term perspective) and best practices recommended by the Corporate Governance Committee, which apply to the listed companies based on the 'comply or explain' principle, according to which the adhering companies are required to set out the reasons for non-compliance with one or more recommendations contained in its principles or application criteria in the Report on corporate governance and ownership structures." Source: 2022 Report on the Corporate Governance and Ownership Structure, p. 22.

⁶¹ Article 8 of FinecoBank's Articles of Association establishes the possibility of participating and voting remotely and also through a proxy, in compliance with relevant regulations and the notice of call. Source: Articles of Association, pages 8-9.

⁶² Of these, 99% with permanent contracts, 42% female and 96% based in Italy. Source: 2022 Sustainability Report, p. 112.

⁶³ "The Bank's search and selection of staff is guided by criteria of objectivity, competence and professionalism, applying the principle of equal opportunity without favouritism, with the aim of securing the best people in the labour market and complying with the relevant legislation." Source: Code of Ethics, p. 13.

⁶⁴ In addition to the Code of Ethics, human resources management is protected by the Integrity Charter and Code of Conduct of the FinecoBank Group, and the Global Policy – HR Policy Framework of 2016. Inclusion and Diversity are ensured in specific policies such as the Global Policy on Gender Equality, the Global Policy – Combating Harassment, Sexually Inappropriate Behaviour and Bullying, and the Human Rights Commitment document. Source: 2022 Sustainability Report, p. 118.

⁶⁵ The modalities are defined in the aforementioned Global Policy – HR Policy Framework, which "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." Source: 2022 Sustainability Report, p. 112.

⁶⁶ The digitisation of the selection process is used within the Group; see 2022 Sustainability Report, p. 114.

⁶⁷ As outlined in previous Reports, since 2019 the Bank has annually renewed its adhesion to the ABI Charter *Donne in Banca: valorizzare la diversità di genere* (Women in Banking: Promoting Gender Diversity). It has also signed an agreement with *Valore D*, an association that gives the Bank access to *ad hoc* training courses and best practices of its member. Thanks to the Inclusion Impact Index methodology of *Valore D*, the Bank monitors its D&I policies in order to understand the critical points on which to intervene. Source: 2022 Sustainability Report, p. 119.

⁶⁸ In addition, the Equity Pay Gap was implemented for a clearer assessment of equal complexity of roles and homogeneous professions. Gender pay equality is linked to the remuneration of senior figures as "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." Source: 2022 Sustainability Report, p. 118.

A Diversity **Manager** has been appointed to be in charge of diversity management in the Bank; the Group is particularly active in employment support for people with **disabilities**.⁶⁹

Training and refresher courses are regular and reported.⁷⁰ Training covers diversified professional topics, purely delivered in e-learning mode.⁷¹

12. HEALTH AND SAFETY AT WORK AND SOCIAL DIALOGUE

FinecoBank has a **health and safety** management system in place in line with Italian national law.⁷²

Work/life balance is dealt with in the Code of Ethics.⁷³ The Bank has implemented a set of policies⁷⁴ and established a corporate governance function to protect the work-life balance of its employees.⁷⁵ Measures taken in this area are reported annually.⁷⁶

A **welfare plan** is in operation to complement the national social security system. The plan includes employees' family members and extends into retirement.⁷⁷

The Group is active in the dialogue with social partners,⁷⁸ as demonstrated by the **Agreement regulating Agile Work** and the three-year renewal of the **Health Insurance Plans (2022-2024)**.⁷⁹

⁶⁹ In this regard, the number of employees with disabilities as at 31 December 2022 was 55, of whom 7 were middle managers and 48 were office workers. It should be noted that in 2022 the Bank attended events on the protection of Diversity, including "(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 with Jobmetoo, an online recruiting company that matches companies with candidates from protected groups." Source: 2022 Sustainability Report, p. 119.

⁷⁰ In 2022 FinecoBank provided more than 45,400 hours of training for all staff, an average of 34 hours of training per capita. Source: 2022 Sustainability Report, p. 121.

⁷¹ Various topics were dealt with in the courses. In 2022 the following compulsory courses were held " '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 to be able to react appropriately." Source: 2022 Sustainability Report, p. 121.

⁷² The Bank's Health and Safety Management System, aimed at all staff, is coordinated and managed by the Prevention and Protection Office. This Office comprises an external Prevention and Protection Officer (RSPP), an external expert doctor (who coordinates 3 other expert doctors), 3 "theme-based" safety Officers (delegated powers conferred in December 2022), each with specific employer responsibilities allocated according to their area operation, based on their actual possession of powers of spending, organisation, management and control. In addition, the Work-Related Stress Assessment was revised in 2022, whereby the Bank put in place a series of counter-measures to mitigate the effects of stress. It should be noted that "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." Source: 2022 Sustainability Report, pages 129-130. For further health and safety measures, see the 2022 Sustainability Report, pages 129-130.

⁷³ Source: Code of Ethics, p. 13.

⁷⁴ In 2022, the Bank signed a new Agreement on Agile Work with the trade unions, valid until 31/12/2023. The Agreement establishes the modalities to use smart working by extending and going beyond what is already provided for in the national Collective Bargaining Agreement for the sector, in order to guarantee greater protection of the work-life balance. Source: 2022 Sustainability Report, p. 127.

⁷⁵ See first of all the meetings of the Joint Commission on Work-Life Balance, Innovation and Corporate Welfare. In 2022, the Commission met four times to develop and improve services and initiatives in four areas: 1) Savings; 2) Family; 3) Work-Life Balance; 4) Health. Source: 2022 Sustainability Report, p. 127.

⁷⁶ See the abovementioned Work-Related Stress Assessment updated in 2022. Source: 2022 Sustainability Report, p. 130.

⁷⁷ The Group Welfare System consists of several initiatives. The opportunities included in the Innovation Plan, i.e., the second-level agreement to introduce instruments facilitating work-life balance (such as, for example, leave for key life events, for child day care, additional leave for breastfeeding, financial contributions for children, etc.), have been confirmed until 31 December 2023. In addition, FinecoBank provides further contributions in the form of extraordinary welfare to purchase goods and services through the Welfare Platform in use as well as an increase in the nominal amount of the meal voucher from July 2023. Work continued on the Wellbeing area at the Milan office to create a more comfortable workplace; in the same vein, work was carried out to modernise the break areas at the Reggio Emilia headquarters. In the area of health, FinecoBank extended the range of services on the occasion of the three-year (2022-2024) renewal of the Health Insurance Plans through discussions with trade union representatives. Employee benefits are covered under the following policies: life, permanent disability, comprehensive occupational and non-occupational, and accidents. In 2022, the remote medical assistance service (Telemedicine), the administration of home swabs once Covid-related symptoms had been detected, and the telephone psychological assistance service aimed at providing specialist support continued. Welfare systems in line with local best practices have been adopted for Fineco AM employees, including, for example, agile working, a supplementary health care plan, marriage leave, paid parental leave, and 5 days' leave in addition to those provided for by law. Source: Company source.

⁷⁸ All employees in the Italian branches and offices of the Group (96% of the total) are covered by collective bargaining agreements. There are no such agreements for Fineco AM. Source: 2022 Sustainability Report, p. 128.

⁷⁹ Already mentioned above; for further details see Sustainability Report 2022, pp. 127-128.

13. ADAPTATION TO CHANGES

FinecoBank's business model and sector of activity make adapting to change less relevant, despite the fact that the topic is central in the EU and OECD. Therefore, the absence of significant initiatives in this area **does not have a negative impact**.

14. ENVIRONMENT

The Bank declared its commitment to environmental protection in the Code of Ethics.⁸⁰ The Group adopted an **Environmental Programme for 2021-2024**⁸¹ and **specific policies** on the subject.⁸²

FinecoBank has formally enshrined its commitment to reducing greenhouse gas emissions with its **Net-Zero Emission in 2050 Commitment**.⁸³

EMAS Registration of the Bank's Environmental Management System was obtained in accordance with Regulation no. 1221/2009/EC.⁸⁴

FinecoBank has launched a series of initiatives to contain its environmental impact on various levels, from reducing emissions to monitoring energy consumption, using specialists such as an **Energy Manager**⁸⁵ and a **Mobility Manager**.⁸⁶

The Group has kept its **Home-Work Travel Plan** in 2022 as well, thus further encouraging **sustainable mobility**.⁸⁷

15. CONSUMERS AND QUALITY

Consumer protection is enshrined in the Code of Ethics and the Group Integrity Charter and Code of Conduct.⁸⁸ To ensure these principles, the Bank has **updated an internal circular** on the subject.⁸⁹

The Bank maintains and updates cyber-security plans and plans to safeguard privacy.⁹⁰ FinecoBank mainly uses its website and digital platforms to provide services

⁸⁰ Source: Code of Ethics, pages 16-17.

⁸¹ The Programme was approved in 2021 by the Board of Directors as part of the EMAS Environmental Management System implementation process. Source: 2022 Sustainability Report, pages 17 and 142.

⁸² It concerns the Environmental Policy and the Global Policy on Reducing Energy Consumption. Source: 2022 Sustainability Report, p. 142.

⁸³ According to the 2022 Non-Financial Statement, the commitment relates to "*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.*" Source: 2022 Sustainability Report, p. 152. For further details, see the 2022 Sustainability Report, p. 17.

⁸⁴ Registration was obtained in September 2022 and will be valid until 28 June 2024. Following the positive results of inspections carried out by a third party, the Group obtained certification for the Italian offices and the Fineco Center. The Environmental Declaration, integrated in the 2022 Non-Financial Statement, and the aforementioned 2021-2024 Environmental Programme are linked to the Italian offices and the Fineco Center.

⁸⁵ This manager is responsible for reducing the environmental impacts of the Group's energy consumption and related environmental impacts. In this regard, a Circular on Operational Measures for Responsible Energy Consumption was issued in 2022. It implements the European Commission's guidelines set out in Regulation (EU) 2022/1369 and those of the National Plan for Reducing Consumption of the Ministry of Ecological Transition. In this regard, "*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.*" Source: 2022 Sustainability Report, p. 145. In addition, energy efficiency analyses were carried out in the Milan office in 2022, and a single national supply agreement for methane and electricity was signed. The supplier was chosen on the basis of the certifications and guarantees of origin required by Directive 2009/28/EC which certifies that they come from renewable sources. Source: 2022 Sustainability Report, p. 145.

⁸⁶ He was appointed in 2021 pursuant to Article 229, para. 4, of Decree Law no. 34 of 19 May 2020 (the so-called 'Relaunch Decree'). The Mobility Manager is responsible for the development of the Home-Work Travel Plan and the effective use of sustainable mobility for the Group's activities, as well as monitoring emissions from employee home-work journeys. Source: 2022 Sustainability Report, p. 153.

⁸⁷ The Plan is meant for the Milan and Reggio Emilia offices and is based on employee surveys on their mobility needs combined with analyses of public transport in the areas concerned. In addition, a platform exclusively dedicated to sustainable mobility was created in 2022, with sections on mobility services. In 2023, an initiative linked to favourably priced access for FinecoBank employees to Sharing Mobility services has also been launched. Finally, only electric or hybrid cars are on the list of cars allocated for mixed use. Source: 2022 Sustainability Report, p. 153.

⁸⁸ In particular, the Code of Ethics states that "*relations with customers of the Bank (regardless of their public or private nature) must be based on criteria of honesty, courtesy, transparency, fairness, professionalism and collaboration. The persons in charge of relations with customers must ensure compliance with all the rules concerning fairness, completeness, adequacy and transparency in the performance of services.*" Source: Code of Ethics, p. 5.

⁸⁹ Circular no. 48/2021 with internal guidelines to prepare marketing and advertising initiatives defining communication and marketing modalities to safeguard the Group's clients. Source: 2022 Sustainability Report, p. 56.

⁹⁰ FinecoBank formalised the ICT & Security Strategic Guidance Document, which is "*the cornerstone of a broader set of documents governing FinecoBank's ICT & Security Governance.*" The strategy identified in the Document is then implemented through the Operational Plan, which is approved annually by the CEO and General Manager. The effectiveness of the implementation is verified with the Summary Report on Adequacy and Costs, approved annually by the Board of Directors. Within the ICT framework, the group policies on

and to communicate with customers, which is why it focuses on access to and use of its website.⁹¹ In 2022, the Bank published the **Accessibility Statement** in relation to its website according to the criteria set by the Agency for Digital Italy (AGID).⁹²

Customer relations are integrated with the Group's **Customer Care** service and FinecoBank financial adviser network.⁹³

The Bank has initiatives in place to raise awareness among its customers on financial risk management and market access.⁹⁴

16. SCIENCE AND TECHNOLOGY

As a FinTech company, FinecoBank pays attention to technological innovations, both in relation to its customers⁹⁵ and for its employees⁹⁶ while also considering the possible effects on the environment.⁹⁷

The Bank is considering an **Artificial Intelligence (A.I.)** policy with a possible release by the end of 2023.⁹⁸

17. LOCAL COMMUNITIES

As outlined in previous Reports, the Bank is active in international solidarity⁹⁹ and in supporting local communities with financial education initiatives,¹⁰⁰ health and welfare donations,¹⁰¹ environmental aid and cultural development.¹⁰²

The Bank maintains its cooperation with both local and national bodies and institutions.¹⁰³

ICT Security Incident Management and Emergency and Crisis Management were implemented as additional safeguards to better manage possible threats. Source: 2022 Sustainability Report, pages 45-48.

⁹¹ In 2022, the Bank carried out an assessment of its corporate website and apps with a consultancy firm specialised in accessing, updating and improving the usability of the platforms. Source: 2022 Sustainability Report, p. 55.

⁹² Following improvements to its website, FinecoBank met AGID requirements in September 2022. The changes concern both the user-friendliness of the website in terms of easy navigation and accessibility of content for reading software, so as to also support individuals with disabilities. Accessibility initiatives will continue in the future to produce easily accessible documentation and provide appropriate tools for disabled employees. Source: 2022 Sustainability Report, p. 55.

⁹³ Source: 2022 Sustainability Report, p. 35.

⁹⁴ Source: 2022 Sustainability Report, p. 55.

⁹⁵ See the cases of digitisation and dematerialisation of services, now linked only to the web and not to paper, as in the case of the account opening contracts, remote digital signatures for customers, and graphometric signatures. For further details, see the 2022 Sustainability Report, pages 60-61.

⁹⁶ This is the case with the aforementioned digitisation of the human resources selection process and staff training courses. In addition, the Bank's mobile app for the smart use of the HR Next platform was released. The development of X-Net, the Cyborg Advisory Platform in support of financial advisors was continued: "X-Net, (...) 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." Source: 2022 Sustainability Report, pages 60-61.

⁹⁷ The Bank's service dematerialisation initiatives have resulted in an estimated saving of over 44 tonnes of paper. Source: 2022 Sustainability Report, p. 153.

⁹⁸ Source: Company source.

⁹⁹ Following the emergency caused by the war in Ukraine, the Bank donated a total of €400,000 to the local associations Soleterre and AiBi to support people affected by the conflict. In addition, a fundraising campaign for Ukraine was launched on the Bank's website which raised approximately €1 million. Source: 2022 Sustainability Report, p. 136.

¹⁰⁰ Source: 2022 Sustainability Report, pages 134-135.

¹⁰¹ In 2022, the Group, for its traditional Christmas solidarity campaign, supported L'Albero della Vita, CESVI, Make a Wish Italia and Legambiente with total donations of €120,000. In addition to these initiatives, the Bank also supported Fondazione Theodora, and, with a total of approximately €68,000, also contributed to I Semprevivi, AIL, Fondazione Monzino, No Walls, Una Mano Alla Vita, Kyoto Club, Associazione Amici Dell'Ematologia Di Pavia, and I Gigli Del Campo, all associations working in the social sector. For further details on these initiatives, see the 2022 Sustainability Report, pages 136-137.

¹⁰² FinecoBank has been a Corporate Golden Donor of the Fondo Ambiente Italiano (FAI) since 2017, renewing its commitment in 2022 as Main Sponsor for the FAI Days in spring and autumn. The Bank was also still involved in the *Cura e adotta il verde pubblico* (Look after and Adopt Public Green Areas), a project in collaboration with Milan City Council. The PlasticLess project with LifeGate was renewed. In 2022, the project resulted in the recovery of 4.5 tonnes of floating plastic waste. In the cultural sphere, in 2022 the Group confirmed its support for the TEDxMilano initiatives, as well as the AlxGirls project, a new initiative in Italy aimed at encouraging enrolment in technology-oriented degree courses for female students who have completed their fourth year at high school by attending a free weekly campus. For further details, see the 2022 Sustainability Report, pages 137-138.

¹⁰³ Associations include: ABI (Italian Banking Association), ASSIOM FOREX (Association of Financial Market Operators), AssoAML (Anti-money Laundering Association), ASSOGESTIONI (Italian Association of Asset Managers), Assonime (Italian Association of Joint Stock Companies), ASSORETI, ASSOSIM (Italian Association of Financial Intermediaries), AIPB (Italian Association of Private Banking), CBI (Italian Association of Interbank Corporate Banking), ABF (Italian Financial Banking Arbitrator), FITD (Italian Interbank Deposit Protection Fund), FNG (Italian National Compensation Fund), UPA (Italian Advertisers Association). Source: 2022 Sustainability Report, p. 30.

18. BUSINESS PARTNERS	<p>Relationships with business partners are defined in the Code of Ethics and the internal Organisational Model, in accordance with the requirements of transparency, impartiality and prevention of possible conflicts of interest.¹⁰⁴</p> <p>Supplier selection is influenced and directed by ESG factors and by obtaining certifications in the areas of environment, safety and protection of workers' rights.¹⁰⁵</p>
19. HUMAN RIGHTS	<p>The protection of human rights is enshrined in the Code of Ethics. It is then enhanced by the document entitled Commitment to Human Rights,¹⁰⁶ which directly refers to the Universal Declaration of Human Rights together with various international conventions on the subject.¹⁰⁷ An integration on the basis of the recommendations of the UN Global Compact has also been provided for.¹⁰⁸</p> <p>Monitoring and reporting possible violations are regulated by the whistleblowing system.¹⁰⁹</p>
20. EUROPEAN AND INTERNATIONAL STRATEGIES	<p>On 13 March 2022, the subsidiary Fineco Asset Management subscribed to the 10 principles of the UN Global Compact¹¹⁰, adopted by Finecobank in 2020.</p> <p>The Bank drafted its second Communication on Progress through the Global Compact web platform.¹¹¹</p> <p>The Bank seems to adequately comply with European Strategies. The goal is sustainable growth, by virtue of the reduction in CO₂ emissions, combining innovation, through investment in research and technology, with the social fabric, through the reduction of poverty and economic inequality. The cornerstones of the strategies are innovation, education, poverty reduction, employment, and climate change/energy.</p> <p>It is in this sense that the development of ESG financial activities should be seen.¹¹²</p>
21. CONCLUSIONS (SUMMARY)	<p>FinecoBank is a multi-channel direct bank offering credit, trading and investment services.</p> <p>The careful management and implementation of ESG (Environmental, Social, Governance) policies is now a structural feature of the Bank, as is the sustainability governance model that it has adopted. The model is in line with the voluntary guidelines of the major international bodies (UN, EU, OECD).</p> <p>The range of policies covers the relevant topics: from the quality of the working environment and focus on stakeholders, to the management of ESG risks in line with the business model. Non-financial reporting and the definition of medium- to long-term</p>

¹⁰⁴ Source: Code of Ethics, p. 9. In addition, note the Expenditure Regulation, updated in 2022, which governs the supplier selection process. Source: 2022 Sustainability Report, pages 15-16.

¹⁰⁵ Since 2021, the Bank has been submitting a self-assessment ESG questionnaire and requires any management system certifications (ISO 14001, ISO 45001, SA8000, ISO 50001, ISO 37001). Compliance with social security, accident prevention, insurance, and occupational health and safety regulations is also required. A further requirement is a self-certification against the exploitation of workers (e.g., illegal recruitment of workforce). Source: 2022 Sustainability Report, pages 15 and 16.

¹⁰⁶ The Commitment to Human Rights Global Policy, published in 2020, extends to all Group companies, ensuring compliance with international human rights standards in all the Bank's activities, in accordance with stakeholders' expectations. Source: 2022 Sustainability Report, pages 103 and 104.

¹⁰⁷ The full list of the sources referred to can be found in section 3 'Basic Principles' of the abovementioned policy. Source: Commitment to Human Rights Global Policy, pages 4-5.

¹⁰⁸ Subscribed by FinecoBank in 2020, as already stated in the previous Report.

¹⁰⁹ Specifically, "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." Source: 2022 Sustainability Report, p. 104.

¹¹⁰ Source: Corporate site of Fineco AM.

¹¹¹ The Communication on Progress (COP) is a document required by the Global Compact reporting on how the 10 Principles have been implemented. The most recent COP was published on the Global Compact website on 17 June 2022. Source: UN Global Compact website.

¹¹² The Bank has launched a Sustainability Goals Plan to be pursued in the years 2020-2023, aligning itself with the UN Sustainable Development Goals. FinecoBank is working on drafting the new ESG Objectives Plan. Furthermore, subscribing to the 10 Principles of the UN Global Compact mentioned above as well as to adopting the Principles for Responsible Banking and the Principles for Responsible Investment are part of the Bank's strategy towards a more sustainable economy. Source: 2022 Sustainability Report, pages 4 and 27.

objectives seem appropriate for this type of bank. Technological innovations are also introduced and managed in relation to sustainability issues. The qualitative-quantitative composition of the top management bodies (in terms of independence, diversity and gender parity) shows good industry practice. The short- and long-term outlook is positive.

* * *

SOURCES

(Where there are no dates, the most recent versions prevail)

The documents that have been consulted were approved and communicated at least twenty days before the publication of this document.

Main sources (but not exclusively): Code of Ethics; Report on Corporate Governance and Ownership Structures; Financial Report; ESG and non-financial reporting (in all its forms); Procedures; Internal Regulations; Policies; Press Releases.

Data and information given during conversations and through correspondence with internal functions were also used. In this case, the source is 'the Company'.

OTHER SOURCES

Documents supplied by national and international regulatory bodies, the Italian stock exchange and independent websites were also considered.

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