

2025

Climate Report

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Glossary

Defined term	Definition
Bank, Parent Company or BFF:	BFF Bank S.p.A.
BFF Banking Group, Banking Group, BFF Group or Group:	The BFF Banking Group, as defined by Article 6o of the T.U.B. (Testo Unico Bancario - Consolidated Banking Act).
Board of Directors:	The Board of Directors ("BoD") is 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.
Board of Statutory Auditors:	The Bank's body with "control functions", which monitors compliance with legal, regulatory and statutory provisions, the correct administration, the adequacy of the Bank's organisational and accounting structures, also at Group level.
Corporate Sustainability Reporting Directive (CSRD):	The European Union Directive that mandates standardized sustainability reporting for eligible companies, covering environmental, social, and governance topics. It replaces the Non-Financial Reporting Directive and introduces detailed disclosure requirements under the European Sustainability Reporting Standards (ESRS).
Double Materiality Assessment:	A process for identifying impacts, risks, and opportunities, as well as related sustainability material topics, conducted regularly by the organization as a preliminary step in defining the scope of non-financial reporting.
Emissions Scope 1:	Scope 1 emissions are direct greenhouse gas (GHG) emissions from sources that are owned or controlled by the company. Examples include emissions from company-owned vehicles or on-site fuel combustion.
Emission Scope 2:	Scope 2 emissions are indirect GHG emissions from the generation of purchased electricity, steam, heating, or cooling consumed by the company. These emissions occur at the facility where the energy is produced.
Emission Scope 3:	Scope 3 emissions are all other indirect GHG emissions that occur in the value chain of the company, both upstream and downstream. This includes emissions from suppliers, business travel, product use, waste disposal, financed emissions and more.
ESRS Topic:	An ESRS topic (European Sustainability Reporting Standards topic) refers to a broad area of sustainability reporting defined under the ESRS framework, developed by EFRAG (European Financial Reporting Advisory Group). These topics are aligned with the three ESG pillars (Environmental, Social, and Governance) and represent the key domains in which companies are expected to assess and disclose their sustainability impacts, risks, and opportunities.
ESRS Sub-Topic:	An ESRS sub-topic is a more specific component within an ESRS topic that provides detailed focus areas for reporting. Sub-topics help organizations break down complex sustainability themes into manageable and reportable elements, ensuring comprehensive and comparable disclosures.
European Financial Reporting Advisory Group (EFRAG):	An independent European body that provides technical advice to the European Commission on financial and sustainability reporting. EFRAG is responsible for developing the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD).
Financial Reporting Officer:	The person who certifies correspondence of the Parent Company's accounting documents to the books and accounting records and their suitability to provide a true and fair overview of the capital, economic and financial situation of the Group companies falling within the scope of consolidation, as well as the person certifying that the sustainability reporting included in the management report is prepared in accordance with the reporting standards applied according to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and the legislative decree adopted in implementation of Article 13 of Law No. 15 of 21 February 2024 and with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.
Global Reporting Initiative (GRI):	An independent international organization that develops globally recognized standards for sustainability reporting. The GRI Standards enable entities to disclose their environmental, social, and governance (ESG) impacts in a structured, comparable, and transparent manner, supporting accountability and stakeholder engagement.
Group Chief Executive Officer:	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.
Performance Period:	The Performance Period refers to the specific time frame over which the achievement of performance objectives is assessed for the purpose of determining eligibility for variable remuneration. This period may be annual (e.g., a calendar year) for short-term incentive plans, or multi-year (e.g., three years) for long-term incentive plans, depending on the structure of the remuneration scheme.
RAF:	The Risk Appetite Framework ("RAF") represents the framework which, in line with the maximum acceptable risk, defines the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk governance policies and the relevant processes for designing and implementing them, both under normal operating conditions and under stress.
Value Chain:	The value chain refers to the full sequence of activities through which an organization creates value, from sourcing inputs to delivering products or services to end users. For BFF, the value chain is structured around its core business lines, including Factoring & Lending, Securities Services, Payment Services, and the Corporate Center, which also encompasses the Online Deposit Account service.

Introduction

In 2025, according to Global Climate Highlights 2025 ¹, climate conditions remained characterized by persistently high global and regional temperatures, with sea surface temperatures continuing to record exceptionally elevated levels. These trends contribute to the intensification of physical climate hazards and reinforce long term climate risks.

The persistence of these phenomena highlights the materiality of acute and chronic physical climate risks, with potential impacts on environmental integrity, infrastructure resilience, economic activities and human health, emphasizing the need for enhanced climate adaptation and risk management measures.

Europe confirmed its position as the fastest-warming continent, with 2025 marked by an increased frequency and intensity of heatwaves, continued glacier mass loss and growing variability in precipitation regimes, including both flooding events and drought episodes.

In response to these accelerating climate risks, the European Union has reinforced its commitment to global climate action and to achieving climate neutrality by 2050, adopting binding targets and regulations to reduce greenhouse gas emissions by at least 55% by 2030. In addition, the European Commission has outlined a pathway towards a net emissions reduction of 90% by 2040 and strengthened its strategic focus on climate-risk preparedness and resilience.

In this context, BFF aims to demonstrate its commitment to addressing climate change by preparing its annual Climate Report, reflecting the Group's awareness of the evolving environmental landscape and its dedication to contributing to a more sustainable future.

¹ <https://climate.copernicus.eu/global-climate-highlights-2025>

Group Profile

BFF is the only pan-European platform – present in nine countries – specialized in the management and non-recourse purchase of trade receivables from the public administration and national health systems. Through the merger with DEPObank, BFF has also affirmed its leadership in securities services, as the only Italian custodian bank, and in payment services that it provides to more than 100 banks and PSPs in Italy. As part of the new business plan, BFF has confirmed its commitment to growth within its core business and continues the path of creating value for its shareholders and all stakeholders.

BFF offers a wide range of services through three main Business Units (BU):

- ▶ The **Factoring & Lending Business Unit** is the BU through which BFF is the leader in Europe in the management and non-recourse factoring of trade receivables due from Public Administrations. The Group operates in Italy, Croatia, France, Greece, Spain and Portugal, where it engages in non-recourse factoring and credit management activities with respect to the Public Administration. It operates in all product sectors in which government suppliers work, including the pharmaceutical and medical devices sector, the multi-utility and telecommunications sector, ICT, facility management, and private nursing homes. The Group is also active in Poland, the Czech Republic and Slovakia, offering a diversified range of financial services designed for ensuring access to credit, as well as providing liquidity and solvency support to the private system of companies that interface with the Public Administration. As well as providing the Factoring & Lending services mentioned above, the Group is a leader in Italy in Securities Services and banking payment services. It provides these services to more than 400 customers including investment funds, banks, payment and money institutions, large corporations and Public Administrations.
- ▶ The **Securities Services Business Unit** is the BU which deals with custodian banking for investment funds and related services such as global custody, fund accounting and transfer agents for national managers and various investment funds – such as pension funds, mutual funds and alternative funds – as well as banks and other financial institutions (i.e., stock brokerage firms). BFF is the only national Custodian that protects the ‘essence of being Italian’ in the sector; it is a local partner with operational headquarters and decision-making center in Italy, capable of meeting the needs of the entire value chain of administrative and settlement services required by Funds and Pension Funds. In the supplementary pensions system, BFF is currently ranked first in terms of market share for the number of pension fund customers to which it offers its custodian services.
- ▶ The **Payments Business Unit** provides intermediary services for payments, corporate payments, and checks and bills and has Italian banks, payment and e-money institutions, medium-large companies, and public administrations as customers. The BU has decades of experience in the international and domestic payments industries. BFF, in its role as a second-tier bank, aims to ensure efficiency, simplification and a level playing field for all operators, regardless of their size, thus making the overall impact of the ongoing transformations on Eurosystem market platforms more sustainable. To this end, BFF has an active role in all main working groups aimed at improving and streamlining the ECB’s market platforms.

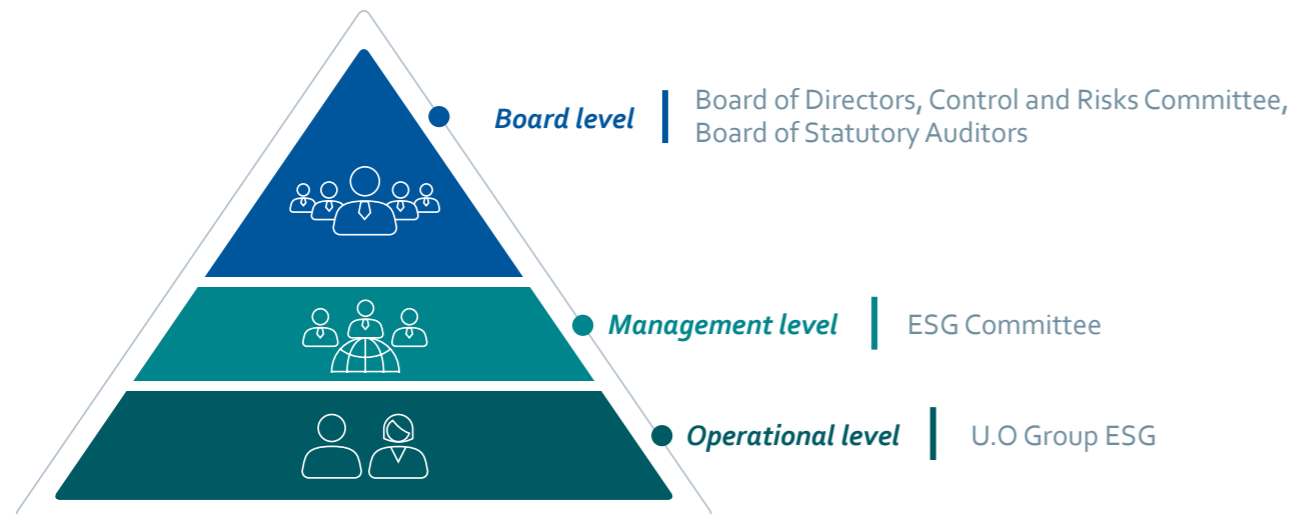
In addition to the above activities, the Group offers, as part of its business model, an online deposit account - a fixed-rate, captive savings product for retail and corporate/institutional customers. The Deposit Account is one of the Group’s main funding channels. To date, Deposit Account customers are mainly retail customers.

Governance

At BFF, sustainability is embedded in the Group’s long-term vision, shaping both strategic direction and day-to-day operations. As climate risks become an increasingly important factor in financial and business decisions, BFF has progressively embedded environmental considerations into its governance framework, ensuring a structured and forward-looking approach to managing sustainability challenges.

Governance represents the system through which an organization makes and implements decisions to achieve its objectives. These choices and activities play a crucial role in advancing sustainable development. At BFF, the corporate structure serves as the institutional framework that supports strategic decision-making, ensuring that sustainability considerations are effectively integrated across business operations.

To strengthen oversight and accountability, the Group has reinforced its governance structure, establishing dedicated bodies and committees that ensure ESG, and climate-related priorities are consistently integrated across all levels of the Organization.



The following sections provide an overview of the governance structure and the roles of key bodies in shaping and executing climate-related strategies.

Governance bodies and responsibilities

Board of Directors

The Board of Directors holds primary responsibility for setting Group-wide sustainability guidelines, targets, and strategies, ensuring climate and ESG factors are incorporated into business operations, governance, and risk management frameworks. Its key responsibilities include:

- ▶ Embedding climate risk and ESG considerations into corporate governance and decision-making processes;
- ▶ Overseeing the identification, evaluation, and management of climate-related risks and opportunities;
- ▶ Ensuring alignment between sustainability objectives and financial and operational strategies.

The BoD adopts a risk-based approach, integrating climate-related factors into corporate decision-making, including remuneration policies and investment strategies.

Control and Risks Committee

Since 2020, the Control and Risks Committee has played a vital role in overseeing ESG matters, providing strategic support to the BoD. Through regular evaluations of sustainability initiatives, the Committee ensures that climate-related considerations are integrated into the Group’s broader risk management framework.

Board of Statutory Auditors

The Board of Statutory Auditors plays a crucial role in maintaining the integrity and transparency of sustainability disclosures. Its responsibilities include monitoring compliance with evolving regulations to ensure the accuracy and reliability of ESG reporting. In addition, it oversees internal control mechanisms, helping to strengthen climate governance and ensure that sustainability commitments are effectively managed. To keep shareholders informed, the Board of Statutory Auditors regularly prepares detailed reports outlining key ESG oversight activities, reinforcing transparency and accountability.

Group Chief Executive Officer

The GCEO is responsible for translating BFF’s sustainability strategy into action, overseeing the execution of climate-related objectives and ensuring the integration of ESG considerations into business functions. The GCEO works closely with governance bodies to ensure alignment between corporate sustainability goals and operational processes, driving efforts to meet regulatory and strategic commitments.

ESG Committee

As a managerial advisory body, the ESG Committee is instrumental in embedding ESG principles across the organization. It fosters an ESG-conscious culture, facilitates cross-functional coordination, and ensures that climate-related priorities are seamlessly integrated into business operations. By aligning sustainability initiatives with corporate strategy, the ESG Committee strengthens governance frameworks that drive measurable and accountable climate action.

Financial Reporting Officer

Since November 2024, in compliance with Italian Legislative Decree 125/2024, BFF has assigned key sustainability governance responsibilities to the Financial Reporting Officer, including:

- ▶ Ensuring ESG reporting compliance with legislative and regulatory standards;
- ▶ Supervising the collection and verification of sustainability disclosures;
- ▶ Certifying the Sustainability Report alongside the CEO.

Group ESG & Financial Reporting Officer Support Organizational Unit

This unit coordinates BFF’s sustainability programs, ensuring that climate-related risks and opportunities are properly assessed and integrated into business planning. Through structured guidance, the unit leads climate-related projects, facilitates internal collaboration, and strengthens governance mechanisms that reinforce ESG commitments across the organization.

Risk Management Function

The Risk Management Function integrates climate risks into financial and strategic assessments, ensuring:

- ▶ Continuous evaluation of BFF’s exposure to ESG-related risks;
- ▶ Transparent risk reporting to enhance decision-making processes.

Compliance & AML Function

The Compliance & AML Function supports the integration of ESG compliance risks into the governance framework, ensuring:

- ▶ Alignment of corporate compliance policies with climate-related regulations;
- ▶ Incorporation of sustainability considerations into risk management processes.

Group General Counsel

The General Counsel oversees the legal dimensions of climate governance, ensuring that sustainability policies and risk mitigation strategies are aligned with corporate objectives. This function collaborates with governance bodies to monitor legal risks related to environmental commitments, reinforcing ESG compliance across operational and strategic initiatives.

Human Resources & Organizational Development Function

The Group Human Resources and Organizational Development Function ensures that ESG principles are embedded into corporate culture and workforce development by:

- ▶ Integrating sustainability priorities into employee training and engagement initiatives;
- ▶ Enhancing ESG awareness through internal communications and learning strategies.

Furthermore, the Group Human Resources and Organizational Development Function plays a critical role in supporting the Remuneration Committee in the definition, implementation, and oversight of remuneration policies.

Group Planning & Control

This unit plays a strategic role in reinforcing ESG governance, focusing on:

- ▶ Defining climate-related objectives and key performance indicators;
- ▶ Monitoring and reporting ESG impacts, risks, and opportunities.

BFF’s governance framework is designed to support the Group’s long-term sustainability commitments, ensuring that climate resilience and ESG integration remain central to its business strategy. By embedding sustainability principles into governance structures, risk management processes, and operational strategies, BFF strengthens its ability to drive climate-related challenges while fostering responsible growth.

Finance Department

Within ESG-related activities, relating to the emission of social bonds, the Finance Department plays a key role in the management of eligible assets. In particular, it identifies a preliminary pool of potential Eligible Assets based on the criteria defined in the Framework and the Bank's internal policies. It then reviews and assesses, with the support of the Group ESG & Financial Reporting Officer Support function, the alignment of these assets with the relevant ESG criteria, approving their inclusion in the Eligible Asset Portfolio.

Furthermore, the Finance Department is responsible for recording the approved assets in the "Social Bond Register" and in BFF Group's internal information systems, ensuring proper traceability. Lastly, it periodically monitors and updates the register, ensuring continuous compliance with the exclusion criteria set out in the Framework.

ESG Remuneration

The Board of Directors approved the Group Strategic Plan ("BFF 2028" or the "Plan") for the five-year period 2023-2028 and the financial targets for the three-year period 2023-2026. The Plan presented to the market sets out the new corporate values. Among these values, meritocracy underlines the pay-for-performance philosophy on which the Group's incentive systems are based, where the correlation of the variable component with performance allows for the implementation of a mechanism of differentiation and meritocracy, while aligning the interests of management and employees with those of shareholders. These incentive systems:

- ▶ include a long-term incentive plan linked to performance targets, which reflect the forecasts of the Strategic Plan and sustainability;
- ▶ regarding the content and choice of objectives, both in the short-term and long-term incentive components, incorporate performance targets consistent with the Group's strategic objectives and aimed at promoting its sustainable success, including, where relevant, non-financial parameters.

Specifically, the Remuneration Policy includes within the Long-Term incentive program (LTI) a specific KPI related to the Group's Carbon Footprint. In particular, the KPI considers direct CO₂ Emissions in the last year of the Performance Period.

Strategy

Climate change is becoming an increasingly important factor in financial decision-making, shaping risk management approaches, investment strategies, and regulatory requirements. As a financial institution committed to long-term sustainability, BFF recognizes climate change as both a challenge – requiring proactive risk management – and an opportunity to drive innovation and resilience.

To ensure a structured and comprehensive approach, BFF has embedded climate-related considerations into its corporate strategy, integrating environmental, social, and governance (ESG) principles across decision-making processes, governance frameworks, and operational models. This enables the Group to anticipate regulatory shifts, mitigate financial risks, and support the transition to a low-carbon economy, reinforcing its commitment to responsible business practices.

BFF 2028 Plan

As part of the broader BFF 2028 Plan, the Group is taking steps to integrate climate-related risks and opportunities into its operations. This integration does not follow a standalone track, but is incorporated within the business planning process, aligning ESG objectives with the Company’s strategic workstreams.

Within the environmental domain specifically, BFF has defined three priority areas for action:

- 1) *Integration of Climate and Environmental Risks into its business operations and credit processes;*
- 2) *Towards Carbon Neutrality;*
- 3) *Environmental Disclosure.*

ENVIRONMENT



Area	Target	Action	Target year (per action)	Actual vs target
ESRS Sustainability Matters Climate change (E1)				
CLIMATE RISKS AND THE CREDIT PROCESS	Integrate climate risks into the Group’s business, operations, and credit processes	Full integration of climate risks and environmental issues in the organization	2025	
TOWARDS CARBON NEUTRALITY	Improve the environmental performance of the Group’s sites in terms of energy and material consumption and mitigation and offsetting of CO ₂ emissions - Neutrality of own real estate emissions (own operations) - by 2026	More than 80% of employees in buildings with a LEED certification	2025	
		Relocate the headquarters to a green building	2024	
		Data center migration	2024	
		Promote sustainable mobility - by 2028	2026	
	Financed emissions monitoring	Gradual alignment with best practices in portfolio emissions monitoring	2025	
ENVIRONMENTAL DISCLOSURE	Ensure transparent reporting of the Group’s sustainability performance	Alignment with international climate change standards - Climate Report (formerly TCFD)	2026	

Achieved in 2025 Ongoing

Integration of Climate and Environmental Risks into its business operations and credit processes

In response to the 12 supervisory expectations issued by the Bank of Italy in 2022 regarding the integration of climate and environmental risks into banks' decision-making and operational processes, BFF began, in early 2023, a structured program to embed these risks into its business activities, operations, and credit processes. The Group completed the integration of climate and environmental risks into its risk management framework in 2025, in line with the target timeline. During the year, a structured set of actions was implemented to define a dedicated risk management framework and appropriate methodologies for the identification, assessment, and management of climate and environmental risks. The main activities carried out in 2025 included:

- ▶ integration of reporting to corporate boards and review of the documentation framework related to risk management activities: the Group carried out a thorough review and mapping of the reporting directed to corporate bodies, and enhanced the Tableau de Bord by introducing a dedicated RAF indicator for ESG ratings;
- ▶ identification of the key aspects of the risk management process impacted by the Expectations and mapping of affected internal regulations;
- ▶ performance of materiality analysis - the initiative focused on integrating the material risk identification process to include climate and environmental risk factors, carrying out an initial overall assessment of material risks for stress-testing purposes;
- ▶ data integration and enrichment - analysis of internal and external data sources needed to develop the ESG framework: the Group reviewed available internal data (e.g., geolocation and sector clustering), selected relevant external data sources for materiality analysis and portfolio classification, and defined the information set for KPI/KRI monitoring and stress testing;

- ▶ risk quantification - definition of a detailed transmission matrix to identify traditional risk categories potentially the most significantly impacted by C&E risk factors;
- ▶ integration of stress test exercises and any other actions - based on the outcomes of the data quantification exercise, stress tests were developed to evaluate the impact of ESG risk factors on the Group's key traditional risk categories, consistently with the transmission channels deemed most relevant for the Group;
- ▶ definition of appropriate summary metrics (KPIs/KRIs) and integration of monitoring and reporting processes: in line with the outcomes of the ESG risk quantification and stress-testing activities, specific ESG-aligned risk metrics have been identified to capture the Group's potential vulnerabilities. These metrics are monitored within the Tableau de Bord on a quarterly basis;
- ▶ assessment of any necessary risk mitigation actions.

Due to BFF's distinctive business model – which involves significant exposure to Public Sector entities in the countries where it operates – the ESG risk profile diverges from that of traditional banking institutions. This leads to additional challenges in identifying applicable market best practices and accessing relevant data for the public sector.

Furthermore, the implementation of the plan represents a starting point – also considering the current regulatory framework – for the integration of climate and environmental risks and, more generally, ESG issues. Given this, with the evolution of best practices, the regulatory framework, data availability, and applied methodologies, the activities carried out will need to evolve over time, consistently with the Group's business model and the ongoing updating process required by the Supervisory Authority.

Towards Carbon Neutrality

In line with its climate strategy, BFF has set a target to achieve carbon neutrality for emissions related to its own real estate assets by 2026, focusing on Scope 1 and Scope 2 market-based emissions. This objective reflects the Group's commitment to improving the environmental performance of its offices and direct operations.

The decarbonization pathway towards neutrality of the Group's operational real estate assets is primarily driven by the progressive transformation of its office footprint, through a defined set of decarbonization levers. A key milestone was the relocation of the Milan headquarters to Casa BFF, a LEED-certified green building completed in December 2024. While the transfer of employees was finalized by the end of 2024, the related emission savings were fully measured and reported in 2025, resulting in an estimated reduction of approximately 890 tCO₂eq. As a result, more than 80% of the Group's employees were already operating in LEED-certified buildings at the end of 2024. This share increased to approximately 85% following the relocation of the Barcelona office in December 2025, completed ahead of plan, to a highly energy-efficient building supplied with renewable electricity supported by guarantees of origin. The related emission savings are expected to be reported in 2026 and are estimated at approximately 6 tCO₂eq.

Additional emission reductions were achieved through the closure of the Rome building in 2024, generating estimated savings of approximately 200 tCO₂eq. In parallel, the Group expanded the procurement of renewable electricity backed by guarantees of origin across its offices and completed the migration of its primary data centers to more energy-efficient facilities.

During 2025, the Group updated its Decarbonization Plan, integrating additional mitigation levers and alternative scenarios supported by sensitivity analyses. From 2026 onwards, progress will be monitored using actual performance data and, once residual emissions are quantified, the Group will estimate the volume and cost of carbon credits required to achieve full carbon neutrality.

Alongside the Group’s property portfolio decarbonization target, BFF has set a specific objective to promote sustainable corporate mobility in order to report other Scope 1 emissions. This objective includes the completion of the green transition of BFF Bank’s car fleet by 2026, building on the internal mobility policy allowing exclusively Full Electric and Plug-in Hybrid vehicles, as well as the initiation of the transition of the car fleets of the other Group companies by 2026, to be progressively implemented across the relevant geographies.

BFF Bank replaced 27 vehicles in 2025, in addition to the 25 vehicles already replaced in 2024, out of a total fleet of approximately 70 vehicles, resulting in a reduction of around 74% of vehicles previously not aligned with the Group’s policy. Looking ahead, BFF Bank plans to replace an additional approximately 16 vehicles by 2026, with the objective of completing the transition of the vehicle’s fleet. To support this process, in 2025 the Group initiated the gradual extension of its mobility policies to foreign branches, with the aim of advancing the transition across the geographies in which it operates during 2026.

Regarding the third emissions-related objective, the Group has been monitoring and reporting Scope 3 emissions since 2024, with particular focus on financed emissions. Coverage of eligible assets increased from around 90% in 2024 to nearly 95% in 2025, following the expansion of the carbon accounting perimeter. Further details are provided in the Metrics and Targets section.

Environmental Disclosure

BFF successfully met its Environmental Disclosure–related objective already in 2024, one year ahead of the target outlined in the Strategic Plan, through the publication of its first Climate Report. With the preparation of its second Climate Report, the Group seeks to strengthen and consolidate its environmental and climate commitment, delivering increasingly detailed and integrated disclosures aligned with BFF’s operational activities.

ESG Ratings and Performance

BFF has continued to strengthen its engagement with leading ESG rating agencies, with the aim of continuously improving its ESG performance and expanding rating coverage. To this end, the Group maintains an ongoing dialogue with rating agencies, including through direct interaction, and defines targeted action plans based on feasibility assessments and the relevance of each topic to its business model.

This structured approach has resulted in several rating upgrades, supporting BFF's ongoing commitment to sustainable growth.

As of the most recent assessments, BFF holds the following ESG ratings:

- ▶ **Standard Ethics** (Last update: 12/2025): confirmed the EE- rating, with a Positive outlook, improved from Stable in 2024;
- ▶ **Sustainalytics** (Last update: 2025): ESG Risk Rating remained stable at **15**, confirming the Low Risk category;
- ▶ **MSCI** (Last update: 03/2026): rating confirmed at AA;
- ▶ **Carbon Disclosure Project (CDP)** (Last update: 12/2025): assigned a C rating, reflecting progress in integrating climate-related factors into the business and risk framework;
- ▶ **S&P Global** (Last update: 09/2025): ESG score of 43/100 based on the Corporate Sustainability Assessment (CSA), representing an improvement of 8 points compared with the previous year;
- ▶ **ISS ESG** (Last update: 04/2026): assigned an upgraded rating of C, achieving Prime status. This result confirms BFF's alignment with the sustainability performance requirements defined by ISS ESG.

ESG and Climate-related policies

Recognizing the growing importance of environmental sustainability in financial operations, BFF has developed a structured approach to ensure that climate considerations are embedded into its broader governance and risk management practices. To ensure effective monitoring and management of material impacts, risks, and opportunities — particularly regarding climate change — BFF has established a comprehensive policy framework, integrating ESG principles into strategic and operational processes.

The key policies include:

- ▶ **Sustainability Policy**, which sets out the guiding principles for embedding sustainability across the organization, ensuring alignment with long-term corporate goals;
- ▶ **Environmental Policy**, defining BFF's commitment to reducing its environmental footprint and adhering to international sustainability standards;
- ▶ **Group Risk Management Policy**, incorporating ESG risks — including climate and environmental factors — into its risk evaluation processes to maintain resilience in a changing regulatory landscape;
- ▶ **ESG Procurement Policy** integrating environmental, social and governance principles into procurement activities and supplier relationships.

Sustainability Policy

BFF recognizes sustainability as a driver of long-term value creation, ensuring a balance between business growth and environmental responsibility. The Sustainability Policy aims to strengthen the integration of sustainability principles within BFF's corporate strategy and contributes concretely to the achievement of the Sustainable Development Goals (SDGs) outlined in the 2030 Agenda. In particular, BFF is committed to:

- ▶ Embedding ESG principles into an integrated approach to creating value for shareholders, contributors to the Group's goals, and all stakeholders - including employees, clients, partners, the financial community, society, and the environment;

- ▶ Adopting a long-term perspective that generates value in the future while creating value in the present;
- ▶ Driving continuous improvement, leveraging innovation to enhance ESG performance.

On environmental matters, the policy formalizes BFF's commitment to climate action and responsible resource management, mitigating both direct and indirect impacts. This includes efforts to reduce operational emissions, optimize energy use, and promote sustainable mobility solutions.

Approved by the Board of Directors in May 2024, the Sustainability Policy aligns with key European and national regulatory frameworks, including the EU Taxonomy Regulation (Regulation EU 852/2020), Directive 2014/95/EU on non-financial reporting, and the Bank of Italy's Supervisory Expectations for Climate and Environmental Risks.

Environmental Policy

Further consolidating its environmental commitment, BFF adopted the Environmental Policy in 2024, setting clear principles for resource optimization and climate resilience. Key focus areas include:

- ▶ Energy efficiency, prioritizing certified buildings and renewable energy sources for operational sustainability;
- ▶ Waste management, promoting responsible disposal practices and reducing material consumption;
- ▶ Sustainable mobility, incentivizing the use of public and low-emission transportation while leveraging digital tools to minimize travel-related emissions;
- ▶ Environmental performance tracking, monitoring CO₂ emissions and consumption metrics while integrating sustainability objectives into incentive frameworks.

The Policy sets out BFF's guiding principles for constantly and progressively promoting environmental protection consistent with the Group's Code of Ethics.

Group Risk Management Policy

To reinforce climate-related risk assessment, BFF formally incorporated ESG risk factors into its Group Risk Management Policy in 2024. The Policy clarifies the definitions of environmental, social, and governance risks, and defines ESG risk as “the risk of losses resulting from negative financial effects for the entity due to the present or future impact of environmental, social, or governance (ESG) factors on the entity’s counterparties or invested assets.” ESG risks are categorized into three key areas:

- ▶ **Environmental risk:** the risk of losses due to the present or future impact of environmental factors, including those related to the transition toward environmental objectives such as climate change mitigation and adaptation, sustainable use of water and marine resources, circular economy, pollution prevention, and biodiversity protection. This includes both physical risks and transition risks;
- ▶ **Social risk:** the risk of losses stemming from the financial impact of social factors on the entity’s counterparties or invested assets, covering stakeholder relationships and investment activities;
- ▶ **Governance risk:** the risk of losses arising from governance-related factors, ensuring compliance with evolving regulatory expectations and reinforcing corporate governance mechanisms.

To systematically identify, assess, and manage ESG exposures, BFF performs a dedicated materiality analysis at least annually as part of the ICAAP update process. Materiality analysis is part of the broader risk management process. The latter is divided into several phases:

- ▶ **Identification:** ESG risk sources are identified by the Group Risk Management function based on periodic analysis of the regulatory landscape, market dynamics, and operational context. This ensures compliance with regulatory requirements and aims to preserve the Group’s capital and liquidity soundness, both under normal conditions and under stress scenarios (Pillar I and II);
- ▶ **Measurement:** ESG exposures are assessed using qualitative and quantitative methodologies formally approved by the Group, with the involvement of Risk Management functions at both Group and subsidiary level;
- ▶ **Management:** ESG risks are managed in line with internal Group policies, regulatory requirements, and the thresholds set out in the Risk Appetite Framework (RAF). Risk assumption is continuously monitored by the Group and subsidiary Risk Management teams;
- ▶ **Monitoring:** The Group Risk Management function oversees adherence to operational and regulatory risk limits, with support from the Risk Management functions of the subsidiaries. When necessary, formal escalation procedures are activated to ensure appropriate responses.

ESG Procurement Policy

To promote responsible supply chain management, BFF has adopted an ESG Procurement Policy aimed at integrating environmental, social and governance principles into procurement activities and supplier relationships, in line with the Group’s sustainability commitments and ethical standards.

The Policy primarily aims to:

- ▶ Integrate ESG principles into procurement processes, including supplier selection, qualification and contractual arrangements;
- ▶ Promote environmental responsibility within the supply chain by encouraging suppliers to reduce environmental impacts and comply with applicable environmental regulations.

Approved by the Board of Directors, the ESG Procurement Policy complements the Group’s Sustainability and Environmental Policies, reinforcing BFF’s commitment to responsible sourcing and sustainable supply chain practices.

BFF Climate & ESG Materiality Assessment

Understanding and managing climate risks has become a priority for financial institutions, as these factors increasingly shape business sustainability and investment strategies. Whether driven by physical climate events or evolving regulatory requirements, these risks influence the decision-making process and require a structured approach to assessment and mitigation.

In alignment with the Corporate Sustainability Reporting Directive (CSRD), BFF has developed a Double Materiality Assessment (DMA), that evaluates not only the impacts generated by the Group's activities and portfolio but also how sustainability factors affect its financial performance. This assessment builds upon the initial Impact Materiality Assessment conducted in 2022, which was aligned with the GRI Standards (GRI 3) and was subsequently revised and expanded in 2024 to comply with the new CSRD requirements through the application of the Double Materiality Assessment in line with ESRS and EFRAG's Implementation Guidance, extended across the entire value chain. In 2025, BFF further strengthened and refined its approach in line with CSRD requirements, integrating the Double Materiality assessment with a systemic analysis of impacts, risks, and opportunities across the value chain.

The value chain analysis identified key activities and stakeholders, covering own operations, the upstream supply chain, and downstream portfolio exposures, in line with BFF's business model. The analysis carried out considers 4 main phases:

► Understanding the context

To better understand the context in which it operates and to identify potentially material sustainability topics, the Group conducted a preliminary benchmarking analysis of its peers and competitors. This analysis, combined with the results of the FY24 Materiality Assessment, enabled a pre-screening of the ESRS sustainability topics. Building on this, the Group mapped its value chain across its main business units (Factoring & Lending, Securities Services, Payment Services, and the Corporate Center, which includes the Online Deposit Account product). For each segment of the value chain, the Group identified relevant stakeholders to assess how they are impacted by the Group's activities, both from an operational and business perspective.

► Identification of actual and potential Impacts, Risks and Opportunities

Following the DMA analysis, BFF identified potential and actual Impacts, Risks, and Opportunities (hereinafter "IROs") relevant to its own operations and the Group's portfolio, covering all Business Units involved in Factoring & Lending, Custody, and Payment Services, based on ESRS topics and sub-topics. The IROs identification considered both impact and financial materiality. Impact materiality was analyzed from two perspectives: operational, focusing on direct activities and upstream stakeholders; and business, considering sector-specific impacts across the portfolio. Financial materiality was evaluated in collaboration with the Risk Management function, mapping risk drivers to ESRS topics or entity-specific issues. Opportunities were identified through the Strategic Plan and the DMA process, highlighting potential financial and reputational benefits.

► Assessment and determination of IROs

BFF Group assessed the identified IROs following EFRAG methodologies. For impact materiality, impacts were evaluated based on significance, severity, and likelihood, integrating UNEP FI tools and cross-checking with MSCI and S&P Global Materiality Maps. Financial materiality was assessed by the Risk Management Function, using a 1-to-5 scoring system based on potential financial impact and likelihood, considering existing mitigation measures. A materiality threshold of 4 out of 5 was applied to both perspectives. Topics exceeding the threshold in either dimension were deemed material. Compared to the prior year, the 2025 DMA incorporated a more structured engagement of key stakeholder groups, aimed at ensuring appropriate representation across the Group's value chain and integrating stakeholder insights into the assessment of material impacts. Finally, the topics were shared with the Chief Executive Officer, the Control and Risks Committee, the Board of Statutory Auditors, and the Board of Directors for final validation and approval of the results.

► Results of Double Materiality Assessment

As a result of the double materiality assessment focusing on climate aspects, BFF identified a negative impact associated with its portfolio, particularly material for debtors within the Factoring & Lending business line. This impact is linked to the Group's exposure to sectors for which climate change is considered a material issue. Although the exposure is marginal, it includes climate-relevant sectors such as NACE C (Manufacturing) and NACE L (Real Estate Activities). At the same time, the assessment identified two positive impacts arising from portfolio exposures, both related to Factoring & Lending receivables towards the same group of counterparties. These exposures generate positive impacts on climate change mitigation as well as positive impacts on energy-related aspects and are associated with counterparties operating in NACE G (Wholesale and retail trade), NACE M (Professional, scientific and technical activities) and NACE O (Public administration).

The materiality of this impact is further supported by external analyses, including MSCI's assessment of the 'Specialized Finance' sector and S&P Global's evaluation of banks, both of which highlight the relevance of climate-related risks in these areas. The identification was based on the integration of impact and financial materiality criteria, in line with ESRS standards and the Group's broader sustainability risk framework. In contrast, considering the Group's operations and its business relations strictly speaking, there are no significant impacts related to climate change. With reference to climate-change-related risks and opportunities, these were identified and assessed as part of the Double Materiality assessment, as stated in the section on climate resilience analysis; however, they did not emerge as material downstream of the assessment conducted.

During the second half of 2025, BFF carried out an initial assessment against the new EBA expectations on ESG risks, with the objective of identifying priority areas for further development in the coming period. Within this framework, the Group is committed to defining its Transition Plan as part of the 2026 implementation roadmap, in line with the broader program to align governance and risk management processes with EBA expectations.

As part of its ongoing climate resilience strategy, BFF continues to refine its materiality assessment. While a transition scenario analysis was not conducted in the current reporting year, future assessments may progressively incorporate scenario-based approaches to further evaluate climate-related financial risks and support forward-looking strategic decisions.

BFF assessed prudential risks related to climate change, analyzing all business lines and legal entities within the Group, based on physical data of the territories in which it operates. At the same time, the Group began reflecting on potential opportunities arising from climate change, particularly in the Factoring and Lending segments. However, as a precaution, it chose to focus on analyzing the negative impacts without quantifying the potential benefits. The assessment considered the Group's operational and organizational complexity, identifying the areas most exposed to climate risks and carrying out classification and quantification analyses accordingly.

In order to identify, manage and monitor environmental, social and governance (ESG) risk factors, BFF has undertaken a process of integrating them into the RAF, both through the provision of certain indicators and through the revision of the methodologies for monitoring other traditional risks, currently with particular reference to Operational, Strategic and Reputational Risk.

Risk Management

Climate and Environmental Risks

The growing emphasis on sustainability, regulatory expectations, and evolving economic conditions requires a structured approach to identifying and assessing these risks.

In this context, BFF has conducted an analysis of climate and environmental risks, recognizing their direct and indirect impact on various financial risk categories. These risks can affect both the economic value of financial assets and the operational environment in which the Bank operates, leading to fluctuations in asset valuation – such as loans and deposits – driven by economic transition dynamics or extreme natural events.

To strengthen its approach to climate risk management, BFF has developed a refined ESG risk assessment framework. The process includes:

- ▶ Identification of C&E risks through the definition of transmission channels: the Group Risk Management Function identifies relevant risks based on regulatory, market, and business analysis, ensuring capital and liquidity adequacy (Pillar I & II). A qualitative-quantitative approach selects material C&E drivers from a long list, defining the most relevant for the Group’s risk profile;
- ▶ Measurement: exposures are assessed using approved qualitative and quantitative methodologies. In particular, the process first involves conducting a materiality assessment aimed at evaluating the degree of exposure to ESG risk factors compared to “traditional” risks, drawing on the outcomes of the transmission channels analysis. Subsequently, based on the results obtained, a stress testing exercise is carried out to estimate the impact of both transition and physical climate-related factors on risk parameters;
- ▶ Management: ongoing oversight of risk-taking in line with internal policies, regulatory requirements, and RAF limits. For this purpose, the Risk Management Function has mapped the reporting under its responsibility addressed to the corporate bodies and has enhanced the Tableau de Bord by including an ESG rating indicator within the RAF;
- ▶ Monitoring: continuous control of operational and regulatory limits, with escalation procedures activated when needed.

However, it should be noted that, given the specific business model of the BFF Group – characterized by exposures predominantly concentrated towards Public Administrations in the countries where the Group operates – the ESG risk profile presents different characteristics compared to traditional banking groups.

In line with the principles and guidelines defined by the EBA and the European and national Supervisory Authorities, and with the Supervisory Expectations on climate and environmental risks issued by the Bank of Italy in 2022, BFF’s assessment focuses on two key risk dimensions:

- ▶ **Physical Risk:** Encompasses financial impacts stemming from climate change, including more frequent extreme weather events, gradual climate shifts, and environmental degradation (e.g., air, water, and soil pollution, water stress, biodiversity loss, and deforestation).
- ▶ **Transition Risk:** Represents the financial losses an entity may experience due to the adjustment process toward a low-carbon and more sustainable economy, driven by evolving regulations, technological shifts, and market changes.

The risk analysis takes into account multiple dimensions of the Group’s operational, structural, and organizational complexity, alongside the nature of its activities and its degree of exposure to climate risks. This approach enabled the identification of key areas potentially vulnerable to climate and environmental factors.

In addition, qualitative analyses are performed by integrating ESG monitoring drivers into the assessment questionnaires for reputational, operational, strategic and business risk categories.

The ESG solutions adopted by the Group represent a key initial step in enhancing its risk management framework, with further developments expected in line with regulatory guidance. Key areas for improvement include refining methodologies in line with evolving market practices, expanding data providers and forward-looking scenarios, strengthening data inputs for physical and transition risks, conducting a Climate Resilience Analysis and increasing automation and integration of data collection processes and implementing a robust data quality framework.

Overall, the Bank is committed to continuously strengthening its climate and environmental risk management to ensure long-term resilience and sustainability.

For further detailed information on the management of ESG risk factors by the Group, please refer to the “BFF Banking Group Consolidated Sustainability Report 2025”.

C&E Risk Identification and Transmission Channels

BFF recognizes that physical and transition risks can have broad implications across various financial risk dimensions, affecting counterparties' ability to meet obligations, operational resilience, and overall business strategy.

From a risk identification perspective, the Group has developed a qualitative-quantitative analytical process aimed at identifying and assessing the relevance of climate and environmental risk factors. Starting from a long list of potential risk drivers, a structured screening exercise has been carried out, leading to the definition of a short list of factors considered truly relevant and potentially impactful on the Group's business model and risk profile, both in the short term and in the medium-to-long term.

As mentioned in the previous section, BFF has identified the following transmission channels, through which the main impacted risks have been determined:

- ▶ **Credit Risk:** Climate-related risks could weaken counterparties' creditworthiness, increasing the probability of default and negatively impacting impairment calculations and expected losses (i.e., ECL, according to IFRS 9 requirements). However, for Public Administration exposures, extreme climatic events may accelerate payment cycles and enhance financial capacity due to potential additional state funding in response to natural disasters;
- ▶ **Strategic Risk:** Rising costs or production constraints linked to climate and transition risks may reduce factoring-related activity, thereby affecting invoice purchase volumes. Nevertheless, factoring has shown countercyclical characteristics, suggesting that, in certain scenarios, natural disaster-related events could unexpectedly generate positive effects on business operations;
- ▶ **Liquidity Risk:** In response to physical climate events, holders of withdrawable deposit accounts may opt to withdraw funds, triggering significant liquidity outflows and potentially impacting the Bank's Liquidity Coverage Ratio (LCR);
- ▶ **Operational Risk:** Both physical and transition risks may pose threats to operational infrastructure, potentially disrupting business continuity and daily banking operations;
- ▶ **Reputational Risk:** As stakeholders increasingly align with ESG principles, expectations around sustainability and environmental risk management continue to grow. Any perceived misalignment with these expectations could negatively impact the market perception and reputation of BFF.

For other risk categories deemed material by the Group, due to the very nature of the risk, no direct impact stemming from climate and environmental risk factors – whether physical or transition-related – is identified (e.g., sovereign risk, credit spread risk, leverage risk, AML risk).

The table presents the results of the analysis:

Risk	Driver	Impacted cluster	Direct impacts by transition risk and/or physical risk	Indirect impacts
Credit Risk	<ul style="list-style-type: none"> ▶ Physical Risk ▶ Transition Risk 	F&L (PA and non-PA assigned Debtors)	Increase or decrease in payment times due to transition and/or climate events resulting in changes in outstanding amounts and positions classified as default; effects on RWA and capital (e.g., for Calendar Provisioning) as well as on impairments	<ul style="list-style-type: none"> ▶ Liquidity risk ▶ Strategic risk ▶ Leverage risk
Strategic risk	<ul style="list-style-type: none"> ▶ Physical Risk ▶ Transition Risk 	F&L (Assignors)	Change in prospective volumes of invoices assigned to BFF, due to the impact of physical and/or transition risk on Assignors	<ul style="list-style-type: none"> ▶ Credit risk ▶ Liquidity risk ▶ Concentration risk ▶ IRRBB risk
Liquidity risk	<ul style="list-style-type: none"> ▶ Physical Risk 	Deposit accounts	Early closure of deposit accounts due to the impact of physical risk (bank run assumption)	▶ N/A
Operational risk (including ICT and legal risk)	<ul style="list-style-type: none"> ▶ Physical Risk ▶ Transition Risk 	Group	Increased operating losses/increased costs and expenses due to the renegotiation of supply contracts (e.g., suppliers delaying transition) or acute physical events undermining Bank operations (e.g. damaged data center)	<ul style="list-style-type: none"> ▶ Strategic risk ▶ Reputational risk
Reputational risk	<ul style="list-style-type: none"> ▶ Physical Risk ▶ Transition Risk 	F&L (PA and non-PA assigned Debtors)	Variations in payment timing due to transition and/or climate events resulting in changes in outstanding amounts and positions classified as default; effects on RWA and capital (e.g., for Calendar Provisioning) as well as on impairments	<ul style="list-style-type: none"> ▶ Liquidity risk ▶ Strategic risk ▶ Leverage risk

Materiality Assessment

As part of strengthening its climate risk management approach, BFF has developed an enhanced materiality assessment framework, designed as a key component of the broader risk management process aimed at identifying material and potentially impactful risk drivers.

To perform the materiality analysis, the Group identified specific clusters based on business lines and products. In particular, for the Factoring & Lending segment – to capture potential impacts on both margins and volumes – three clusters were defined: exposures to Public Administration counterparties, exposures to non-Public Administration counterparties, and the Assignors. The analysis also covers government bonds, transaction services, and deposit accounts.

To assess the materiality, the Group adopts a specific approach based on the combined assessment of three components:

- ▶ Exposure: the value of assets potentially exposed to physical or transition risks, considering both geographic exposure to catastrophic events (for physical risks) and sectoral exposure to transition dynamics toward a sustainable economy;
- ▶ Risk level (Hazard): the likelihood of natural or human-induced events that may cause harm to people, as well as damage to property, infrastructure, ecosystems, and resources;
- ▶ Vulnerability: the susceptibility of assets to damage from such events, including the extent to which mitigation and adaptation measures are lacking.

This analysis leverages two primary data sources:

- ▶ Physical risk scores, sourced from ThinkHazard!, a global climate risk assessment tool that evaluates climate risks at different territorial levels. The model classifies each hazard based on the probability that the event exceeds specific intensity thresholds over different time horizons. This approach, which considers multi-year and, in some cases, multi-decade time horizons, allows the integration of a forward-looking perspective;
- ▶ Transition risk evaluations, provided by external ESG data providers to assess regulatory, market, and technological shifts affecting climate exposure.

By combining these datasets, BFF established an expert-based risk scoring model.

As part of its broader risk assessment methodology, BFF distinguishes between quantifiable and non-quantifiable risks:

- ▶ Non-quantifiable risks – BFF implemented self-assessment questionnaires, completed by internal departments to identify both current and forward-looking vulnerabilities (Strategic risk, Reputational risk and Operational risk);
- ▶ Quantifiable risks – A comprehensive estimation and classification of the Group’s portfolio was conducted to assess climate and environmental risk exposure.

For quantifiable risks, the classification process was structured around a risk matrix, designed to integrate physical and transition risks, identifying counterparties most vulnerable to climate and environmental impacts. The combined matrix calculates an overall expert-based risk score by merging individual risk levels for physical factors (rows) and transition factors (columns), simplifying the scale from four categories to three (High, Medium, Low) to improve precision in risk monitoring.

Figure 1 – Joint risk matrix (illustrative)

PR	TR	High		Medium		Low		Very Low		Total	
		€.mln	%	€.mln	%	€.mln	%	€.mln	%	€.mln	%
High											
Medium											
Low											
Very Low											
Total											

Joint Risk	High		Medium		Low		Total	
	€.mln	%	€.mln	%	€.mln	%	€.mln	%
Category 1								
Category 2								
Total								

The analysis was carried out from a dual perspective and across different levels of granularity. On the one hand, exposure to high-risk geographic areas was assessed: in this context, a long list of adverse events was initially defined and subsequently refined through preliminary assessments and aggregation processes. On the other hand, sectoral exposure was analyzed by considering the overall risk profile of the industries to which the Group is exposed.

For this purpose, a specific threshold was defined to identify significant exposures, based on a percentile of total exposure, as well as with reference to geographical areas assessed as high physical risk and sectors characterized by medium-to-high transition risk, following a prudent approach.

As part of the 2025 materiality assessment, the Group’s portfolio exhibits an overall limited risk profile: across the cluster analyzed, exposure to the sectors deemed most at risk remains marginal. In particular, only the Assignors cluster shows a small share of exposure to these sectors, mainly related to primary counterparties operating in the power generation sector that have already defined a transition plan.

From a geographical perspective, exposures are mainly material in Italy for both the “Factoring and Landing Public” and Assignors clusters. For the latter cluster, relatively higher exposure levels are also observed in Spain, Portugal, and Greece.

Scenario Analysis and Stress Testing

Recognizing the growing importance of climate and environmental risk management, BFF has enhanced its own stress testing framework in order to assess the potential financial implications of ESG-related risks across key risk categories. This initiative strengthens the Group’s prudential risk management practices, ensuring resilience against evolving regulatory expectations and market dynamics.

BFF’s stress testing approach is designed to align with the most plausible and impactful transmission channels and focuses the ESG stress test exercise, on three primary risks:

- ▶ **Credit Risk** – A targeted stress test was conducted using an expert-based assessment, applied to the rating class of debtors most exposed to physical and transition risk factors to evaluate potential credit deterioration;
- ▶ **Strategic Risk** – A stress test was applied to the value of invoices purchased from assignors, assuming a decrease in the related outstanding amount, as result of a decline in counterparties’ revenues due to the emergence of negative effects related to transition risk. However, factoring has historically demonstrated countercyclical resilience, meaning some adverse conditions may result in unexpected business opportunities;
- ▶ **Liquidity Risk** – A stress test was carried out to evaluate the liquidity impact of a potential deposit runoff scenario triggered by physical risk-related events, assessing its implications for BFF’s Liquidity Coverage Ratio (LCR).

As the regulatory landscape continues to evolve, BFF is proactively refining its ESG framework to ensure alignment with supervisory expectations. This includes compliance with the EBA Guidelines on ESG Risk Management (EBA/GL/2025/01) and the draft Guidelines on ESG Scenario Analysis (EBA/GL/2025/02), both set to take effect on January 11, 2026.

During 2025-2026, the Group will evaluate, through dedicated projects, the strengthening of current risk assessment and stress testing methodologies, also through analysis over longer time horizons and their implications for financial resilience.

Focus on Credit Risk

As already specified above, the BFF Banking Group’s business model is characterized by exposures mainly with the Public Administrations of the countries where the Group operates. Therefore, the risk profile related to ESG factors takes on different connotations compared to traditional banking groups. With reference to credit risk, any extreme weather events (e.g., floods, earthquakes, landslides) might not have a worsening effect on the risk profile because public administrations could have access to extraordinary financing and thus greater financial capacity in repaying its debts. Nevertheless, a stress test was conducted, the details of which are reported below.

In the context of credit risk management, BFF has conducted an in-depth analysis of its factoring portfolio to assess the impact of ESG risks on counterparties’ creditworthiness. Given the importance of aligning financial strategies with sustainability principles, the assessment focused on identifying potential vulnerabilities related to both physical and transition risks within the portfolio.

The figure below shows the percentage distribution of counterparties across the portfolio by risk category, including both physical and transition risks.

Figure 2 – ESG Credit Risk - Physical Risk
(Percentage of distribution of Counterparties)

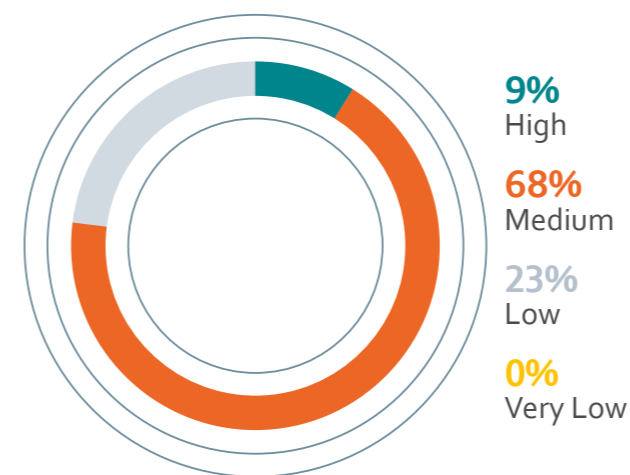
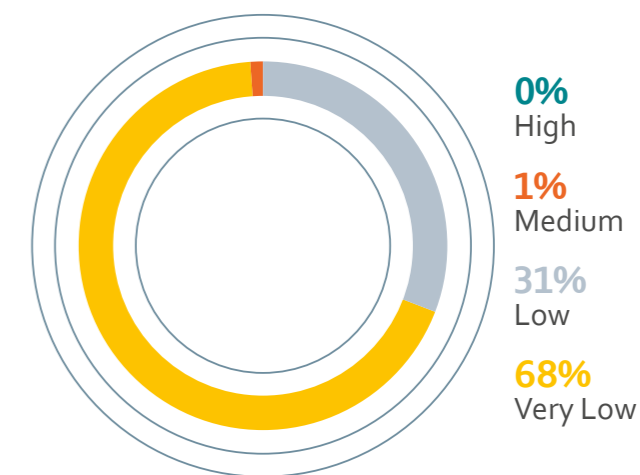


Figure 3 – ESG Credit Risk - Transitional Risk
(Percentage of distribution of Counterparties)



The analysis of ESG Credit Risk highlights distinct trends for transition risk and physical risk within the portfolio.

Regarding physical risk exposures are primarily concentrated in the medium risk category, reflecting a higher exposure on climate-related and environmental events. Conversely, regarding transition risk, many counterparties fall within the low or very low risk levels, indicating limited sensitivity to regulatory and industry shifts related to sustainability. However, exposures to high risk, whether from transition or physical factors, remain marginal, suggesting overall resilience in the portfolio against more critical scenarios.

To provide further details, the figures below illustrate the percentage distribution of exposures across the portfolio.

Figure 4 – ESG Credit Risk - Physical Risk
(Exposure)

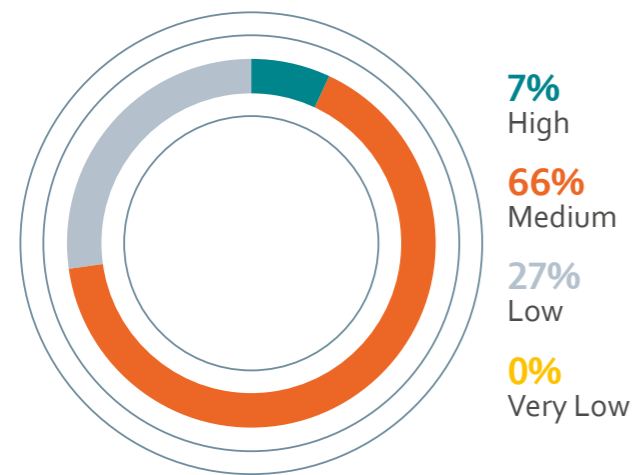
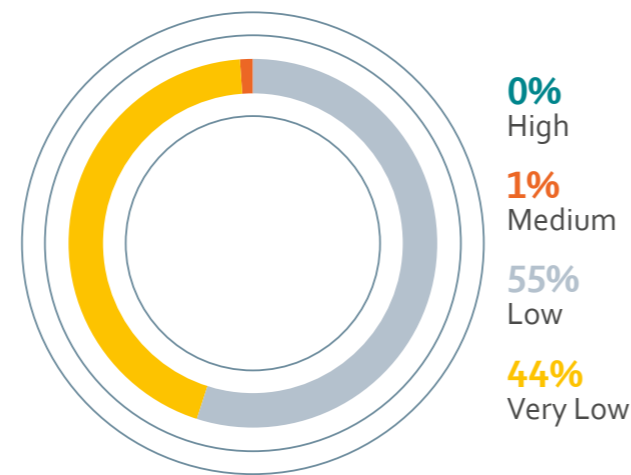


Figure 5 – ESG Credit Risk - Transition Risk
(Exposure)



A similar pattern emerges when looking at exposures: the distribution confirms the previous trend for both physical and transition risks. In this case as well, exposures to high-risk segments – whether driven by physical or transition factors – remain limited.

To assess the potential impact of a deterioration in creditworthiness, an additional stress test was applied exclusively to credits classified as “*in bonis*”. This approach allows for an analysis of how a possible downgrade in ratings could affect credit risk.

In particular, an increase in credit risk related to physical and transition risk factors was assumed, leading to a downgrade of the Moody’s rating for debtors classified within the “High” and “Medium” joint risk clusters.

These downgrades lead to an increase in the probability of default and a corresponding rise in impairment. This increase is, however, considered marginal compared to the value of the portfolio analyzed.

Focus on Liquidity Risk

At 31 December 2025, the Group held deposits amounting to approximately €1.2 billion, mainly from customers residing in Spain (approximately 68% of the total), Poland (approximately 28,6%), Italy (approximately 1.9%) and Germany (approximately 1,5% of the total).

In order to estimate the impact of C&E risk factors that could compromise liquidity positions, BFF conducted an assessment of liquidity risk, focusing on short-term deposits that were either immediately withdrawable or had maturities of ≤30 days. Given the nature of liquidity risk associated with deposit run-off, the analysis concentrated on the impact of acute physical risk, while transition risks, typically materializing over the medium to long term, were excluded from this evaluation.

In terms of demand deposits, the highest concentration is in Poland (around 56% of the total) and Spain (nearly 40%).

To enhance risk classification, counterparties were assessed based on their physical risk exposure (High, Medium, Low), using a structured approach that accounts for regional and national-level variations within the deposit portfolio.

For stress-testing purposes, a run-off consistent with the resolution scenario assumptions has been considered, relating to a particularly significant physical event (such as a flood or landslide). Despite the severity applied, the estimated outflow would represent a marginal portion of the Group’s HQLA, resulting in a very limited impact on the LCR.

Focus on Strategic Risk

To assess strategic risk, an analysis was conducted on assigning counterparties, evaluating their exposure to transition risk on a forward-looking basis. The analysis considered the potential implications of evolving regulatory frameworks and climate-related economic shifts, ensuring a comprehensive understanding of the counterparty's resilience in a changing sustainability landscape. In the case of counterparties operating in sectors at high transition risk, the Group could see a reduction in purchasable invoices.

Exposure to purchased receivables, on the other hand, is assessed as part of credit risk.

The figures highlight that a significant portion of the portfolio is exposed to low transition risk, while a smaller share falls within the high-risk cluster. This is primarily due to the presence of small number of counterparties from the "Power Generation sector", which is highly exposed to transition policies and related environmental risks. The limited presence of high-risk counterparties is confirmed by the distribution based on the number of counterparties across risk categories.

Figure 6 – ESG Strategic Risk - Transitional Risk
(Exposure)

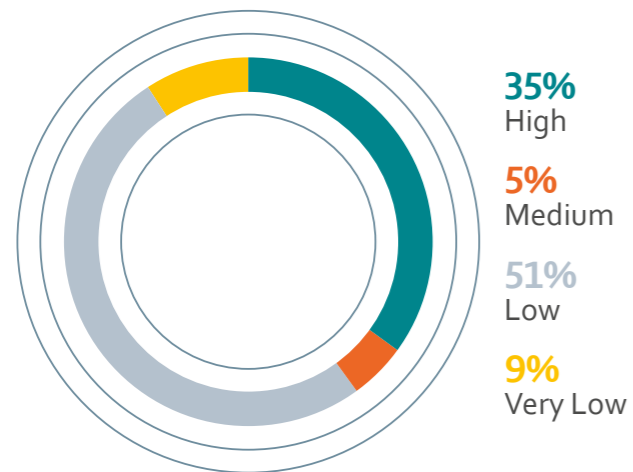
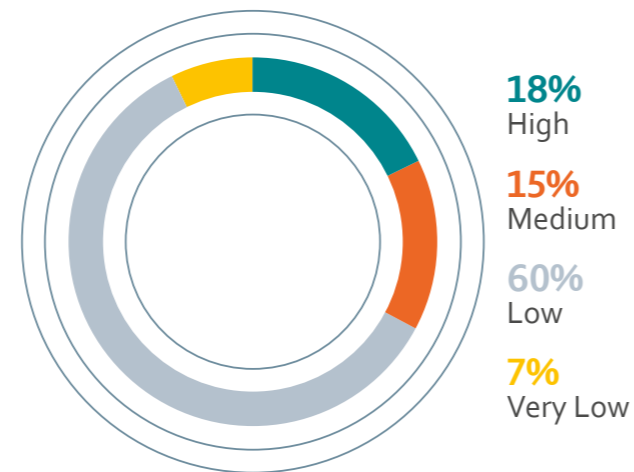


Figure 7 – ESG Strategic Risk - Transition Risk
(Exposure)



With regard to the stress methodology, the magnitude of the impacts on exposures has been calibrated in line with benchmarks derived from analyses conducted by the Supervisory Authorities². Overall, the results do not indicate that the Group is subject to significant risk. As stated before, most Assignors are exposed to a low transition risk, a limited number of counterparties operating in the energy sector exhibit higher exposure. However, these are top-tier companies, all of which have adopted transition plans to achieve climate neutrality.

² ESAs 2024, Transition risk losses alone unlikely to threaten EU financial stability, "Fit-For-55" climate stress test show.

Nature-Related Risks

The Bank has conducted an initial assessment on non-climate environmental risk in order to identify the portfolio’s exposure to potential biodiversity loss risks. The classification analysis has been carried out on both the Assignors and Debtors perimeter, with the aim of identifying counterparties that are vulnerable to non-climate environmental risks.

For this purpose, ENCORE scores have been used in the analysis, assigned on a single-name basis to the counterparties in the portfolio according to their sector classification.

ENCORE is an information provider that enables the assessment, at sector level, of:

- ▶ Dependencies on ecosystem services: elements of ecosystem services that an organization or other actors depend on to operate (e.g. water supply, waste remediation);
- ▶ Pressures on ecosystems: alterations to natural systems driven by business activities that may affect social and economic functions (e.g. GHG emissions, area of seabed use).

This approach supports both a qualitative and quantitative evaluation of the materiality of non-climate environmental risks.

With the objective of ensuring a comprehensive and consistent assessment of the potential riskiness related to biodiversity loss, the analysis jointly considered both the dependencies of portfolio counterparties on ecosystem services and the potential impacts (pressures) associated with the nature of the economic activities performed, which may exert pressures on biodiversity.

As of 31 December 2025, ENCORE scores cover 97.4% of the total Assignors portfolio and 99.4% of the Debtors portfolio.

These results are consistent with the Group’s exposure profile, with the Debtors portfolio largely concentrated in the public healthcare and Public Administration sectors, which are only marginally affected by nature-related risks. Similarly, the Assignors perimeter also shows a very limited exposure to biodiversity loss risk.

For illustrative purposes, the results of the dependency analysis for the two perimeters considered are presented below.

Figure 8 – Biodiversity Loss Risk - Dependencies
(Debtors)

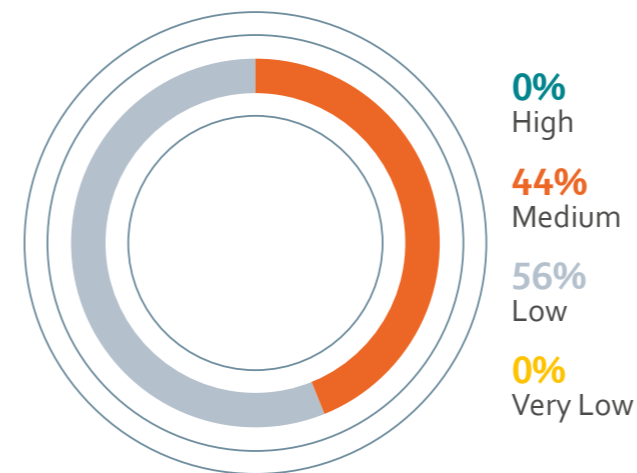
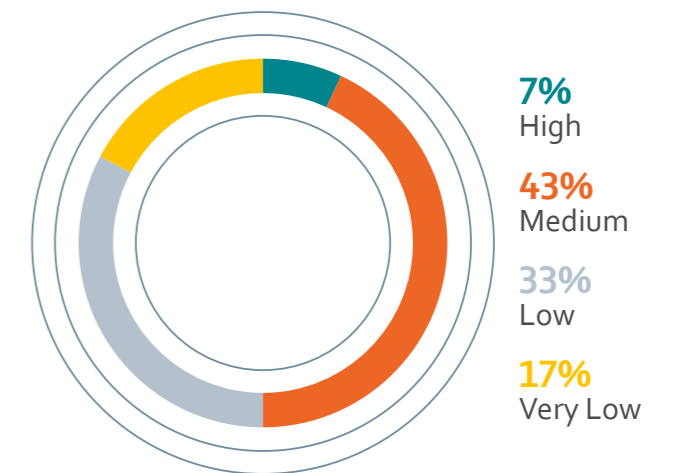


Figure 9 – Biodiversity Loss Risk - Dependencies
(Assignors)



With regard to the Debtors perimeter, the dependency analyses indicate a very limited exposure to non-climate environmental risks. This is mainly driven by the absence of counterparties classified as “Very High” risk in terms of dependencies and their minimal presence in terms of pressures, which are entirely concentrated within the “Medium” cluster.

By contrast, the Assignors perimeter exhibits a relatively higher exposure to non-climate environmental risks, which nevertheless remains immaterial overall.

In general, the analyses indicate a contained risk profile, with limited exposure to biodiversity loss risk.

Metrics and Target

Reporting on emissions and reduction targets represents a fundamental element for monitoring progress toward environmental sustainability and ensuring transparency in the actions undertaken. In particular, the Group has set an ambitious goal: to achieve carbon neutrality of its real estate portfolio by 2026. This target was established based on an analysis of current emissions and the most effective and feasible decarbonization levers in the short term, using 2023 as the baseline year.

Greenhouse Gas Emissions (GHG) Scope 1 and 2

In 2025, BFF’s direct emissions (Scope 1) amounted to 16 tCO₂eq³, reflecting an 83% reduction compared to the previous year. These emissions primarily arise from natural gas consumption used for the heating of office buildings. The significant decrease in Scope 1 emissions is attributable to the implementation of the Group’s climate objectives, as described in paragraph “Strategy”. In particular, the relocation of BFF’s Italian offices to Casa BFF resulted in a 91% reduction in gas consumption compared to the previous year.

For Scope 2 emissions Location-Based, which reflects the national energy mix, resulted in a total of 619 tCO₂eq in 2025, with a 23% reduction compared to 2024, while Scope 2 emissions Market-Based, which considers the actual energy purchased and includes guarantees of origin certificates for renewable energy, produced emissions equal to 105 tCO₂eq, showing a sharp decrease of 91% compared to the previous year. This significant reduction is mainly attributable to the increase in renewable energy supplied with certified Guarantees of Origin. In 2025, in addition to the Madrid and Łódź offices, Casa BFF in Milan and the Athens office also benefited from the supply of renewable energy with Guarantees of Origin, resulting in 100% of the electricity purchased being renewable across the Group’s four locations.

	12/31/2023 (baseline)	12/31/2024	12/31/2025	% N/N-1
Scope 1 GHG emissions				
Scope 1 gross greenhouse gas emissions (tCO ₂ e)	99	91	16	-83%
Scope 2 greenhouse gas emissions				
Scope 2 gross greenhouse gas emissions - Location-based (tCO ₂ e)	863	803	619	-23%
Scope 2 gross greenhouse gas emissions - Market-based (tCO ₂ e)	1,083	1,109	105	-91%

Emissions Calculation and Methodologies

Regarding the calculation methodologies adopted, the Group refers to the official emission factors published by the UK government’s Department for Environmental, Food & Rural Affairs (DEFRA), updated to 2025, for the quantification of Scope 1 emissions and for Scope 2 emissions related to thermal energy consumption. For the calculation of Scope 2 emissions according to the Location-Based method, primary sources recognized at the national market level were used, while for the Market-Based method, reference was made to the 2024 European “residual mix” emission factors as defined by the Association of Issuing Bodies (AIB).

³ The energy consumed by BFF does not include the fuel consumption of the Group’s car fleet. This exclusion is due to the insignificance of this consumption, as the number of cars in the fleet is very small compared to the Group’s total population. However, for the sake of fuller disclosure, the Group may include this type of consumption in future years.

Greenhouse Gas Emissions (GHG) Scope 3 Indirect Emissions

Regarding indirect Scope 3 emissions, the Group has focused its reporting on two particularly relevant categories: business travel (category 6) and financed emissions (category 15). In 2025, business travel, mainly conducted by plane and train, generated 59 tCO₂eq, showing a decrease of about 17% compared to the previous year.

Category 15, which includes financed emissions related to the Group’s investment portfolio, represents the most significant part of indirect emissions, with 2,031,819 tCO₂eq produced in 2025, increased by 27% compared to 2024. This figure refers to approximately 95% of the exposures in BFF’s portfolio, compared to around 88% in 2024, when financed emissions covered a smaller share of the portfolio. The expansion of the perimeter to include additional asset classes - Business Loans and Listed Equity - together with a refinement of the financed emissions calculation methodology, has resulted in an overall increase in financed emissions.

	12/31/2023 (baseline)	12/31/2024	12/31/2025	% N/N-1
Scope 3 significant greenhouse gas emissions				
Total gross indirect (Scope 3) greenhouse gas emissions (tCO ₂ e)	1,803,100	1,603,034	2,031,978	+27%
6. Business trips	230	192	159	-17%
15. Investments	1,802,870	1,602,843	2,031,819	+27%

Emissions Calculation and Methodologies

Emissions related to business travel (Category 6) were calculated using the UK Government GHG Conversion Factors for Company Reporting 2025, defined by DEFRA. In addition, BFF utilized primary data directly collected and managed by the Group.

For Scope 3 Category 15 (Financed Emissions), the Group applied the PCAF methodology (Part A: Financed Emissions), focusing on Sovereign Debt and Business Loans / Listed Equity, which together represent approximately 95% of in-scope assets.

For sovereign exposures, emissions were estimated using internationally recognized public data sources (including EDGAR, UNFCCC and OECD). Where data referred to prior periods, growth trends were applied to ensure time comparability and reflect changes in energy consumption patterns and climate policies. During the reporting year, the Group strengthened the methodology by updating the data source for countries’ direct emissions, adopting the EDGAR database, which is updated annually.

For Business Loans and Listed Equity, financed emissions were calculated using financial and emissions data obtained through a specialized data provider. Financial data refers to counterparties’ total assets, while emissions data are based on publicly disclosed GHG information or company-reported data. The Group applies a data quality hierarchy, prioritizing reported and most recent data. Emissions are expressed in tCO₂eq and include Scope 1, Scope 2 and Scope 3 emissions of the counterparties.

Summary Table

	12/31/2023 (baseline)	12/31/2024	12/31/2025	% N/N-1
Scope 1 GHG emissions				
Scope 1 gross greenhouse gas emissions (tCO ₂ e)	99	91	16	-83%
Scope 2 greenhouse gas emissions				
Scope 2 gross greenhouse gas emissions - Location-based (tCO ₂ e)	863	803	619	-23%
Scope 2 gross greenhouse gas emissions - Market-based (tCO ₂ e)	1,083	1,109	105	-91%
Scope 3 significant greenhouse gas emissions				
Total gross indirect (Scope 3) greenhouse gas emissions (tCO ₂ e)	1,803,100	1,603,034	2,031,978	+27%
Total greenhouse gas emissions				
Total greenhouse gas emissions (Location-based) (tCO ₂ e)	1,804,062	1,603,928	2,032,613	+27%
Total greenhouse gas emissions (Market-based) (tCO ₂ e)	1,804,282	1,604,234	2,032,099	+27%

Decarbonization Strategy and Future Commitments

To achieve carbon neutrality of its real estate portfolio by 2026, the Group has identified and implemented a series of strategic decarbonization levers, as already highlighted and detailed in the Strategy section of this document. The main initiatives include:

- ▶ Over 80% of employees working in LEED-certified buildings;
- ▶ Relocation of the Milan office to a green building ("Casa BFF");
- ▶ Closure of the owned building in Rome;
- ▶ Relocation of the Barcelona office to a LEED-certified building;
- ▶ Migration of data centers to more energy-efficient facilities;
- ▶ Adoption of cloud solutions to optimize technological efficiency;
- ▶ Purchase of energy from certified renewable sources;
- ▶ Compensation of residual emissions through carbon credits.

During 2025, thanks to several decarbonization levers already activated, significant emission reductions were achieved; in particular, with reference to Scope 1 emissions in 2025, the total was equal to 16 tCO₂eq, already lower than the target of 18 tCO₂eq in 2026, while scope 2 market-based emissions in 2025 were equal to 105 tCO₂eq, already equivalent to a 90% reduction compared to the baseline year, and in line with the target of 100 tCO₂eq expected in 2026.

Targets	UoM	Baseline year	2024	2025	Targets		
		2023	2024	2025	2026	2030	2050
TOTAL SCOPE 1 AND SCOPE 2 GHG EMISSIONS (MARKET-BASED)	ton CO ₂ eq	1,182	1,200	121	118	-	-
	%	-	2%	-90%	-90%	-	-
of which: Scope 1	ton CO ₂ eq	99	91	16	18	-	-
	%	-	-8%	-84%	-82%	-	-
of which: Scope 2 (market-based)	ton CO ₂ eq	1,083	1,109	105	100	-	-
	%	-	2%	-90%	-91%	-	-

