
ESG PROCUREMENT POLICY OF THE BFF BANKING GROUP

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INTRODUCTION

Aware of the growing importance of a sustainable Supply Chain, the BFF Banking Group (hereinafter the "BFF Group" or "Group") aims to be an active part in the promotion of conduct that carefully evaluates the impacts of its suppliers, from an environmental, social and good governance perspective (hereinafter also "esg"). Consequently, it aims to assess, monitor and prevent the actual and/or potential impacts, risks and opportunities on the environment and society related to its Supply Chain (hereinafter also "**Supply Chain**") both through this policy and through an ESG assessment and certification process of its suppliers. Therefore, as part of the management process of Supply Chain, the BFF Group acts responsibly with the ultimate goal of minimising its indirect environmental impact and promoting, where possible, socially responsible management of its activities, Suppliers and workers in the value chain.

This Policy sets out the guiding principles of the BFF Group for the continuous and progressive promotion of sustainable and responsible Supply Chain management in line with the Group's internal regulations. It forms part of the measures that the Group is implementing in response to the issues identified as material in the latest update of the dual materiality analysis conducted by BFF.

This Policy, therefore, also in line with the mapping of the value chain carried out pursuant to the provisions of external regulations - CSRD - and the results of the Double Materiality Analysis, applies exclusively to the BFF Group's direct suppliers. Indeed, the value chain includes, among others, the identification of BFF Group's direct upstream suppliers of goods and services.

This Policy is published on the corporate website of the BFF Banking Group (www.bff.com).

POLICY APPROVAL AND UPDATE

The *Policy* is approved by resolution of the Parent Company's Board of Directors upon proposal by the Parent Company's Chief Executive Officer, after consulting with the Parent Company's *Compliance & AML Function* and the Risk Management Function for the relevant checks. It applies to the Bank and is sent to all Subsidiaries so that they can implement it and make it available to all Group personnel, as required by the Intragroup Regulations. It is implemented by the Subsidiaries by resolution of the competent corporate body (the Board of Directors for Subsidiaries that adopt

the traditional governance model, or the Management Board for Subsidiaries that adopt the dualistic governance model or similar models).

The Subsidiaries are required to apply the provisions of the Policy in compliance with local jurisdictions.

The Regulation & Processes Organisational Unit of the Parent Company is responsible for the process of updating the Policy.

Any amendment to the Policy is approved with the same methods as the first approval.

Amendments of merely formal nature (such as, without limitation, the review of Corporate Structures names or the content of Annexes) are approved by the Chief Executive Officer of the Parent Company, after the compliance verification of the Compliance and AML Function of the Parent Company.

DEFINITIONS

Chief Executive Officer of the Parent Company	The Management Body of the Parent Company, i.e. the member of the Board of Directors of the Parent Company to whom ordinary management duties, namely the execution of the guidelines resolved while exercising strategic supervision functions, are delegated by the Board of Directors of the Parent Company.
Double Materiality Analysis or DMA	Process of identifying impacts, risks and opportunities, and related material issues, prior to defining the subject of non-financial reporting, carried out on a regular basis by the organisation.
Bank, Parent Company or BFF:	BFF Bank S.p.A
Supply Chain:	in accordance with directive (eu) 2022/2464 (corporate sustainability reporting directive), Supply Chain means the full range of activities and processes carried out by the upstream entities of the company that provide the products or services used in the development and production of the business's products or services. It includes upstream entities with which the company has direct business relations (often referred to as "first-tier Suppliers" or direct suppliers) and those with whom it has indirect business relations. As per the Introduction and for the purposes of this Policy, the supply chain includes direct suppliers only.
Code of Ethics:	This document sets out the values recognised, accepted and shared by the Group in every operational and geographical context. It serves as a reference general framework for principles of ethics and conduct, with the goal of permeating all activities and interactions with shareholders, workers, partners, clients, Suppliers, and anybody else who interacts, even sporadically, with the Group.

<i>Board of Directors or Board or BoD of the Parent Company</i>	The Parent Company's "body with strategic supervision functions" is tasked with management duties, including evaluating and resolving financial or industrial strategies and strategic transactions.
<i>Board of Directors or Board or BoD of the Subsidiary:</i>	The Corporate Body of Group Companies that use the traditional governance model (or comparable models) is charged with management duties, including evaluating and resolving financial or industrial strategies and strategic transactions.
Company Functions:	A set of duties and obligations assigned for the performance of a specific phase of the company's activity.
Internal Control Functions of the Parent Company:	Collectively, these are the Compliance Function, the Risk Management Function, the Internal Audit Function and other structures with control functions, i.e. the set of company's functions that, by virtue of legislative, statutory, regulatory or self-regulatory provisions, discharge control functions within the Parent Company.
<i>Compliance & AML Function:</i>	In the Parent Company, the corporate compliance function is assigned to the Compliance & AML Function. In the Subsidiaries, depending on the Parent Company's decision to centralise or decentralise the Corporate Control Functions, a corresponding structure or contact person for the Compliance & AML Function is identified.
<i>Internal Audit Function:</i>	Within the Parent Company, the company's internal audit is entrusted to the Internal Audit Function. Within Subsidiaries, depending on the Parent Company's determination to centralise or decentralise Internal Control Functions, a homologous structure or contact person of the Internal Audit Function is appointed.

<i>Risk Management Function:</i>	Within the Parent Company, the company's Risk Control Function within which the ICT and Security Risk Control Function is also established.
BFF Banking Group, Banking Group, BFF Group or Group:	The BFF Banking Group, as defined by Article 60 of the T.U.B. (Testo Unico Bancario - Consolidated Banking Act).
Supplier:	Legal entity with which it is possible to activate relationships for the supply of goods and/or services.
Company body(ies):	Collectively, the Board of Directors and the Chief Executive Officer for companies adopting the: traditional governance (or similar) models and the Management Board for the dual governance (or similar) models.
ESG Procurement Policy or Policy:	This Policy on ESG Procurement.
Procedures for the procurement of goods and services:	Understood as the procedures that regulate the process of procuring goods and services in the various entities of the Group, and more specifically: "Procedure for the Purchasing of Goods and Services" for BFF Bank S.p.A. and its branches", "Purchasing Procedure for BFF Polska S.A. and BFF Medfinance S.A.", "Purchasing Procedure of BFF Central Europe and BFF Ceska Republika" and "Goods and services acquisition" for BFF Finance Iberia.

STANDARD OF REFERENCE

This Policy has been drafted in compliance with regulatory provisions, and European and international provisions on sustainability, outlined at EU and international level by regulations and guidelines, including:

- Corporate Sustainability Reporting Directive ("CSRD");
- Corporate Sustainability Due Diligence Directive ("CSDDD");
- 2030 Agenda for Sustainable Development;
- OECD Guidelines for Multinational Enterprises;
- UN Guiding Principles on Business and Human Rights;
- ILO Declaration on Fundamental Principles and Rights at Work;
- Women's Empowerment Principles.

ROLES AND RESPONSIBILITIES

In accordance with the provisions of the **current** Procedures for the Purchase of Goods and Services and in line with its sustainability strategy, the BFF Group adopts an approach that involves sharing and supporting fundamental principles for compliance with environmental, safety and corporate social responsibility standards for the selection and evaluation of its Suppliers.

In this context, the Procurement Area of the Group Consolidation & Accounting Organisational Unit and the corresponding Organisational Units of the Subsidiaries or *Branches* as the main players in the governance of Suppliers, oversee the qualification of Suppliers, the management of commercial relations, the related negotiations, the management of tenders and, in general, the purchase phase of goods and services.

The management of the activities and initiatives listed below involves the Procurement Area of the Parent Company and the corresponding Organisational Units of the Subsidiaries, *Branches* and Organisational Units. These are responsible for proposing the purchase of goods and/or services in accordance with the roles, responsibilities, and scope of application established by the current Procedures for the purchase of goods and services and the ESG Group Organisational Unit with regard to ESG aspects.

CHAPTER I: GENERAL PRINCIPLES

This policy defines the BFF Group's principles regarding the Supply Chain, and, more specifically, aims to promote responsible procurement actions to ensure the sustainability and traceability of supplies, as well as to guarantee the creation of economic, environmental and social value, in line with the group's strategy.

In accordance with the provisions of the BFF Group's Code of Ethics, management of relations with Suppliers and partners is based on the principles of transparency, fairness and mutual respect. The Group takes a rigorous and objective approach to selecting and managing these partnerships, favouring collaborators who share its values of social and environmental sustainability, as well as good governance. Indeed, the current Supplier selection process requires explicitly that prospective partners to sign the Code of Ethics.

i. **Environmental criteria**

In line with the Policy, the Group's Environmental Strategy, as well as its ESG Strategy, the management of impacts, risks and opportunities related to the issue of climate change, represent a priority for the BFF Group.

The BFF Group is committed to protecting the environment and transitioning to a low-carbon economy. In this context, it therefore invites all Suppliers to join this undertaking and journey through:

- the request for a sustainability and/or environmental Policy that is aligned with the size and operations of the Supplier and that addresses the prevention, mitigation and control of environmental impacts;
- the implementation of environmental management systems in line with the main standard on the subject (e.g. UNI EN ISO 14001);
- a contribution to and active monitoring of the risk assessment and environmental protection process, according to the principles of precaution, prevention, protection and continuous improvement;
- a commitment to minimising its environmental impacts and optimising the use of energy and natural resources, developing and implementing improvement plans and specific key performance indicators;
- a requirement to define emission and consumption reduction targets;

- the promotion of continuous improvement.

In addition, the BFF Group, with regard to its own impacts, i.e. related to purchases made from its Suppliers, undertakes to:

- give priority to the purchase of compostable, biodegradable and/or recyclable products;
- progressively directing purchases towards supplies, materials, goods and services whose environmental footprint does not generate negative impacts and/or risks along all phases of the life cycle of the products or services purchased;
- give preference to the purchase of products and services that minimise the environmental impact of transportation.

ii. **Social criteria**

BFF's search for innovative and responsible solutions developed with its Suppliers aims to raise the standard of quality and social responsibility, paying particular attention to respect for human rights, the enhancement of diversity and the protection of personal integrity. These principles are part of a broader framework of ethical and sustainable commitment, in line with the International Labour Organization's ("ILO") Declaration on Fundamental Principles and Rights at Work. Social criteria aim to have a positive effect on the protection of human rights and decent working conditions throughout the Supply Chain, fostering the promotion of employment opportunities and social inclusion. For this reason, BFF is committed to communicating to its Suppliers the values that it applies in the performance of its activities in terms of social responsibility, equality and inclusion.

With this in mind, the Group requires its Suppliers to carry out specific social safeguards and conduct, with reference to workers directly and/or indirectly involved in the performance of the business of the Supplier, such as, but not limited to:

- protection of workers, particularly ensuring that the Supplier's working conditions for its employees meet the relevant standards and regulations, as well as remuneration policies that meet the standards in force for each sector;
- inclusion of vulnerable people, by requesting the implementation of policies, ensuring that their rights are protected;

- non-discrimination on the basis of race, ethnicity, age, sex, disability or other characteristics (such as marital and/or parental status) that could be a discriminating factor, supporting the importance of a work environment free from harassment and discriminatory behaviour, strictly applying the zero tolerance policy towards any form of discrimination or harassment;
- respect for the cultural, religious, economic and social rights of local communities, minorities, indigenous peoples and other vulnerable groups, taking into account the operational context and the activities carried out;
- guaranteeing the right to health and safety, ensuring that the working conditions and environment of workers in the Supply Chain are safe and dignified;
- combating child labour and forced labour, ensuring that Suppliers comply with these principles and have no ongoing disputes in this regard.

iii. Ethical and economic criteria

The selection processes, based on criteria of fairness and impartiality, guarantee equal opportunities of access and prevention of conflicts of interest, ensuring that the choice of Suppliers is made on the basis of economic solidity, professional competence and compliance with ethical and legal regulations. The BFF Group conducts its Supplier selection and evaluation activities in compliance with the principles of ethics and integrity, consistent with the principles outlined in the Code of Ethics adopted and the Policy of the Anti-Corruption Group, in order to maintain long-lasting, honest and transparent relationships with its Suppliers.

The Group also expects its Suppliers to have policies, standards or internal ethical procedures that include at least compliance with applicable local regulations, anti-corruption measures and initiatives aimed at ensuring business integrity (undue payments, conflicts of interest, fraud, gifts and protection of trademarks and intellectual property, etc.).

In order to increase the transparency and integrity of the Supply Chain, BFF has created a reporting channel also accessible to third parties through which they can report inappropriate and unlawful conduct by Group employees.

CHAPTER II: IMPLEMENTATION OF SELECTION CRITERIA, REPORTING AND TRANSPARENT COMMUNICATION

In order to continuously improve, increase the positive impacts and opportunities and reduce the negative impacts *and* risks associated with its Supply Chain, the BFF Group, through the Procurement Area of the Group Consolidation & Accounting Organisational Unit and the corresponding Organisational Units of the Subsidiaries or *Branches*, regularly monitors its Suppliers through the process of assessing and selecting them according to ESG criteria, with the help of a questionnaire ad hoc Provided by an external provider.

In addition, as part of the preparation of the Consolidated Sustainability Report, the Group ESG & Financial Reporting Support Organisational Unit reports all the information relating to the data collected and the practices implemented. This Policy is published annually and for transparency purposes is also made available on the corporate website.