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Global Policy

Sustainability Policy

FB 010_2023

Approving Function Board of Directors

Date April 2023

Proposing Function CFO Department

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1. FOREWORD

1.1. Purpose of the document

This document supplements the Group regulations for FinecoBank S.p.A. and the Group Companies that FinecoBank S.p.A., in its functions as Parent Company, in accordance with current laws and regulatory provisions and consistent with the Group managerial coordination system defined by the "Group Managerial Golden Rules," issues in the interest of the Group's stability and in order to ensure unity of direction for the Group's business design and overall operations.

The purpose of this document is to regulate how Sustainability is managed in the Fineco Group.

This Global Policy (GP) has been submitted for review by the relevant Corporate Governance and Environmental and Social Sustainability Board-level Committee and the Risk and Related Parties Committee, prior to deliberation by the approving body.

As foreseen in the Global Policy on Group's Regulatory Management, this document will be adopted in accordance with locally applicable laws and regulations, which prevail in case of conflict and more stringent requirements.

After approval by Fineco's deputy bodies, the Bank, in its capacity as Parent Company, transmits the GP to the Entities for approval by their respective Corporate Bodies and monitors its correct and timely implementation, also with the support of its internal functions identified from time to time.

The Group Companies are therefore required to promptly initiate - after appropriate evaluation and approval by their competent Bodies - the necessary activities aimed at the proper implementation of this document.

In the event that the Company deems:

- this Global Rule is not applicable, or
- that it is necessary to make amendments/derogations to the provisions contained in this Global Rule, for the purpose of compliance with local regulations (if more restrictive) or due to organizational and operational constraints,

the Company shall make a request to the CFO function for a Non-Binding Opinion, pursuant to the provisions of the applicable Group regulations (Group Principles for the Management of Global Rules).

1.2. Scope of application

The Global Sustainability Policy (hereinafter "Policy") applies to all activities carried out by FinecoBank Group, in Italy and abroad, and is developed through:

- the statement of the *corporate purpose* and of the general Principles that express the Group's environmental, social and governance policies and guidelines;
- the definition of the governance structure and of the oversight with respect to ESG issues;
- the regulation of the process of identifying and managing ESG risks;
- the identification of the main areas of integration of Sustainability factors in the Group's business and activities.

1.3. Main regulatory references

- 2030 Agenda for Sustainable Development, Resolution adopted by the General Assembly of the United Nations on 25 September 2015.
- European Central Bank, Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure (November 2020).
- Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.
- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.
- EBA Report on ESG Management and Supervision of ESG Risks for Credit Institutions and Investment Firms (EBA/REP/2021/18).
- Regulation (EC) N. 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a European eco-management and audit scheme (EMAS), repealing Regulation (EC) N. 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC.
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.
- Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks.
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088
- Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks.
- Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.
- UN Global Compact Principles (2004).
- UN Principles for Responsible Banking (2019).
- UN Principles for Responsible Investment (2006).

1.4. Glossary and definitions

| Keyword | Definition |
|----------------|--|
| Parent company | FinecoBank S.p.A. (hereinafter also “FinecoBank”, “Fineco” or the “Bank”). |

| Keyword | Definition |
|--|--|
| Subsidiary | Entity directly or indirectly controlled by FinecoBank S.p.A. (hereinafter also "Entity", "Group Entity", "Subsidiary Entity", "Consolidated Entity", "Subsidiary Company", "Company" or "LE") |
| Group Companies | Companies of the FinecoBank Group, which is the Parent Company FinecoBank and its Subsidiaries. |
| Group | Fineco Group, consisting of FinecoBank S.p.A. and the Group Companies (hereinafter also "Fineco Group") |
| ESG | Environmental, Social and Governance |
| ESG Factor | Environmental, social or governance aspect that may have an impact on the achievement of the Group's strategic objectives and its governance system or on which specularly the Group may have an impact through its activities or choices. Such aspects include environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. |
| ESG Risk | Environmental, social or governance event or condition that, if it occurs, could cause a significant actual or potential negative impact on the Group's strategic objectives, its governance system or its operations. |
| 2030 Agenda for Sustainable Development | Action Programme for People, Planet and Prosperity signed in September 2015 by the governments of the 193 member countries of the UN. The Agenda incorporates 17 Sustainable Development Goals into a grand program of action with a total of 169 'targets' or goals to be achieved by 2030. |
| Paris Agreement | International treaty between the Member States of the United Nations Framework Convention on Climate Change (UNFCCC), concerning the reduction of greenhouse gas emissions and finance, signed in December 2015. |
| UN Global Compact Principles | Fundamental Principles of the United Nations Global Compact (UN Global Compact), relating to human rights, labour standards, environmental protection and anti-corruption. They are based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration, and the UN Convention against Corruption. |
| UN Principles for Responsible Banking (PRB) | Principles launched by the United Nations in September 2019 at the UN General Assembly aimed at integrating social and environmental issues into banking, incentivising banks to set sustainable development goals, and promoting measurement of the impacts of banking on people and the planet. |
| UN Principles for Responsible Investment (PRI) | Principles launched by the United Nations in April 2006 aimed at encouraging the spread of sustainable and responsible investing among institutional investors. |

2. GENERAL PRINCIPLES

The orientation toward a sustainable growth is a founding element of the long-term value creation strategy for the Bank and all its Stakeholders, which Fineco pursues by operating in line with its corporate purpose: "to support clients in the responsible management of their savings in order to create the conditions for a more prosperous and fairer society".

In order to achieve these objectives – consistently with the principles and standards of conduct enshrined in the Group's Code of Ethics, Integrity Charter and Code of Conduct – Fineco has formalized its commitments to Sustainability through the adoption of an Environmental Policy, a specific Human Rights commitment and a series of internal policies aimed at ensuring proper approaches, systems and patterns of behaviour in the areas of 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.

Within this context, this Policy defines the reference framework for all the commitments made on Sustainability, as well as for setting the governance structure and compliance oversight with respect to ESG issues, for regulating the process of identifying and managing ESG risks, and for identifying the main areas of integration of Sustainability factors into the Group's business and activities.

The signing of the most important United Nations Sustainability initiatives, in particular the **Global Compact Principles**, the **Principles for Responsible Banking** and the **Principles for Responsible Investment**, frames the commitments of the Group within the political-institutional framework outlined by the Paris Agreement and the 2030 Agenda for Sustainable Development and allows to increasingly integrate Sustainability risks and factors into business decisions targeted to all Stakeholders.

The collaboration with **Valore D**, an association of companies committed to ensuring an inclusive culture within organizations, enables the strengthening of commitments towards diversity and equal opportunity.

3. SUSTAINABILITY GOVERNANCE STRUCTURE

Fineco has integrated Sustainability principles into its governance system, assigning specific responsibilities to governing bodies and operational functions, as outlined below¹.

With reference to the Parent Company:

- the **Board of Directors** deliberates, inter alia, on the strategic directions of the Bank and the Group, with the aim of pursuing sustainable success and creating long-term value for Stakeholders.
- the **board-level Corporate Governance and Environmental and Social Sustainability Committee** oversees Sustainability issues related to FinecoBank's business operations and the dynamics of interaction with all Stakeholders, as well as the evolution of the Bank's Sustainability strategy, based on the relevant international guidelines and principles. Specifically, it oversees the evolution of the Group's Sustainability strategy, assesses the risks related to Sustainability issues, examines and, where appropriate, formulates proposals regarding corporate plans, objectives, rules and procedures on social and environmental issues, also playing a support role to the Board of Directors for the approval of policies aimed at promoting diversity and inclusiveness, contributes to the review of products with ESG purposes for which the Bank acts as producer, monitors the positioning of the Company and the Group with respect to the financial markets on Sustainability issues and Stakeholder relations, and examines and advises on the policy for managing relations with all the Shareholders. It also reviews in advance the Consolidated Non-Financial Statement (NFS) and the Environmental Statement pursuant to EMAS Regulation No. 1221/2009/EC for approval by the Board of Directors. Finally, the Committee has specific tasks with reference to *corporate governance* issues².
- the **board-level Risk and Related Parties Committee** has the task, as part of its activities, to contribute to the definition of the guidelines of the internal control system, so that the main risks pertaining to the Company and the Group, including ESG risks, are correctly identified, as well as adequately measured, managed and monitored, and to support the Board of Directors in the evaluation of non-financial periodic reports, as well as financial ones.
- the **Board of Statutory Auditors**, as a supervisory body, is responsible for supervising compliance with the provisions established by Legislative Decree 254/2016³ and reports on this in its annual report to the shareholders' meeting.
- in order to support the Corporate Governance and Environmental and Social Sustainability Committee, a **Sustainability Management Committee** is established, supported by the Sustainability Structure and composed of FinecoBank managers. The Committee is entrusted with the main task of defining a proposal for the Bank's Sustainability strategy (corporate plans, rules and procedures on social and environmental issues) and the related objectives to be achieved, to be submitted to the aforementioned board-level Committee for consideration, as

¹ For any further details on the responsibilities attributed in the Sustainability area, but not only, to the various Corporate Structures or Bodies, reference is made to the internal regulatory documents in force from time to time and continuously updated (Internal Regulations, Regulations of Corporate Bodies, Delegated Powers); in the event of conflict between the provisions of these Group regulations and the above-mentioned Regulations, the latter shall prevail.

² The duties of the Corporate Governance and Environmental and Social Sustainability Committee are expressly set forth in the "Regulations of FinecoBank's Corporate Bodies".

³ Legislative Decree No. 254 of 30 December 2016 implementing Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on the disclosure of non-financial and diversity information by certain large companies and groups.

well as to the Board of Directors for approval, if necessary. The Management Committee is also in charge of monitoring the progress of the defined Sustainability strategy.

- the **Sustainability Structure**, reporting to the Chief Financial Officer (CFO) Department, is responsible for supporting the CFO and the Sustainability Management Committee in the management of Sustainability at Fineco, including the development and monitoring of the Sustainability Strategy and in the drafting and subsequent approval of the NFS and EMAS Environmental Statement by the relevant Corporate Bodies.
- the **Compliance** function ensures second-level compliance controls for regulations within its competence, such as investment services or banking products.
- the **risk management** function performs second-level controls over ESG risks and ensures that all risks are identified, assessed, measured, monitored, managed, and appropriately communicated by relevant units within the institution.
- the **Internal Audit** function performs third-level controls on ESG risks on the basis of its own defined methodologies.
- the **structures involved from time to time** define the sustainability objectives for the areas under their responsibility, including those in the area of responsible finance, identify the actions that enable their achievement and support the Sustainability Structure in monitoring the progress of activities with respect to the objectives and the related reporting.

With reference to each Subsidiary:

- it is required to identify an organizational structure within each subsidiary to assume the role of the main Coordinator of the implementation and ongoing supervision of Sustainability-related activities. Assigning this role to a centralized function is intended to ensure that a consistent ESG approach is adopted towards all Stakeholders⁴.
- the establishment of a Sustainability Working Group, composed of the executive figures representing the functions involved, is suggested, with the aim of monitoring Sustainability activities, based on Parent Company guidelines, industry standards and legislative and regulatory developments.

The **Structures of the Group Companies**, in agreement with the Sustainability Structure, adopt, implement and monitor specific ESG activities based on their respective competencies, roles and responsibilities.

⁴ For Fineco AM, in the absence of the identification of a specific structure at the subsidiary, the role is understood to be assigned to the local Legal structure; for the other subsidiaries, in the absence, the role is understood to be assigned to the local CFO structures.

4. OVERSIGHT IN THE ESG AREA

Integrity in business conduct is a core value for Fineco. If business is the centre of the Bank's operations, compliance and integrity are the core principles underlying the conduct of business activities.

With reference to Sustainability issues, a dedicated **ESG regulatory oversight organizational model** is established in the Parent Company, structured into thematic macro-areas. For each area, the topics directly overseen by the compliance function (2nd level corporate control function), the topics of compliance borne by specific specialized structures (indirect compliance coverage oversight) and the topics assigned to the risk management function (2nd level corporate control function) have been identified:

| Macro-area | Corporate structure in charge of regulatory oversight |
|--|--|
| Non-financial disclosure⁵ | Sustainability Structure |
| Requirements of company representatives, related parties and associated persons, operation of the Shareholders' meeting | Corporate Law & Board Secretary's Office |
| Health and Safety | Real Estate Unit due to the appointment of the Head of the Unit as the Officer responsible for issues relating to compliance of workplaces (Titles I, II, VIII, IX, X, XI of Legislative Decree 81/2008), plant, machinery and equipment, for keeping and updating compulsory documentation, identifying gaps in emergency personnel, verifying the technical and professional suitability of contractors, preparing the interference risk assessment document (DUVRI) and calculating the safety costs, and authorising sub-contracts |
| | <i>Chief People Officer Department</i> , due to the appointment of the Chief People Officer as the Officer responsible for aspects relating to training, information, employee health surveillance, appointment of the Company Doctor, identification and designation of emergency staff, and communications to institutional bodies |

⁵ Considering the multiple professional profiles required to fulfil the various obligations connected with non-financial reporting obligations and the regulatory changes detailed below, it was agreed to assign the oversight of non-financial reporting to the "Sustainability" Specialist Department, also due to its location within the CFO Department (for which the Executive in Charge is responsible). This approach is, moreover, in line with the regulatory provisions introduced by the CSRD - Corporate Sustainability Reporting Directive (EU Directive 2022/2464 of 14 December 2022), i.e. the obligation to draw up a sustainability report fully integrated in the management report.

| Macro-area | Corporate structure in charge of regulatory oversight |
|---|---|
| | <i>Procurement Office</i> due to the appointment of the Head of the office as the Officer responsible for issues relating to the identification of the scope of application of Article 26 and Title IV of Legislative Decree 81/2008, concerning maintenance or worksite activities, the identification of suppliers and the issuing of orders |
| Labour Law | Chief People Officer Department |
| Tax | Tax Affairs and Advisory Unit |
| Environmental Protection | Chief People Officer Department, with reference to legislation related to mobility management |
| | Real Estate Unit, with reference to regulations on responsible consumption, waste disposal and pollution reduction at properties used by the bank and Financial Advisors |
| | Chief Financial Officer, as Management Representative under the EMAS Regulations, and Sustainability office reporting to the CFO, with reference to the regulations related to the Environmental Management System |
| Other Sustainability obligations | Chief Risk Officer Department, with reference to the regulations related to ESG risk management |
| | Compliance Department, with reference to regulations on investment services, banking, credit and insurance 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 |

Each identified Structure has the task of presiding over and monitoring the external regulations within its competence, analysing new requirements and identifying the actions to be implemented by involving the structures concerned, defining and executing second-level controls, according to the methodology defined for the specialized structures, identifying any improvement actions where necessary and, finally, producing, at least quarterly, the appropriate information flows on second-level controls to the Compliance department which, in turn, reports to the corporate bodies. The Sustainability Structure is also assigned the role of coordinating on this matter.

The oversight of the Chief Risk Officer Department is carried out, for its areas of competence, as a second-level control function, that it is not an indirect coverage of the Compliance function.

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.

5. IDENTIFICATION, MANAGEMENT, AND INTEGRATION OF ESG RISKS INTO THE RISK MANAGEMENT FRAMEWORK

In the Parent Company's Risk Management Framework, ESG risk is defined as the risk of suffering financial losses resulting from the current or prospective impact of Environmental, Social or Governance factors on the Group's assets or profitability, as well as on the solvency of its counterparties.

Within ESG risks, special attention is paid by Fineco to climate and environmental risks, consistently with the most recent documentation issued by European Supervisory Authorities and standard setters on this subject. These latter, in fact, can give rise to structural changes that affect economic activity and, consequently, the financial system.

The activities carried out by the Parent Company's risk control function in the area of ESG risks can be summarized as follows:

- **analysis of ESG risk best practices and regulations** issued by international and European Regulators, Supervisory Authorities and standard setters. Alignment of internal regulations and risk management framework with regulatory requirements is carried out consistently and proportionately with the Group's business model.
- **identification of ESG risks:** periodic mapping is conducted, as part of the *Risk Inventory* process, of all risks to which the Group is, or could be, exposed. As for ESG risks, a specific exercise is carried out in order to identify their cross-cutting aspects on traditional risk categories (credit, operational, market, ...) and to estimate their relevance and possible impact for Fineco.
- **integration of ESG risks into the Risk Appetite Framework:** ESG risks are integrated into the framework for determining the risk appetite (RAF), both in the "Statement," which qualitatively defines FinecoBank's positioning in terms of strategic objectives and related risk profiles, and in the "Dashboard," through an accurate selection of the most representative metrics and quantitative indicators developed.
- **integration of ESG risks into the Internal Controls System (ICS):** for the part under its responsibility, Risk Management develops, within the second-level controls, specific indicators, metrics and analyses aimed at monitoring the ESG risks considered most relevant for Fineco. Key indicators are included within the RAF Dashboard.
- **ESG stress tests:** Risk Management periodically conducts ESG stress tests using, as risk factors, those identified as most relevant to the Group at the risk inventory. The impacts of stress tests are quantified according to both regulatory and economic perspectives; in particular, the effects on the Income Statement and on regulatory and internal capital indicators are estimated.
- **internal and external reporting:** Risk Management illustrates to the Corporate Bodies the results of the ESG risk control and monitoring activity within its Quarterly Report; it also collaborates with the Sustainability Structure and with the Regulatory Affairs Structure in compiling - for the parts within its competence - reporting to Regulators, Rating Agencies, Data Vendors and any other external party. Consolidated disclosures such as the Notes to the Financial Statements, Pillar 3 Public Disclosure and the Consolidated Non-Financial Statement are of particular importance.

6. INTEGRATION OF ESG FACTORS INTO GROUP ACTIVITIES

The commitment to doing business in an ethical and respectful way, by including in an increasingly structured way the Economic, Environmental and Social Sustainability objectives in the long-term strategy, implies, for the Group Companies, carrying out and periodic updating of a series of activities of analysis of the internal and external context and of the expectations of Stakeholders, such as Materiality Analysis, Environmental Review, targeted interlocutions with governance bodies, dedicated in-depth analyses, etc.

These activities led to the identification of the main areas of integration of ESG factors in the Group:

- in the **relationship with Clients**, guided by criteria of trust, accessibility of products and services and strict compliance with professional ethics, and based on an excellent offering at fair pricing within the three integrated business areas *banking, investing and brokerage*;
- in **corporate strategy and business**, through the integration of sustainability risks into advisory services and the selection, within the range of offerings, of products with ESG characteristics, among others, as well as through the adoption of exclusion policies for the management of its treasury portfolio based on ESG country risk KPIs;
- in **internal culture**, through the development of ESG-related training and information initiatives and the promotion of a culture of Sustainability at all levels;
- in **relations with Employees and Financial Advisors**, through initiatives and programs aimed at constantly investing in their development, growth and well-being, supporting them and creating an inclusive and sustainable work environment;
- in the **relationship with all Stakeholders**, through a dialogue based on principles of fairness, integrity and transparency of the information provided, ensuring that it is clear, complete, truthful and not misleading, in terms of regulatory compliance, economic-financial and sustainability performance, taxation and, in general, within all the operations of the Group;
- in the **management of the value chain**, through the evaluation of Suppliers of goods and services on the basis of ESG criteria, the maintenance of the Bank's Environmental Management System, the adoption of plans and programs for the reduction of direct impacts related to the Group's operations, and the involvement of the Financial Advisor network in Fineco's Sustainability commitments and initiatives;
- in **financial education**, through initiatives dedicated to Money Savers aimed at increasing their awareness and knowledge of the functioning of financial markets and the best and most appropriate use of financial instruments;
- in **Community support**, through the support of concrete solidarity projects in various areas of intervention, such as social or health care, training, education, promotion of culture and art, scientific research and environmental protection.

7. ADOPTION AND DISSEMINATION

FinecoBank intends to use and disseminate this Group Policy so that it constitutes the framework for the definition of compliance, governance and strategy on Sustainability, as well as for the identification and management of ESG risks and the integration of ESG factors into the Group's business and activities. The Policy is also a tool for transparency and dialogue with all Stakeholders. For these reasons, it is disseminated to all personnel of all Group Companies and Financial Advisors and is made available to the public, Clients, Investors, Regulators and product and service Providers through the Parent Company's institutional website.