

The works of art reproduced in this report were created by the artist Enrico Baj, and they are part of Farmafactoring Foundation's contemporary art collection.

The entire collection of about 250 works from the post-war period to the early 2000s created by artists such as Valerio Adami, Enrico Baj, Alberto Burri, Hsiao Chin, Mario Schifano, Arnaldo Pomodoro and Joe Tilson is permanently on display at BFF's Italian offices in Milan and Rome.

The first half of 2021 saw the distribution of the art book, in English, published by Skira editore Milan Genève Paris, "**Art Factor. The Pop Legacy in Post-War Italian Art**", which recounts the Italian journey towards Pop Art through the works of Valerio Adami, Franco Angeli, Enrico Baj, Lucio Del Pezzo, Gianfranco Pardi, Mario Schifano and Emilio Tadini.

The art volume represents the first step in a more extensive project involving the promotion of the collection abroad, in a traveling exhibit throughout Europe, which will end in 2023.

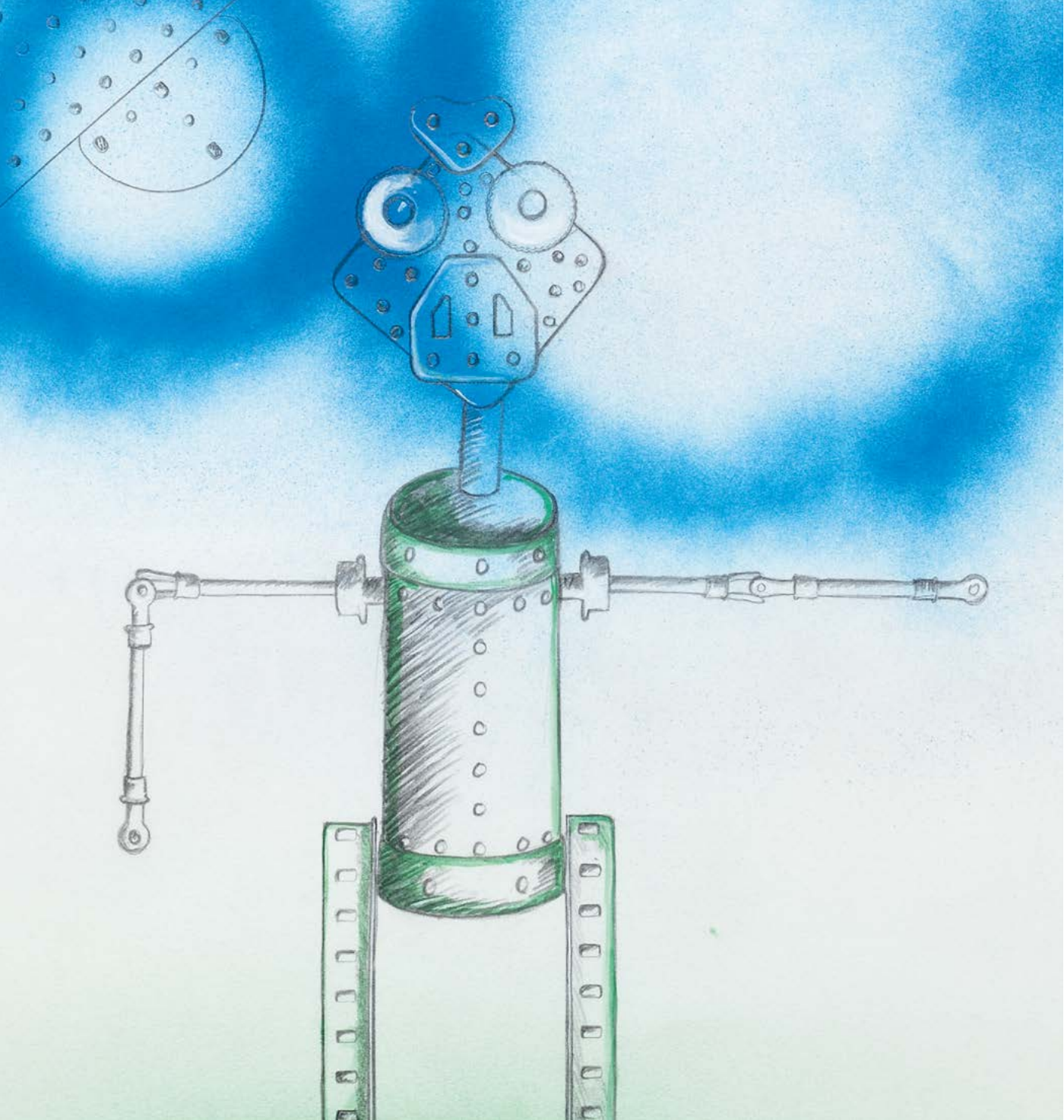
[www.art-factor.eu](http://www.art-factor.eu)

**BFF Bank S.p.A.**

Parent of the BFF Banking Group  
Registered Office in Milan - Via Domenichino 5  
Share Capital €142,692,765.52 (fully paid-in)  
Milan Company Register No.,  
Tax Code and VAT No. 07960110158

Consolidated  
Non-Financial Disclosure

2022



Italian Legislative Decree No. 254/2016 implemented EU Directive 2014/95 of the European Parliament and of the Council dated October 22, 2014 concerning the disclosure of non-financial and diversity information by certain large companies and groups. In Italy, this decree made it compulsory to prepare a non-financial disclosure covering "environmental, social and employee-related issues, respect for human rights, and the fight against corruption and bribery".

The BFF Banking Group (hereinafter also referred to as the "BFF Group or the "Group") has prepared its fourth Consolidated Non-Financial Disclosure (hereinafter also referred as the "CNFD" or "Disclosure") pursuant to Article 4 of Italian Legislative Decree No. 254/2016.

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# Letter to Stakeholders



Salvatore Messina

Starting in 2019, even before the preparation of the Consolidated Non-Financial Disclosure became mandatory for the Group, given the parameters achieved, BFF has paid increasing attention to the impact that its activities have and can have on the context in which it operates, partly in response to the importance of sustainability today for us, our stakeholders and future generations.

The world never ceases to lay down challenges to which we do not remain indifferent. We feel called upon to be responsible and aware of the positive contribution we already make and can still make. This Non-Financial Disclosure aims to offer an account of that contribution, looking back over the past year.

In 2022, the Group continued to operate on the basis of those principles that it recognizes as its founding ones, namely the value of people, integrity-which is embodied in honesty and transparency-and excellence in the service provided to our customers; and several milestones marked the Bank's sustainable path, which in 2022 generated a total economic value of €518 million, 79% of which was redistributed to stakeholders.

An important change involved the revision of our materiality analysis. In fact, in incorporating the new provisions of the reporting standards and drawing inspiration from the regulatory changes in sustainability reporting, and through the fundamental involvement from our stakeholders, this analysis involved assessing both the Group's impacts on its operating environment (Impact materiality or "inside-out") and the implications that sustainability has for our business (Financial materiality or "outside-in").

With reference to our Governance structure, which is already aligned with the best practices of corporate governance for an increasing integration of sustainability values into the Group's strategy, during the past year BFF completed the process toward establishing an



ESG-compliant Governance, with the definition of additional roles and responsibilities. These include the establishment of an ESG Committee, a body with instructional duties on sustainability matters to be brought to the attention of the CEO, to support the management of social responsibility issues and to ensure the Group's positioning on these matters in the various reference areas.

BFF is active in 9 countries in Europe, and as such is disparate. The enhancement of our diversity assets is an opportunity for growth and enrichment for the entire Group, in the knowledge that the most innovative ideas and the best solutions come from an environment where people can express their uniqueness, and that diversity and inclusion are values that exert positive effects on all the Bank's stakeholders.

In this area, BFF has worked diligently, reaching an important milestone in December 2022 with the adoption of a Diversity & Inclusion Policy. The policy aims to ensure inclusiveness for all employees, as well as access to equal opportunities and treatment regardless of one's ethnicity, age, gender, disability or other characteristics, to welcome and nurture the best talent based on objective, non-discriminatory and meritocratic criteria.

To the issues of Diversity & Inclusion we continue to devote great efforts, encouraged also by awards such as the "Sustainability Report" Award, given to us this year by the Department of Economics and Management of the University of Pavia and STEAMiamoci of Confindustria, precisely for the Diversity & Inclusion category.

Ours is a Group in which listening and dialogue on an ongoing basis with its more than 800 employees are considered core values. Tools such as plenary meetings conducted quarterly and open to input and questions from all employees, and internal surveys with opportunities to share one's own suggestions on topics of common interest, proved to be of great importance again this year.

In order to increase the transparency and visibility of the sustainable growth path for its external stakeholders, BFF has embarked on a path aimed at building a dialog with leading ESG rating agencies. We are pleased to have thus obtained from Sustainalytics an ESG risk rating of 18.1, with placement in the "Low Risk" category, and from MSCI an AA risk rating, with placement in the highest score range compared to global peers for governance issues.

In a desire to always ensure the excellence of services provided to clients, BFF Techlab, the laboratory for technological innovation of BFF Banking Group, was established during 2022. The new area is the result of BFF's acquisition of MC3 Informatica Srl, a Brescia-based company active in

information technology consulting, with which BFF has worked for more than 10 years. Of fundamental importance to BFF's path of technological innovation, the deal lays the necessary foundation to further integrate the expertise already present in our Group.

In addition, with the intention of continuing and strengthening the research and analysis sharing work that has always characterized BFF's relationship with clients and key stakeholders, in July we announced the creation of BFF Insights, the Group's new study area, in order to consolidate and promote further the macroeconomic analyses and studies already carried out in Italy and abroad, in collaboration with experts, universities, and Fondazione Farmafactoring.

2022 was also an important year for our activities in the area of culture, in line with the Group's social and sustainability policies. At the same time, the continuous blossoming of BFF's artistic and cultural initiatives is a point of pride for us, and responds to a sense of responsibility, which leads us to give part of the assets in our possession back to the general public.

In December, through the subscription of a 1.25% stake, the Group entered the shareholding structure of the Istituto della Enciclopedia Italiana founded by Giovanni Treccani S.P.A. This initiative enables BFF to enhance its cultural policies, engaging alongside one of the major Italian centers for the production and dissemination of knowledge.

The project "ART FACTOR - The Pop Legacy in Post- War Italian Art", which was already reported in the last Non-Financial Disclosure, has seen the start of a new phase, with the European tour that brought the works in the Collection first to Bratislava and then to Warsaw and Athens. The tour will continue throughout 2023 with new international stops, concluding the following year at "Casa BFF", the Group's new headquarters in Milan, where a museum area is planned.

Finally, important new steps have been taken by the Farmafactoring Foundation. During 2022, with the appointment of the new Board of Directors, the need to reorient strategic choices to respond nimbly and more effectively to the new needs of society was realized.

To this end, the Foundation developed a new purpose:  
"To be a driver of the sustainable and inclusive transformation of personal and community welfare and protection systems", to work in an integrated way in the areas of health, welfare and financial inclusion.

These and other initiatives are collected in this document, which better outlines the routes BFF intends to pursue in order to contribute in an increasingly predominant way to building a more sustainable society and economy.

**Salvatore Messina**

Chairman of the Board of Directors  
of BFF Bank S.p.A.

# Methodological Note

The Consolidated Non-Financial Disclosure (hereinafter referred to as “**Disclosure**” or “**CNFD**”) of the BFF Group (hereinafter also referred to as “**BFF**” or the “**Bank**”), drawn up in accordance with Article 4 of Legislative Decree No. 254/2016, contains information regarding environmental, social and employee-related issues, respect for human rights, and the fight against corruption and bribery. It aims to provide an understanding of the activities carried out by the Group, their progress, and the results and impact achieved.

This document is prepared in accordance with the GRI Standards under the “in accordance” option. Regarding the table showing the correlation between the sections of this Disclosure and the GRI reference indicators, reference should be made to the GRI Content Index provided at the end of this Disclosure.

The issues covered in the Disclosure are included in accordance with the **principle of materiality** as foreseen by the relevant legislation and as required by the GRI Standards. In fact, the topics described were identified as material following the Materiality Analysis process conducted during 2022 and described on page 54. Therefore, this Disclosure contains non-financial information that was deemed relevant to the Group, the business model, and the methods that the Group uses to create value.

The CNFD, drafted on an annual basis, includes a range of qualitative and quantitative indicators defined in accordance with GRI Standards. The qualitative and quantitative data and information relate to the performance of the BFF Group and refer to the financial year ending December 31, 2022. The indicators for FY 2021 and 2020 are also provided for the purpose of comparing information and identifying trends in sustainability performance, as was done in last Consolidated Non-Financial Disclosure published (that of 2021).

The reporting scope of this Disclosure and the indicators monitored refer to the Parent Company BFF Bank S.p.A., and to the following fully-consolidated subsidiaries as at December 31, 2022:

- ▶ BFF Polska S.A. (hereinafter also referred to as “BFF Polska”);
- ▶ BFF MEDfinance S.A. (hereinafter also referred to as “BFF MEDFinance”);
- ▶ BFF Česká Republika s.r.o. (hereinafter also referred to as “BFF Ceska Republika”);
- ▶ BFF Central Europe s.r.o. (hereinafter also referred to as “BFF Central Europe”);
- ▶ BFF Finance Iberia S.A.U. (hereinafter also referred to as “BFF Finance Iberia”);
- ▶ BFF Techlab S.r.l.

With reference to the latter, it should be noted that, in light of its size and the fact that the company was acquired on October 3, 2022, only the number of resources was considered for reporting purposes: therefore, the disclosure of the remaining non-financial performance indicators is considered excluded.

It should be noted that the companies BFF Immobiliare S.r.l., Komunalny Fundusz Inwestycyjny Zamknięty, MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty, Kancelaria Prawnicza Karnowski i Wspólnik sp.k. and Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspólnik sp.k. were not included within the reporting scope because their performance as regards sustainability was deemed to be not material.

It should be noted that the Parent Company BFF Bank S.p.A. has branches in Portugal, Spain, Poland and Greece; however the data has been presented by country and not by company. For the purposes of the report the individual countries in which the Group operates have been defined as a “regions” therefore the data relating to Spain includes information regarding the Spanish branch and the subsidiary company; the data regarding Poland includes information regarding the Polish branch and the subsidiary company. Furthermore the information regarding the Farmafactoring Foundation, which is not included in the scope of the Group’s consolidated financial statements, is useful for understanding the attention paid to the social context.

As regards the methodology used to collect the data and information reported in this Disclosure the **Working Group** responsible for the preparation of this document distributed data collection forms to the responsible persons in the corporate functions involved. The data regarding Italy was provided by the functions of the Parent Company; the respective country representatives were responsible for collecting the data regarding “regions” of Spain, Portugal, Poland and Greece.

For the purpose of ensuring accurate reporting on the scope of “Accountability to People”, the following categories of employees have been defined: i) Senior Executives/Executives (hereinafter also referred to as “Top Management”); ii) Managers/Middle Managers/ Coordinators (hereinafter also referred to as “Middle Management”); iii) Specialists/Professionals (hereinafter also referred to as “Staff”).

In general, any scope omissions were appropriately reported in this document and included in the “GRI Content Index” section.

The main calculation methods used are shown below:

- ▶ the injury rate (relating to recordable work-related injuries) was calculated by dividing the number of accidents (at work) by the hours worked multiplied by 1,000,000;
- ▶ for the purpose of calculating direct emissions (Scope 1<sup>1</sup>), the UK Government GHG Conversion Factors for Company Reporting set by the UK Government’s Department for Environmental and Rural Affairs (DEFRA) have been used;
- ▶ for the calculation of CO<sub>2</sub> emissions regarding Scope 2<sup>2</sup> - Location Based resulting from the use of electricity, the Enerdata emission rates published by Terna have been used (2019 rates for data regarding 2021). When data on contracts from suppliers was not available Scope 2 emissions were not calculated using market-based methodology. The UK Government GHG Conversion Factors for Company Reporting set by the UK Government’s Department for Environmental and Rural Affairs (DEFRA) have been used to calculate the emissions arising from thermal energy consumption. Note that Scope 2 emissions are calculated in tCO<sub>2</sub>, as opposed to Scope 1 emissions, which are calculated in tCO<sub>2</sub>e.

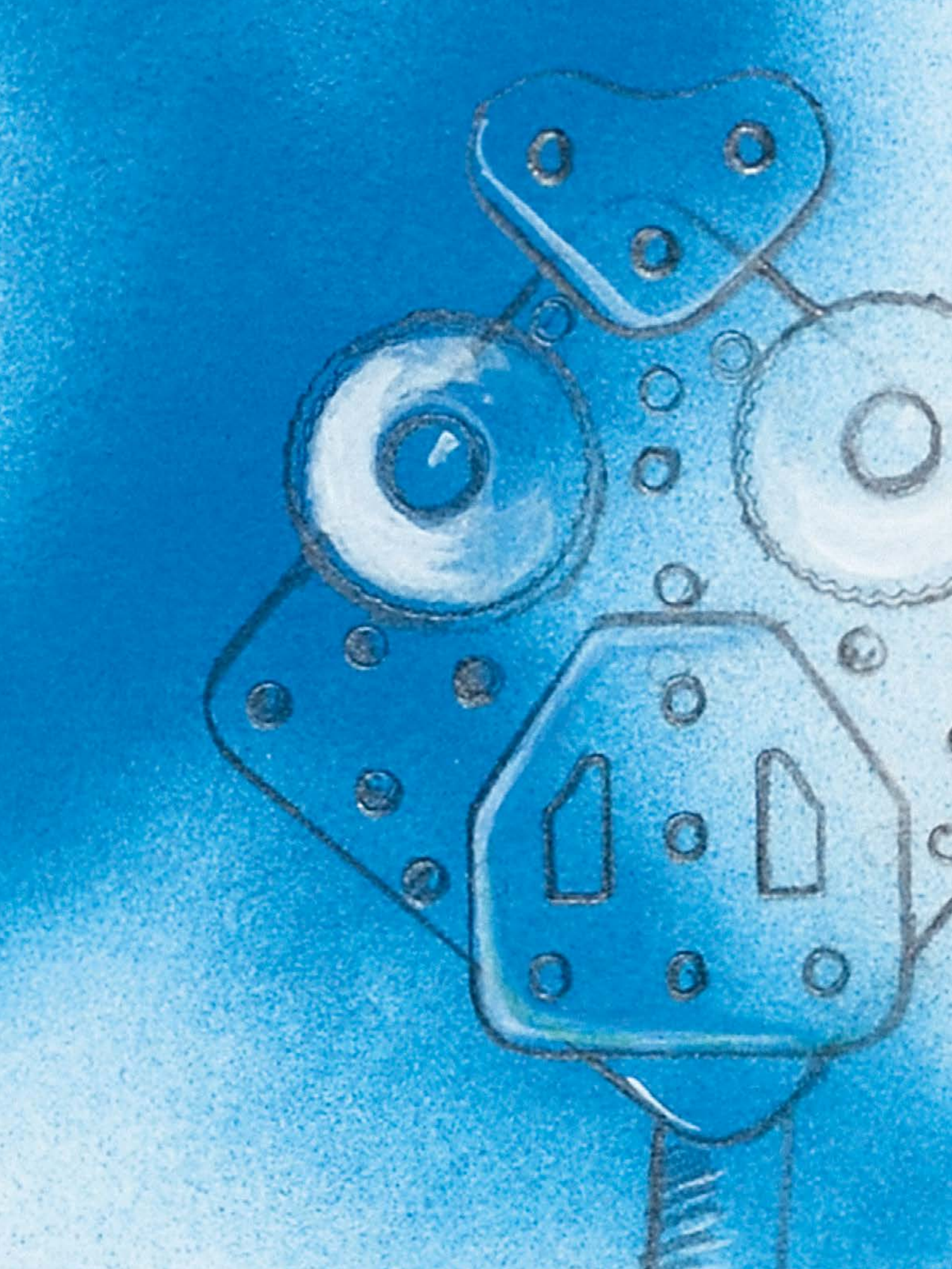
For the calculation of Scope 3<sup>3</sup> emissions, the emission factors from the *EPA Center for Corporate Climate Leadership - Emission Factors for Greenhouse Gas Inventories, Last Modified on: April 1, 2022* were used. Note that Scope 3 emissions are calculated in tCO<sub>2</sub>, as opposed to Scope 1 emissions, which are calculated in tCO<sub>2</sub>e.

The “limited assurance engagement” of the 2022 Consolidated Non-Financial Disclosure was entrusted to KPMG S.p.A., the Group’s independent auditors. Their report is available from page 176 onwards.

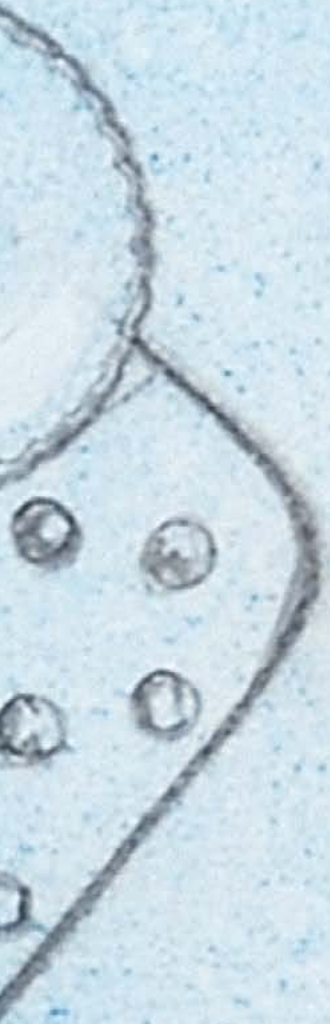
Any requests for clarification and questions regarding the information contained in the BFF Group’s Consolidated Non-Financial Disclosure should be addressed to: [sostenibilita@bff.com](mailto:sostenibilita@bff.com).

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- 1) Scope 1 emissions mean direct greenhouse gas emissions from sources owned or controlled by the company, such as those resulting from combustion within owned or controlled plants, boilers, furnaces or owned vehicles, etc. or from emissions caused by processing of chemicals within owned or controlled plants.
  - 2) Scope 2 takes into account greenhouse gas emissions resulting from electric power purchased and used by the company. Scope 2 emissions actually occur in the plant used for the generation of electric power subsequently used.
  - 3) Scope 3 is an optional reporting category encompassing all other indirect emissions. Some examples include the extraction and processing of third-party raw materials, the transport of fuels purchased and the use of products and services sold.









# 01

Group  
Overview

## Profile

BFF is the largest specialized finance operator in Italy and also a leading player in Europe in the management and non-recourse factoring of trade receivables due from government authorities. It is also an independent operator in Italy in Securities Services and payment services.

The Group is present in nine countries - Italy, Croatia, France, Greece, Portugal, Poland, the Czech Republic, Slovakia and Spain.

It is precisely the geographical diversification has ensured further growth and has made a significant contribution to the Group's ever-increasing expanding business.

The Group continues to produce good profits, growth and capacity to generate dividends, and it has a solid capital base and low level of risk.

In 2021 through the acquisition of DEPObank BFF strengthened its strategic position, expanding both the business segments of the market niches where DEPObank was a **leader**, and the funding and capital base serving its traditional customers.

The Group is a leader in Italy in Securities Services and banking payment services. It provides these services to more than 400 clients including investment funds, banks, payment and money institutions, large corporations and government authorities.

In 2022, the Group recorded a Reported Net Income of €232.0 million in 2022, +17.6% year-on-year. Adjusted Net Income 2022 of €146.0 million, +16.6% year-on-year, with a Group Common Equity Tier 1 ("CET1") ratio of 16.9% as at 12.31.2022, and a Total Capital Ratio of 22.3%.

REPORTED NET  
INCOME

232.0€M

ADJUSTED NET  
INCOME

146.0€M

TOTAL  
CAPITAL RATIO

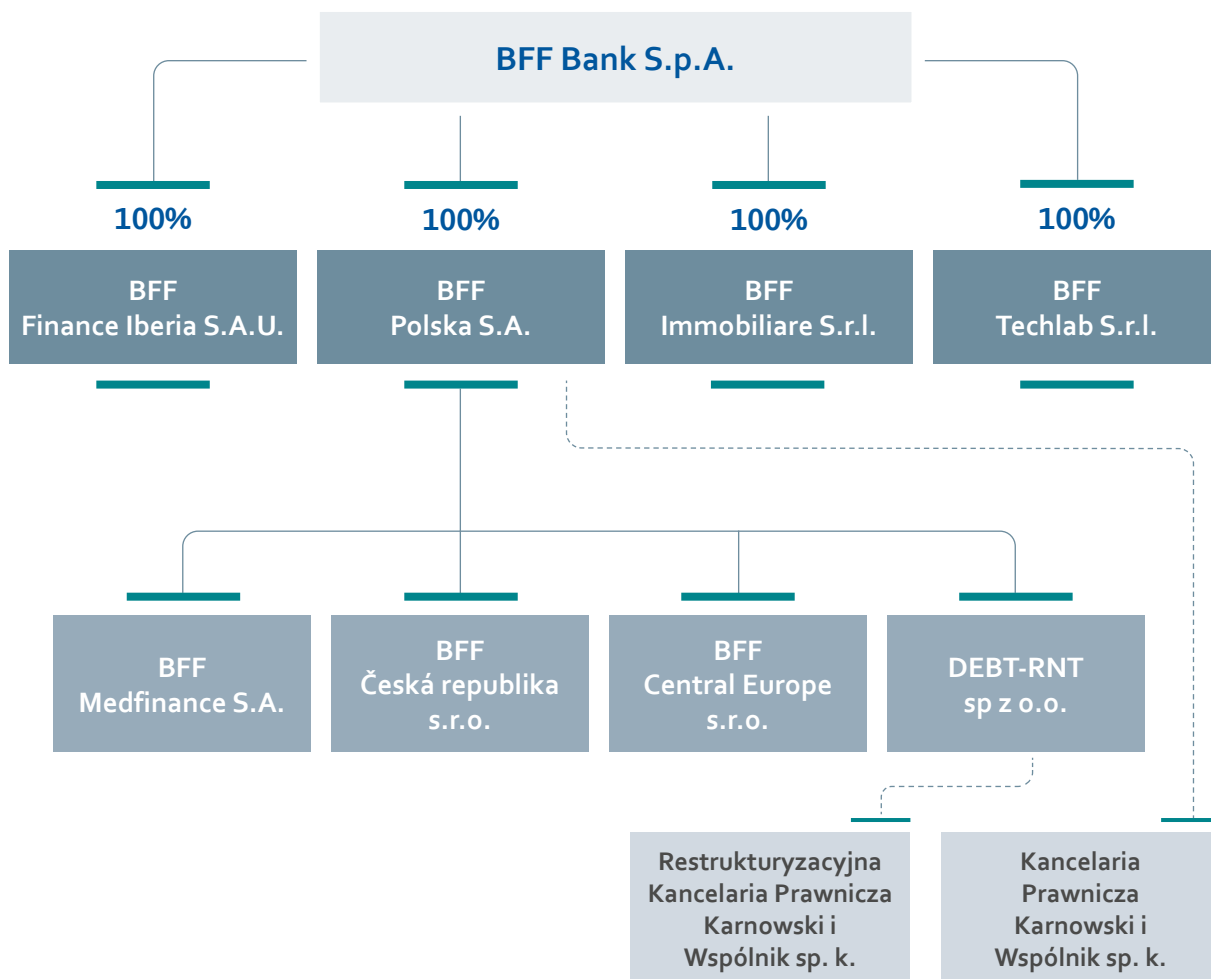
22.3%

CET  
TIER 1

16.9%



## Group Structure<sup>4</sup>



4) Please note that the structure shown does not correspond to the reporting scope of the 2022 CNFD. For more information please refer to the Methodological Note

At December 31, 2021, BFF Banking Group included the Parent BFF Bank S.p.A. and the following companies:

| Company name   | Registered and operating office              | Relationship type <sup>(1)</sup> | Ownership relationship |           | Voting rights % <sup>(2)</sup> |
|--|--|----------------------------------|------------------------|-----------|--------------------------------|
|  |  |                                  | Held by                | Holding % |                                |
| <b>COMPANIES CONSOLIDATED LINE-BY-LINE</b>                                 |  |                                  |                        |           |                                |
| 1. BFF Finance Iberia, S.A.U.  | Madrid – Paseo de la Castellana, 81          | 1                                | BFF Bank S.p.A.        | 100%      | 100%                           |
| 2. BFF Polska S.A.   | Łódź - Jana Kilińskiego, 66                  | 1                                | BFF Bank S.p.A.        | 100%      | 100%                           |
| 3. BFF Medfinance S.A.   | Łódź - Jana Kilińskiego, 66                  | 1                                | BFF Polska S.A.        | 100%      | 100%                           |
| 4. BFF Česká republika s.r.o.  | Prague - Roztylská, 1860/1                   | 1                                | BFF Polska S.A.        | 100%      | 100%                           |
| 5. BFF Central Europe s.r.o.   | Bratislava – Mostova, 2                      | 1                                | BFF Polska S.A.        | 100%      | 100%                           |
| 6. Debt-Rnt sp. Z O.O.   | Łódź - Al. Marszałka Jozefa Piłsudskiego, 76 | 1                                | BFF Polska S.A.        | 100%      | 100%                           |
| 7. Komunalny Fundusz Inwestycyjny Zamknięty                                | Warsaw - Plac Dąbrowskiego, 1                | 4                                | BFF Polska S.A.        | 100%      | 100%                           |
| 8. MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty | Warsaw - Plac Dąbrowskiego, 1                | 4                                | BFF Polska S.A.        | 100%      | 100%                           |
| 9. Kancelaria Prawnicza Karnowski i Wspólnik sp.k.                         | Łódź - Jana Kilińskiego, 66                  | 4                                | BFF Polska S.A.        | 99%       | 99%                            |
| 10. Restrukturyzacyjna Kancelaria Prawnicza Karnowski i Wspólnik sp.k.     | Łódź - Al. Marszałka Jozefa Piłsudskiego, 76 | 4                                | Debt-Rnt sp. Z O.O.    | 99%       | 99%                            |

**Key:**

- (1) Type of relationship: 1 = having the majority of voting rights at ordinary shareholders' meetings, 2 = dominant influence at the ordinary shareholders' meeting 3 = arrangements with other shareholders, 4 = other forms of control
- (2) Voting rights at ordinary shareholders' meetings, distinguishing between actual and potential voting rights or percentage of shares.

As far as points 9 and 10 are concerned, voting rights refer to the investors' right to vote at the Meeting.

The companies in points 11 and 12 above are limited partnerships and are consolidated according to the equity method since their total asset figures are not significant.

On January 19, 2022, the company BFF Immobiliare S.r.l., a wholly owned subsidiary of BFF Bank S.p.A., was established. This company was established with a view to finalizing the Casa BFF operation, which involved the purchase of a buildable area and the subsequent development of an office building which will become the new registered office of the BFF Group and will house all of the Bank's personnel present in the city of Milan, who are currently divided between three different buildings.

BFF Bank also holds a 26.46% stake in Unione Fiduciaria S.p.A., which is consolidated with the equity method (and not in its entirety), as it is a company subject to significant influence.

On October 3, 2022, BFF Bank finalized the acquisition of the IT company "MC3 Informatica S.r.l." which as of the same date changed its company name to BFF Techlab S.r.l. This transaction is consistent with the growth path outlined in the 2023 Business Plan, and will allow for the vertical integration of all development activities linked to the management and evolution of the Group's information system, favoring cost synergies and boosting operational efficiency.

The measurement criteria are adopted with a view to a going concern and comply with the principles of accruals, relevance and materiality of accounting information and the precedence of economic substance over legal form.

# The History of the Group

## 1985-2009

### BFF is born and establishes itself in the market

Founded by a group of **pharmaceutical companies** to respond to their needs of managing and collecting trade receivables from the healthcare system, BFF immediately became a **leader in the market**.

## 2010-2014

### Resilient during the crisis, the process of internationalization and transformation begins

Expansion into **new European countries**: in **Spain** in 2010; in **Portugal** in 2014.

BFF products and services are offered to **all suppliers of public bodies**, always in line with the needs of their customers.

It becomes a bank in 2013.

## 2015-2020

### Listing and European leadership

BFF grows in **Central and Eastern Europe** through a major acquisition in **Poland** (2016), and is listed on the **Italian stock exchange** (2017).

The international offer is also present in **Greece, Croatia** and **France**.

The business in Spain is consolidated with the acquisition of **IOS Finance** (2019).

## TODAY

### Leader in specialized finance

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.

**In 2021** the merger with DEPObank extends the scope of activity and expertise to **Securities Services and banking payment services**, for which it is a **leader in Italy**.





## BFF 2023: a bank *like no other*

BFF is the largest specialized finance operator in Italy, as well as one of the leaders in Europe in the management and non-recourse factoring of trade receivables due from Public Administrations, Securities Services and payment services.





## Business Model

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 also has operations 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 clients including investment funds, banks, payment and money institutions, large corporations and Public Administrations.

### BFF manages operational complexity, facilitates cost reduction and eliminates risks for customers, including through:

#### FACTORING & LENDING

- ▶ **The optimization of liquidity** and the management of working capital of private businesses operating with the Public Administration.
- ▶ **Planning and maintenance of a target collection time**, irrespective of the actual payment times of the Public Administrations.
- ▶ **Improvement in financial statements ratios**, thanks to the possibility of definitively deconsolidating exposure to public agencies.
- ▶ **Reduction in operating costs**, thanks to revolving agreements for the assignment of trade receivables and an integrated business model that combines non-recourse factoring and credit management services to guarantee the best possible performance on loans and receivables.
- ▶ **Direct funding of public bodies** in Central and Eastern Europe, with vendor finance solutions and loans for medium/long-term investments.
- ▶ **Multi-country operations**, for a better and more efficient management of country risk and the exposure of multinationals to the nine European countries that the Group operates in.

The business model described above is based on core values, such as:

- ▶ honesty,
- ▶ transparency,
- ▶ respect for people,
- ▶ enhancement of resources,

ensuring leadership in innovation and execution in BFF's target markets.

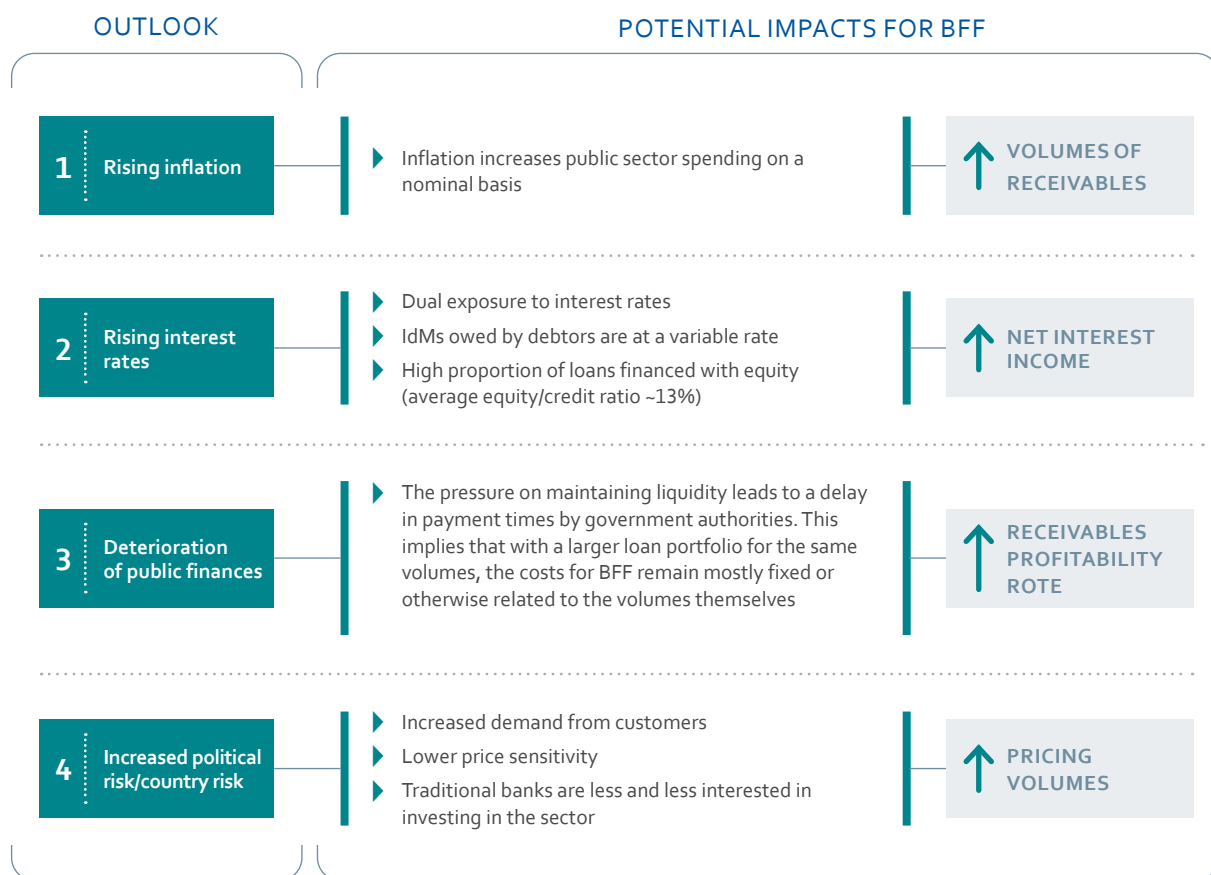


The business model described above is based on core values, such as honesty and transparency, respect for and enhancement of resources, ensuring leadership in innovation and execution in its target market.

During 2022 the Bank implemented the strategy outlined in the “BFF 2023” plan.

The BFF Group has a solid capital base which is protected by a dividend policy that permits the distribution of only the portion of the profit exceeding the threshold of 15% of the Total Capital Ratio (well above the minimum regulatory requirement). Thanks to the solid capital base, low risk profile and the resilience of our business model, which has proven capable of generating high value for our shareholders, both during the COVID-19 era and in the new macroeconomic environment of rising interest rates and inflationary pressures.

In fact, BFF is positively positioned in the new macroeconomic environment outlined as of July 2022 with respect to key factors, as shown below:



Furthermore, BFF now stands out as one of the few public companies in Italy and this is an essential factor in its pursuit of responsible and sustainable growth.



## Mission

Be the leaders in innovation, customer service and execution in our reference markets, with a low risk profile and high operational efficiency, aligned with the best corporate governance practices for public companies.

## Vision

Be a leader in specialty finance niches in Europe, leveraging on our leadership position in financial services to the suppliers of the Public Administrations

## Values



### People

We value our people and invest in them, promoting merit and inclusion.



### Integrity

We operate with honesty and transparency.



### Excellence

We ensure timely execution and completion to our clients.

## Our strategy<sup>5</sup>

BFF is the largest specialized finance operator in Italy, as well as one of the leaders in Europe, in the management and non-recourse factoring of trade receivables due from Public Administrations, and in the area of Securities Services and payment services.

As per the five-year strategic plan, approved by BFF's Board of Directors on May 29, 2019 ("BFF 2023" or the "Plan"), the Group's objectives to 2023 include:

- 1) continue to develop the current core business, that is factoring and Securities Services and payments, further improving operating efficiency and strengthening our leadership position in Italy and abroad;
- 2) continue to optimize the cost of funding, leveraging what has already been achieved in terms of synergies resulting from the acquisition of DEPObank;
- 3) consolidate the existing business and/or expand into other market niches via acquisitions.

These strategies are reflected in the flexible and disciplined approach to operations that characterized the Group in 2022. Consider the DEPObank acquisition process, which was managed entirely remotely, during the lockdown period due to COVID-19. During 2022, BFF Techlab was launched through the acquisition of MC3, a Brescia-based consulting firm that has worked with the bank for more than a decade: In fact, MC3 supported BFF in the initial implementation and subsequent evolution of the bank's current core-factoring system and other applications architectures. Consistent with the growth path outlined by BFF in the 2023 Business Plan, this transaction allows for the vertical integration of all MC3 development activities related to the management and evolution of the Group's information system and is also a further step forward in terms of inclusion, acquiring personnel with specialized skills in a decentralized geographic area with respect to the Milan headquarters.

The path of inclusion and diversity, which the Group continues to pursue, and which is reflected in the enrichment of new and different points of view, is also a guarantee of growth in line with the best practices in the sector.

<sup>5</sup> For further details on the Group's strategy, reference should be made to the document called – "BFF 2023" Strategy – available at <https://investor.bff.com/en/presentations-and-conference-call-audios>

## ESG Rating

In the course of 2022, BFF embarked upon a path to engage in dialog with the main ESG (“Environment, Social, Governance”) rating agencies with a view to continuously improving its performance in the most accredited ESG ratings.

This approach, which led to an upgrade in the following ESG risk ratings, represents further encouragement for BFF to continue on its path of sustainable growth.

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### SUSTAINALYTICS

On September 5, 2022, as part of an independent assessment related to the entire BFF Group, the rating company Sustainalytics assigned BFF an ESG risk rating of 18.1, and recorded a clear improvement, placing the company in the “Low Risk” category.<sup>6</sup>

Therefore, BFF has transitioned from “Medium Risk” to “Low Risk” and is in the 9th percentile of the “Regional Banks” sub-industry, in the 17th percentile of the “Banks” category and in the 19th percentile of the entire Sustainalytics universe.




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### MSCI

On January 27, 2023 MSCI - a leading international ESG rating company that analyzes about three thousand companies globally - raised BFF’s ESG rating to AA. MSCI ranks BFF in the highest score range compared to global peers for governance issues, highlighting as strengths the majority of the Board of Directors made up of independent Directors and the division of roles between Chairman and CEO in favor of strong oversight over management. The rating also recognizes BFF’s value of talent management initiatives, with special reference to the development of internal surveys and training initiatives aimed at staff.



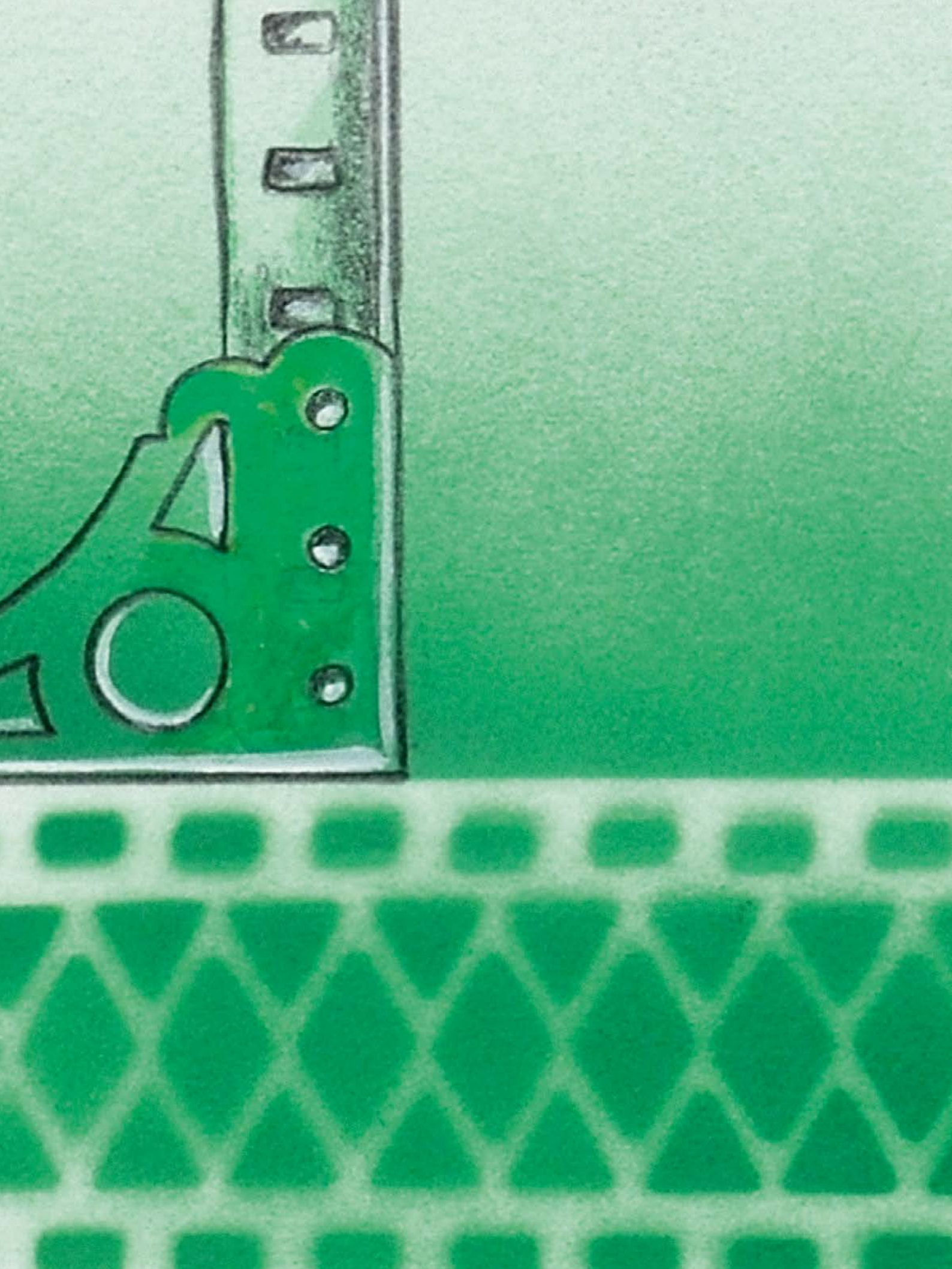
<sup>6</sup> For more details, please refer to the press release available at the following link: <https://investor.bff.com/en/press-releases/bff-improves-esg-rating-from-sustainalytics-and-ranks>

# 02

## Governance and Risk Management







## Governance

BFF adopts the traditional governance system whereby the members of the Board of Directors, as the body with strategic supervision function, and the Board of Statutory Auditors, as the body with control function, are appointed by the Shareholders' Meeting.

The Board of Directors defines the overall governance structure and approves the Bank's organizational structure, verifies its proper implementation, and promotes timely corrective measures in the face of any shortcomings or inadequacies.

Corporate governance also requires that the Board of Directors designate from among its members a Chief Executive Officer, who is responsible for establishing and maintaining the internal control and risk management system pursuant to the Corporate Governance Code.

The CEO is responsible for the executive and ensures that the organizational, administrative and accounting structure of the Bank and its subsidiaries is appropriate to the Group's operations and size through the implementation of specific powers.

As outlined in the "2020 Report on Corporate Governance and Ownership Structure", the Bank complies with the Corporate Governance Code (formerly the Code of Conduct) for listed companies as defined by the Corporate Governance Committee comprised of the business associations (ABI, ANIA, Assonime, Confindustria) and the professional investors association (Assogestioni) and the Italian Stock Exchange. This Code was approved on January 31, 2020, and has been in force since January 1, 2021<sup>7</sup> (the "**Corporate Governance Code**").

The Board of Directors of the Bank also resolved to establish a Supervisory Body under Italian Legislative Decree No. 231/2001 (the "**Supervisory Body**"), and, pursuant to the Provisions on Corporate Governance contained in Bank of Italy Circular No. 285 of December 17, 2013, as amended (the "**Supervisory Provisions for Banks**"), and further consistent with the recommendations of the Corporate Governance Code, the following internal board committees for the discharge of fact-finding, proposing and advisory tasks for the Board of Directors and, to a limited extent as regards the Remuneration Committee, the Chief Executive Officer<sup>8</sup>:

- ▶ the Remuneration Committee;
- ▶ the Nominations Committee;
- ▶ the Control and Risks Committee.

The membership of each of the three Committees is composed of two independent directors and one non-executive director.

<sup>7</sup> The Corporate Governance Code is available on the website of the Corporate Governance Committee at: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

<sup>8</sup> For more information please refer to the 2022 Report on Corporate Governance and Ownership Structure, available at: <https://investor.bff.com/en/assemblea-degli-azionisti-2023>



The Board of Directors also set up the Related Party Transactions Committee (the “**RPT Committee**”), consisting of three independent directors as pursuant to Article 148, paragraph 3 of the Consolidated Law on Finance and Article 2 of the Corporate Governance Code, with a view to ensuring an efficient information and advisory system enabling the Board of Directors to better assess transactions with related parties, in accordance with the provisions set forth in the Regulations governing transactions with related parties issued by CONSOB (the National Commission for Listed Companies and the Stock Exchange) with Resolution No. 17221 of 2010, as amended from time to time, and Bank of Italy Circular No. 285 of December 17, 2013, as amended from time to time (the “*New regulations for the prudential supervision of banks*”).

In order to guard against the risk that the possible closeness of certain persons to the Bank's decision-making bodies may compromise the objectivity and impartiality of decisions relating to transactions with such persons, and potentially distort the process of allocation of resources, the exposure of the Bank to risks not adequately measured or supervised, and any potential damage for Shareholders and stakeholders, the Board of Directors approved the “*Regulation of the Banca Farmafactoring Banking Group for the Management of Transactions with Persons in Conflict of Interest*” (the “**RPT Regulation**”).

The Board of Directors also approved the “*Policy on Internal Controls adopted by the BFF Banking Group for the Management of Conflicts of Interest*” (the “**RPT Policy**”). The aim being to establish guidelines to ensure that BFF Group's organizational structure and the Internal Control System guarantee constant compliance with the prudential limits and decision-making procedures laid down by the applicable regulations.

The composition of BFF's Board of Directors meets the diversity and gender criteria recommended by the Corporate Governance Code, as laid down by the Corporate By-laws, and by the Board of Director's Regulations<sup>9</sup> and the Board of Director's Diversity Policy, most recently approved by the Board of Directors on July 28, 2021. This Policy defines the ideal composition of the Board of Directors, covering aspects such as age, gender composition, education and professional background, so that the Board of Directors may effectively carry out its duties, making its decisions on the basis of a varied, qualified and diverse points of view. This Policy is subject to review and, if required, is updated at least once a year, if necessary external professionals proposed by the Appointments Committee can assist. Revisions are aligned with the outcome of the self-assessment process which is carried out on an annual basis in line with the Supervisory Provisions for banks (the “**Self-Assessment**”). Revisions are designed to detect and anticipate changes in the Company so that the identification of the requirements for the composition of the Board is consistent with these developments.

The Self-Assessment concerns aspects related to the composition and functioning of the Board and its internal Committees, taking into account, among other things, the qualitative and quantitative composition, size, degree of diversity and professional expertise of its members, presence of non-executive and independent members, and the adequacy of the appointment process and selection criteria. This is done in order to verify and guarantee over time the optimal functioning and consequent effectiveness of the body entrusted with strategic supervisory functions and the board committees, as well as to guarantee the effectiveness of governance that is duly based on the principles of sound and prudent management<sup>10</sup>.

<sup>9</sup> The document is available at the following link on the corporate website: <https://investor.bff.com/en/board-of-directors-regulation>

<sup>10</sup> For more information please refer to the 2022 Report on Corporate Governance and Ownership Structure, available at: <https://investor.bff.com/en/shareholders-meeting-documentation>

Currently the diversity policy is applied only to the Parent Company<sup>11</sup>.

The current Board of Directors has nine members (4 women and 5 men), of whom one holds an executive position and 5 are independent; of these, 6 are resident in Italy, 2 are resident in European countries and 1 is resident in non-European country. Of the 9 members of the Board of Directors, 2 have been in office for 1 year, 3 have been in office for 2 years, and the remaining have been in office for 7, 9, 13, and 16 years, respectively (it should be noted that the tenure of board members is calculated by considering the date of appointment as the date of commencement of the term of office).

Please also refer to the Report on Corporate Governance and Ownership Structure of the Group for more detailed information on the criteria for the appointment and selection of the highest governing body.

#### COMPOSITION OF THE BOARD OF DIRECTORS<sup>12</sup>

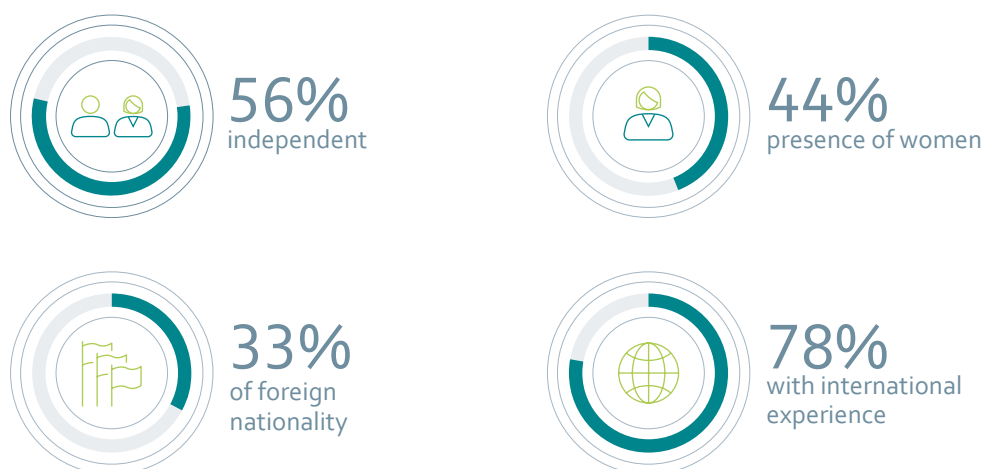
| BFF S.p.A.   | UoM        | 12.31.2022 |          |          | 12.31.2021 |          |          | 12.31.2020 |          |          |
|--------------|------------|------------|----------|----------|------------|----------|----------|------------|----------|----------|
|              |            | Women      | Men      | Total    | Women      | Men      | Total    | Women      | Men      | Total    |
| 30-50        | no.        | 1          | 1        | 2        | 1          | 1        | 2        | 1          | 2        | 3        |
| 50-60        | no.        | 2          | 2        | 4        | 2          | 2        | 4        | 2          | 1        | 3        |
| >60          | no.        | 1          | 2        | 3        | 1          | 2        | 3        | 1          | 2        | 3        |
| <b>Total</b> | <b>no.</b> | <b>4</b>   | <b>5</b> | <b>9</b> | <b>4</b>   | <b>5</b> | <b>9</b> | <b>4</b>   | <b>5</b> | <b>9</b> |

| BFF S.p.A.   | UoM      | 12.31.2022 |            |             | 12.31.2021 |            |             | 12.31.2020 |            |             |
|--------------|----------|------------|------------|-------------|------------|------------|-------------|------------|------------|-------------|
|              |          | Women      | Men        | Total       | Women      | Men        | Total       | Women      | Men        | Total       |
| 30-50        | %        | 50%        | 50%        | 22%         | 50%        | 50%        | 22%         | 33%        | 67%        | 33%         |
| 50-60        | %        | 50%        | 50%        | 44%         | 50%        | 50%        | 44%         | 67%        | 33%        | 33%         |
| >60          | %        | 33%        | 67%        | 33%         | 33%        | 67%        | 33%         | 33%        | 67%        | 33%         |
| <b>Total</b> | <b>%</b> | <b>44%</b> | <b>56%</b> | <b>100%</b> | <b>44%</b> | <b>56%</b> | <b>100%</b> | <b>44%</b> | <b>56%</b> | <b>100%</b> |

11 For more information please refer to the 2022 Report on Corporate Governance and Ownership Structure, available at <https://investor.bff.com/en/shareholders-meeting-documentation>

12 In order to provide a more accurate representation of the age range of the members of the Board of Directors, the bank has adopted the following age brackets: i) 30 – 50; ii) 50 – 60; iii) >60.

Currently BFF's Board of Directors has an optimal composition in terms of professional experience, gender, international profile and independence<sup>13</sup>:



In 2017 the Board of Directors adopted a succession plan for the Chief Executive Officer.

During 2022, the Board of Directors met 22 times, recording an attendance rate of 94.7%, down 1.9% from 2020.

#### ATTENDANCE AT BOARD MEETINGS

| BFF S.p.A.               | UoM | 12.31.2022 | 12.31.2021 | 12.31.2020 | Chg %<br>2022-2020 |
|--------------------------|-----|------------|------------|------------|--------------------|
| Number of Board meetings | no. | 22         | 23         | 19         | 15.8%              |
| Participation rate       | %   | 94.70%     | 92.40%     | 96.49      | -1.9%              |

The Board of Statutory Auditors, composed of three auditors (two men and one woman), also complies with the legal provisions on gender balance and has adopted its own diversity policy, in accordance with the provisions of Article 2 Recommendation 8 of the Corporate Governance Code and Article 123-*bis*, paragraph 2, letter *d-bis* of the Consolidated Law on Finance, with account being taken, inter alia, of the outcome of the 2022 self-assessment process. This policy describes the optimal characteristics of the composition of the supervisory body including aspects such as age, gender composition, and educational and professional background so that it may exercise its supervisory duties in the most effective manner, making decisions that benefit from the contribution of a range of qualified and diverse points of view, making it possible to consider the issues under discussion from different perspectives.

<sup>13</sup> It should be noted that, effective January 14, 2022, the Chairman of the Board of Directors is a non-executive and also not independent Director

The Board of Statutory Auditors undergoes a periodic self-assessment process regarding its size, composition and functioning, as well as the eligibility of its members for the performance of their duties, in compliance with the provisions of the Supervisory Provisions for Banks, which require that “*the body discharging control duties also conducts a self-assessment regarding its composition and functioning, based on the purposes listed above and according to criteria and methods consistent with its characteristics*”. This process, therefore: (i) pertains to the adequacy of the body as a whole and the contribution that individual members make to its proceedings, as well as the eligibility of its members; (ii) is carried out at least annually; (iii) is conducted by the staff identified by the Chair of the Board of Statutory Auditors.

#### COMPOSITION OF THE BOARD OF STATUTORY AUDITORS<sup>14</sup>

| BFF S.p.A.   | UoM | 12.31.2022 |          |          | 12.31.2021 |          |          | 12.31.2020 |          |          |
|--------------|-----|------------|----------|----------|------------|----------|----------|------------|----------|----------|
|              |     | Women      | Men      | Total    | Women      | Men      | Total    | Women      | Men      | Total    |
| 30-50        | no. | 0          | 0        | 0        | 1          | 0        | 1        | 1          | 0        | 0        |
| 50-60        | no. | 1          | 2        | 3        | 0          | 2        | 2        | 0          | 0        | 0        |
| >60          | no. | 0          | 0        | 0        | 0          | 0        | 0        | 1          | 1        | 0        |
| <b>Total</b> | no. | <b>1</b>   | <b>2</b> | <b>3</b> | <b>1</b>   | <b>2</b> | <b>3</b> | <b>2</b>   | <b>1</b> | <b>3</b> |

<sup>14</sup> In order to provide a more accurate representation of the age range of the members of the Board of Directors, the bank has adopted the following age brackets: i) 30 – 50; ii) 50 – 60; iii) >60.

## Corporate Bodies at December 31, 2022

### BOARD OF DIRECTORS

|                                |   |
|--------------------------------|---|
| <b>Chairman</b>                | Salvatore Messina   |
| <b>Chief Executive Officer</b> | Massimiliano Belingheri   |
| <b>Vice Chairman</b>           | Federico Fornari Luswergh   |
| <b>Directors</b>               | Anna Kunkl (*)<br>Michaela Aumann<br>Piotr Henryk Stępnia<br>Domenico Gammaldi<br>Monica Magri (**)<br>Giovanna Villa |

The Board of Directors will remain in office until the Shareholders' Meeting that will approve the financial statements at December 31, 2023.

### ROLE OF MEMBERS OF THE BOARD OF DIRECTORS AND INDEPENDENCE REQUIREMENTS(\*\*\*)

| NAME                      | OFFICE HELD IN BFF      | EXECUTIVE | NON-EXECUTIVE | INDEPENDENCE |
|---------------------------|-------------------------|-----------|---------------|--------------|
| Salvatore Messina         | Chairman                |           | ✓             |              |
| Federico Fornari Luswergh | Vice Chairman           |           | ✓             |              |
| Massimiliano Belingheri   | Chief Executive Officer | ✓         |               |              |
| Anna Kunkl                | Director                |           | ✓             | ✓            |
| Michaela Aumann           | Director                |           | ✓             | ✓            |
| Piotr Henryk Stępnia      | Director                |           | ✓             |              |
| Domenico Gammaldi         | Director                |           | ✓             | ✓            |
| Monica Magri              | Director                |           | ✓             | ✓            |
| Giovanna Villa            | Director                |           | ✓             | ✓            |

(\*) Appointed by co-option by the Board of Directors on March 1, 2022, to replace Ms. Amélie Scaramozzino, who resigned as of February 24, 2022, whose appointment was confirmed by the Shareholders' Meeting of March 31, 2022.

(\*\*) Appointed by co-option by the Board of Directors on February 10, 2022, to replace Ms. Barbara Poggiali, who resigned on February 3, 2022, whose appointment was confirmed by the Shareholders' Meeting of March 31, 2022

(\*\*\*) For more information see the following page on the institutional website: <https://investor.bff.com/en/board-of-directors>

## BOARD OF STATUTORY AUDITORS

|                           |  |
|---------------------------|--|
| <b>Chairwoman</b>         | Nicoletta Paracchini                         |
| <b>Standing Auditors</b>  | Fabrizio Riccardo Di Giusto<br>Paolo Carbone |
| <b>Alternate Auditors</b> | Carlo Carrera<br>Francesca Masotti           |

The Board of Statutory Auditors will remain in office until the Shareholders' Meeting that will approve the financial statements at December 31, 2023.

## Composition of the Committees at December 31, 2022

### REMUNERATION COMMITTEE

| NAME                  | QUALIFICATIONS         | POSITION         |
|-----------------------|------------------------|------------------|
| Giovanna Villa        | Independent Director   | Chairperson      |
| Domenico Gammaldi     | Independent Director   | Committee Member |
| Piotr Henryk Stepniak | Non-Executive Director | Committee Member |

### COMMITTEE FOR THE EVALUATION OF TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED ENTITIES

| NAME            | QUALIFICATIONS       | POSITION         |
|-----------------|----------------------|------------------|
| Anna Kunkl      | Independent Director | Chairperson      |
| Giovanna Villa  | Independent Director | Committee Member |
| Michaela Aumann | Independent Director | Committee Member |

### NOMINATIONS COMMITTEE

| NAME                      | QUALIFICATIONS         | POSITION         |
|---------------------------|------------------------|------------------|
| Domenico Gammaldi         | Independent Director   | Chairperson      |
| Monica Magri              | Independent Director   | Committee Member |
| Federico Fornari Luswergh | Non-Executive Director | Committee Member |

### CONTROL AND RISKS COMMITTEE

| NAME                      | QUALIFICATIONS         | POSITION         |
|---------------------------|------------------------|------------------|
| Michaela Aumann           | Independent Director   | Chairperson      |
| Domenico Gammaldi         | Independent Director   | Committee Member |
| Federico Fornari Luswergh | Non-Executive Director | Committee Member |

With reference to the Governance of the Bank, it is worth noting that, with regard to the changes that have taken place within the corporate bodies:

- 1) following the resignation of Directors (i) Ms. Barbara Poggiali, on February 3, 2022, and (ii) Amélie Scaramozzino, on February 24, 2022, the parent's Board of Directors appointed via the urgent co-opting procedure - pursuant to Article 2386 of the Italian Civil Code on February 10, 2022 and March 1, 2022, respectively - Ms. Monica Magri and Ms. Anna Kunkl, to replace the outgoing Directors, subsequently confirmed by the Shareholders' Meeting of March 31, 2022.
- 2) on February 18, 2022, Ms. Paola Carrara, Chairwoman of the Board of Statutory Auditors, resigned effective as of the earlier of (i) the date of the Shareholders' Meeting called to approve the Group's financial statements at December 31, 2021 and (ii) March 31, 2022.

Following the above-mentioned resignations, the parent's Board of Directors called the Ordinary Shareholders' Meeting to i) appoint new members to the Board of Statutory Auditors for the remainder of the 2021-2023 three-year period and ii) appoint the new Chairperson of that corporate body. On March 31, 2022, the Shareholders' Meeting approved the appointment of Ms. Francesca Sandrolini as Chairwoman of the Board of Statutory Auditors appointed on the basis of a "single" candidacy proposal submitted by Studio Legale Trevisan & Associati on behalf of a group of shareholders, as the provisions of the Articles of Association and the law requiring the use of the list voting mechanism did not apply.

On April 22, 2022, Ms. Francesca Sandrolini resigned from the position of Standing Auditor and Chairwoman of the Board of Statutory Auditors with immediate effect, for strictly personal reasons. As a result, pursuant to the law and the Articles of Association, starting from the same date, Ms. Mezzabotta – formerly Alternate Auditor of the Bank, elected from the only list presented at the Ordinary Shareholders' Meeting of March 25, 2021 – took over the position of Standing Auditor and Chairwoman of the Board of Statutory Auditors pursuant to the law and the Articles of Association following the resignation on the same date of Ms. Francesca Sandrolini, appointed by the Shareholders' Meeting of March 31, 2022.

After she automatically took over as Standing Auditor, Ms. Mezzabotta also became Chairwoman. On May 6, 2022, Ms. Mezzabotta - as in the meantime she had been appointed as a standing auditor of the Board of Statutory Auditors of another listed issuer, and having reconsidered the number of significant roles held at that date - submitted her irrevocable resignation from the office of Standing Auditor and Chairwoman of the Board of Statutory Auditors with immediate effect.

Pursuant to law and the Articles of Association, on the same date Mr. Carlo Carrera, formerly Alternate Auditor also elected from the single list submitted to the Ordinary Shareholders' Meeting on March 25, 2021, took over the position of Standing Auditor and Chairman of the Board of Statutory Auditors;

After Mr. Carlo Carrera became Standing Auditor and Chairman of the Board of Statutory Auditors, this corporate body a) consisted of members of the same gender, and b) had no Alternate Auditor. Therefore, the Board of Directors called the Ordinary Shareholders' Meeting, as it was necessary to: i) add to the Board of Statutory Auditors, which did not respect gender balance, as it consisted of representatives of the same gender and, therefore, appoint a Standing Auditor to replace Mr. Carlo Carrera; ii) appoint the Chairperson of that control body and, at the same time, iii) appoint two Alternate Auditors, with the right to confirm Mr. Carlo Carrera in the role of Alternate Auditor.

Lastly, on June 22, 2022 the Ordinary Shareholders' Meeting of BFF Bank S.p.A. completed the Board of Statutory Auditors by appointing Ms. Nicoletta Paracchini as Standing Auditor and Chairwoman of the Board of Statutory Auditors, and Ms. Francesca Masotti and Mr. Carlo Carrera as Alternate Auditors.

In its capacity as the Parent Company of BFF Group, the Bank manages, coordinates and supervises subsidiaries BFF Finance Iberia and BFF Polska<sup>15</sup>, BFF Immobiliare and BFF TechLab. To this end, the Board of Directors also approved:

- ▶ the "Intragroup Regulation" which sets out the organizational architecture, objectives and content of management, control and coordination activities. The purpose of this Regulation is to ensure the implementation of the Group's unified business plan along with the development of the business, through the performance by the Parent Company of its role of governance over its subsidiaries, thus ensuring their management, coordination and control. As part of this activity, BFF promotes the empowerment of the individual subsidiaries and of the Group as a whole, gearing development policies and management based on objectives that pursue operational efficiency and sustainable profitability over time. In fact the management of the subsidiaries contributes to the achievement of the Group's objectives;
- ▶ the "*Group Regulation on Internal Regulations*" which governs the regulatory sources of the Bank and its subsidiaries, defining the hierarchy and methods for adopting and updating such sources.

Each subsidiary of BFF Group has its own Corporate Bye-laws in which the corporate organizational model is defined. If required by local regulations a subsidiary can adopt a business model other than the traditional one adopted by the Parent Company. However, subsidiaries must:

- ▶ follow the guidelines and instructions of the Parent Company;
- ▶ provide the Parent Company with timely information on any events that could have a negative impact on the Group;
- ▶ comply with the provisions set forth in Group regulations.

The regulations set by the Parent Company consist of the governance regulation documents (the purpose of which is to set the corporate guidelines and general rules that fall within the sphere of action of each of the Group companies) and the operating regulations (that govern company processes and operations). The guidelines set by the Parent Company include the following documents:

- ▶ the Code of Ethics, which sets out the Group's ethical principles and values;
- ▶ Policies, which provide guidelines based on the Code of Ethics;
- ▶ regulations, which govern specific business areas, defining roles and responsibilities;
- ▶ other Board documents, subject to approval by the Board of Directors, drafted in accordance with the provisions of the laws that regulate various areas of the business<sup>16</sup>.

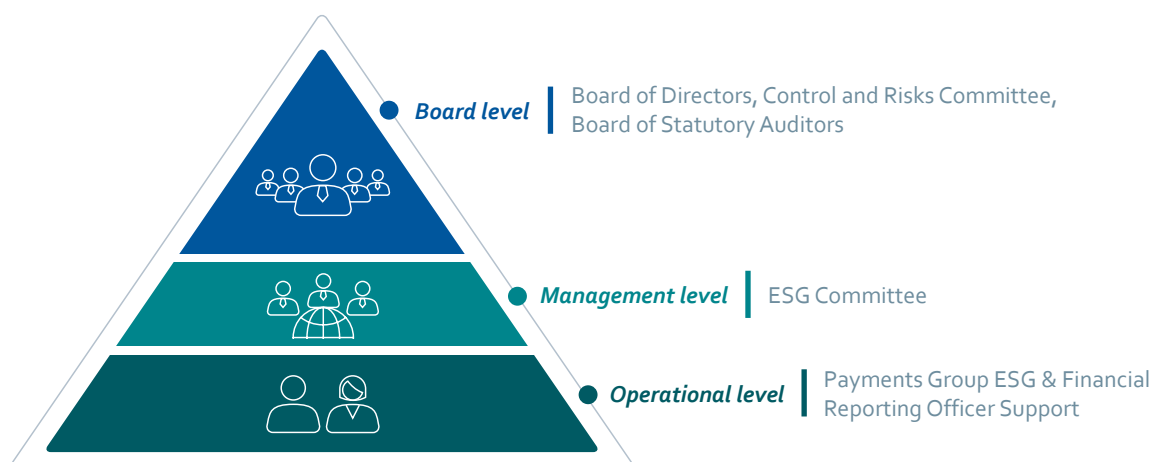
15) Pursuant to the provisions of Part 1, Title I, Chapter 2, Section II, of Circular No. 285 issued by the Bank of Italy regarding supervisory provisions applicable to banks.

16) Examples include the RAF - Framework for the Prevention of Money Laundering and the ICAAP Internal Capital Adequacy Assessment Process.



## ESG GOVERNANCE

During 2022, BFF completed its process of structuring ESG Governance by defining additional roles and responsibilities within the Group, as shown below.



The Board of Directors:

- ▶ sets Group-wide guidelines, targets and strategies on sustainability issues;
- ▶ ensures the integration of ESG risks into business strategies, governance, processes, procedures, and the system of controls;
- ▶ approves the materiality analysis, the NFD, and major policies within its purview;
- ▶ supervises the proper oversight of these issues.

In this context, the Board of Directors guides the Bank by pursuing its sustainable success, and directs its activities with a view to integrating corporate sustainability progressively into the definition of strategies and remuneration policy, including on the basis of a materiality analysis of factors that may affect the generation of value in the long term.

The Group's ambition aims to achieve certain goals for each pivotal area:

- ▶ reduction of its impact on the environment;
- ▶ enhancement of its people through the promotion of well-being and skill development;
- ▶ having a positive impact for local communities through initiatives through the role of Fondazione Farmafactoring and through the creation of new value that Casa BFF will generate given the project's focus on open and shared spaces (for more details on this, please refer to the "Environmental Responsibility" section);
- ▶ identification of actions that aim for excellence in governance arrangements.

These objectives will then also be enhanced and supplemented in light of the insights from external regulations (i.e. integration of climate and environmental risks, as per Bank of Italy expectations) and other stakeholders, such as investors and rating companies.

The Control and Risks Committee to which - as of 2020 - the Board of Directors has assigned responsibilities in the area of ESG, has:

- ▶ fact-finding, proposal and advisory functions and, more generally, supports the Board of Directors on sustainability issues (having regard to ESG parameters);
- ▶ responsibility for the periodic review of updates on the progress of sustainability interventions.

During 2022, the Control and Risks Committee, and consequently the Board of Directors, met 5 times to deal with ESG-related topics.

The Board of Statutory Auditors, which is entrusted with oversight, i) monitors compliance with the provisions stipulated in the standard; ii) verifies compliance with the principles of the law with regard to appointments of external parties to issue NFD attestation of compliance; iii) reports to the Shareholders' Meeting in the Annual Report.

On July 28, 2022, BFF Bank's Board of Directors established the ESG Committee as a body of a managerial nature with propositional and advisory functions to the Chief Executive Officer regarding assessments and decisions relating to sustainability issues – commonly known as Environment, Social & Governance ("ESG") – connected to the Bank's and the Group's business operations and its dynamics of interaction with all stakeholders, approving its Rules.

More specifically, the Committee has investigative duties vis-à-vis sustainability matters to be submitted to the CEO, supporting the latter in managing all social responsibility issues and ensuring the Group's positioning on these matters in the various areas of reference.

The establishment of the ESG Committee:

- ▶ testifies to the importance BFF attaches to integrating sustainability issues into its business operations, and to promoting a culture of sustainability within the organization.
- ▶ enables the cross-sectoral management and integration of sustainability issues within the business, ensuring the commitment and participation of all functions.
- ▶ allows the effective, homogeneous and coordinated management of sustainability-related processes and initiatives;
- ▶ enables the development of a defined and shared governance for the identification of strategic management priorities, so that they are measurable and verifiable for all functions.

During 2022, the ESG Committee met twice, in August and November, respectively.

Effective January 1, 2023, the Board of Directors approved the revision of the Bank's Organizational Structure, providing for the formalization of the responsibilities and role of leading, coordinating and monitoring sustainability activities and initiatives under an Organizational Unit, which existed previously and was renamed O.U. Group ESG & Financial Reporting Officer Support.

## Statutory audit

The Shareholders' Meeting of Banca Farmafactoring S.p.A. (now BFF Bank S.p.A.) held on April 2, 2020 appointed the auditing firm KPMG S.p.A. to audit the financial statements from 2021 to 2029, pursuant to the provisions of Article 2409-bis of the Italian Civil Code and Italian Legislative Decree 39/2010.

## The Risk Management System

BFF Group's Internal Control and Risk Management System is based on the provisions of the prudential supervisory rules, which are mainly disciplined by the Bank of Italy regulations, and are in compliance with European Community regulations. It is structured in such a way as to ensure the effectiveness, efficiency and appropriateness of business processes, as well as compliance with the regulations themselves<sup>17</sup>.

The organizational structure of the Group's Internal Control System is based on three levels of control:

1. **first-level controls** (also called line controls) the purpose of which is to ensure that transactions are carried out correctly, and are performed also with the support of IT procedures and are constantly monitored by the relevant function managers;
2. **second-level controls** the purpose of which is to ensure the correct implementation of the risk management process and compliance with the regulatory framework, including the risk of money laundering and terrorism financing. They are entrusted to the Risk Management Function and the Compliance and AML Function of the Parent Company;
3. **third-level controls** consist of internal audit activities carried out by the Group's Internal Audit Function reporting directly to the Board of Directors. The Internal Audit Function assesses the overall functioning of the Internal Control System, highlighting any areas for improvement, with particular reference to the Risk Appetite Framework ("RAF") and the risk measurement and control management process. The Head of the Internal Audit Function has the necessary autonomy and is independent of the operating structures. This is in compliance with Bank of Italy's regulation on internal controls, the Governance Code and internal regulations. The Head of IAD is vested with the organizational powers to monitor company processes.

For the year 2022, the Internal Audit Function carried out the testing activities that were established in the Group's multi-year 2022-2024 Audit Plan by carrying out follow-up activities and reporting on the results of its testing on a quarterly basis to the Bank's governance and control bodies as well as performing independent controls for the subsidiaries BFF Finance Iberia and BFF Polska and its subsidiaries.

In accordance with prudential supervisory provisions, BFF, in its capacity as Parent Company, has prepared the "ICAAP/ILAAP Report" on internal processes for determining adequacy of capital and liquidity risk governance and management systems. This report identifies the scope of the risks whose significance is to be assessed, the assessment itself and the list of the risks that have been revealed. To identify the relevant risks, the Risk Management Function carries out an analysis that takes into account at least the risks set out in Annex A of Circular No 285, Part One, Title III, that is credit and counterparty risk, market risk, operational risk, country risk, transfer risk, basis risk, interest rate risk, residual risk, securitization risk, excessive leverage risk, strategic and business risk, reputational risk, conduct risk, cyber risk, money laundering and terrorist financing risk.

<sup>17</sup> For more information on the Internal Control and Risk Management System, please refer to the 2022 Report on Corporate Governance and Ownership Structure, available at: <https://investor.bff.com/en/shareholders-meeting-documentation>

This list is not exhaustive, the Risk Management Function also evaluates whether any further risk factors related to the specific operations of the Banking Group should be identified. In addition, specific assessments were made regarding sovereign risk and risks arising from ESG factors attributable to environmental, social and governance issues. In this regard, the Risk Management Function conducted the first assessment exercises of ESG components within the “CAAP/ILAAP Report” and will continue on the path of integrating the Group’s risk framework with the specific risk factors related to climate change, providing for the inclusion of these factors in the risk management processes.

In this context, following the Bank of Italy’s publication in April this year of the 12 supervisory expectations regarding the integration of climate-environmental risks, the BFF Group initiated a gap analysis project the ultimate goal of which was to delve into these expectations and verify the Group’s degree of alignment with them. The analyses carried out led to the identification of the main areas of adjustment needed for full alignment of the Group, the preliminary definition of remediation actions, also in line with market best practices, and the identification of the main milestones to be achieved over the three-year plan developed in compliance with the requirements of the Supervisory Authority.

**Operational risks** include:

- ▶ legal risk, that is the risk of loss resulting from violations of laws or regulations, liability in tort or liability in contract or other disputes;
- ▶ non-compliance risk, that is the risk of incurring legal and administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory provisions (laws, regulations) or internal regulations (e.g., bye-laws, codes of conduct, corporate governance codes);
- ▶ model risk, which, considering that the Group does not calculate the capital requirements through internal models approved by the Supervisory Authority, is reflected in the risk of losses relating to the development, implementation or improper use of other models for the decision-making process;
- ▶ the risk of conflicts of interest with related parties.

The Group also carried out an analysis of risk events considered as relevant in terms of reputation, involving the heads of all the functions concerned. Reputational risk is a risk that can be defined as consequential, since it is generated by other types of risk that have or could have an impact on the Group’s reputation, such as credit risk, market risk, operational risk, liquidity risk and all the other types of risk. The assessment undertaken regarding reputational risk for the BFF Group did not highlight any particularly critical issues with the existing controls in place which were considered as suitably adequate or satisfactory.

Pursuant to Italian Legislative Decree No. 254/16, the Group identified the potential risks associated with the issues referred to in the aforementioned Decree, including in the light of the results of the risk analysis contained in Annex A of Circular No. 285, Part One, Title II issued by the Bank of Italy, for the purposes of the ICAAP process implementation.

The table below shows the main risks identified in relation to the Group's non-financial issues and the related management methods.

#### CORRELATION TABLE LEGISLATIVE DECREE NO. 254/2016, BFF GROUP ISSUES, RISKS AND MANAGEMENT METHODS

| Areas covered by Italian Legislative Decree No. 254/16<br>ANTI-CORRUPTION                                      |                          |   |  |
|--|--------------------------|---|--|
| Material topics  | CNFD Section             | Risks identified  | Risk management methods  |
| BUSINESS ETHICS  | ETHICS AND INTEGRITY     | Risks related to corruption, risks of sanctions arising from the occurrence of incidents of corruption, risks related to money laundering and terrorist financing.  | <p>Corruption risks are managed and mitigated by:</p> <ul style="list-style-type: none"> <li>- adopting the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001;</li> <li>- the Code of Ethics;</li> <li>- the Whistleblowing policy;</li> <li>- BFF Group's Anti-Corruption Policy (hereinafter also referred to as the "Anti-Corruption Policy");</li> <li>- delivering training and awareness-raising activities for employees;</li> <li>- implementing dedicated control measures in accordance with the regulations in force.</li> </ul> <p><i>For further information about how this issue is managed please refer to the "Ethics and Integrity" section.</i></p>           |
| Areas covered by Italian Legislative Decree No. 254/16<br>ISSUES CONCERNING STAFF AND RESPECT FOR HUMAN RIGHTS |                          |   |  |
| Material topics  | CNFD Section             | Risks identified  | Risk management methods  |
| GROUP WORKFORCE MIX AND DIVERSITY  | ACCOUNTABILITY TO PEOPLE | Risk of non-compliance with the regulations for governing bodies regarding diversity.   | <p>This risk is monitored and mitigated by adopting the Diversity Policy for the governance bodies, that is the Board of Directors, the Board of Statutory Auditors and the Supervisory Body.</p> <p><i>For further information about how this issue is managed please refer to the "Governance" section.</i></p>  |
| PROFESSIONAL DEVELOPMENT OF HUMAN CAPITAL  | ACCOUNTABILITY TO PEOPLE | Risk of being unable to fill vacancies both internally, due to lack of specific skills, and externally, due to difficulties in finding suitable talent for the position being sought  | <p>The Group manages and mitigates this risk through:</p> <ul style="list-style-type: none"> <li>- the implementation of an internal coverage project consisting of succession plans;</li> <li>- specific training activities;</li> <li>- the Remuneration Policy;</li> <li>- the corporate welfare system.</li> </ul> <p><i>For further information about how this issue is managed please refer to the "Accountability to People" section.</i></p>   |
| HEALTH AND SAFETY AT WORK  | ACCOUNTABILITY TO PEOPLE | Risks related to the possibility for employees to be injured in the workplace and suffer from occupational diseases, as well as damage arising from inadequate safety and/or health conditions of workplaces or work equipment. | <p>The Group mitigates the risks relating to employees' health and safety by ensuring compliance with the applicable laws in every country in which it operates. With specific reference to the Parent Company, the following measures are used:</p> <ul style="list-style-type: none"> <li>- Risk Assessment Document in accordance with Italian Legislative Decree 81/08 and related activities for the mitigation of the risks that have been identified;</li> <li>- policy on the Health and Safety Management System.</li> </ul> <p><i>For further information about how this issue is managed in the countries where the Group operates, reference should be made to the "Workers' Health and Safety" chapter.</i></p> |

(CONT'D)

**CORRELATION TABLE LEGISLATIVE DECREE NO. 254/2016, BFF GROUP ISSUES, RISKS AND MANAGEMENT METHODS**

Areas covered by Italian Legislative Decree No. 254/16  
**ISSUES PERTAINING TO EMPLOYEES AND HUMAN RIGHTS**

| Material topics          | CNFD Section             | Risks identified   | Risk management methods   |
|--------------------------|--------------------------|--|---|
| RESPECT FOR HUMAN RIGHTS | ACCOUNTABILITY TO PEOPLE | Reputational risk and risk of non-compliance with the regulations. | <p>The Group mitigates this risk through:</p> <ul style="list-style-type: none"> <li>- compliance with current legislation in relation to child and forced labor;</li> <li>- the Whistleblowing policy;</li> <li>- compliance with the Group Code of Ethics both by employees and suppliers (for certain specific activities contractors are required to follow a specific procedure and comply with the provisions of the Code of Ethics and the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001).</li> </ul> <p><i>For further information about how this issue is managed, reference should be made to the "Ethics and Integrity", "Accountability to People" and "Responsible Supply Chain Management" chapters.</i></p> |

Areas covered by Italian Legislative Decree No. 254/16  
**ENVIRONMENTAL ISSUES**

| Material topics                                 | CNFD Section                 | Risks identified   | Risk management methods   |
|---|------------------------------|--|---|
| RESPONSIBLE MANAGEMENT OF ENVIRONMENTAL IMPACTS | ENVIRONMENTAL RESPONSIBILITY | Risk of non-compliance with environmental regulations and risk of acceptance of receivables and invoices from customers who do not comply with certain standards related to environmental regulations, with the consequent risk of not being paid by the public. | <p>Currently the Group does not have any environmental risk management procedure or policy in place.</p> <p><i>For further information about how this issue is managed, reference should be made to the "Environmental Responsibility" chapter.</i></p> |

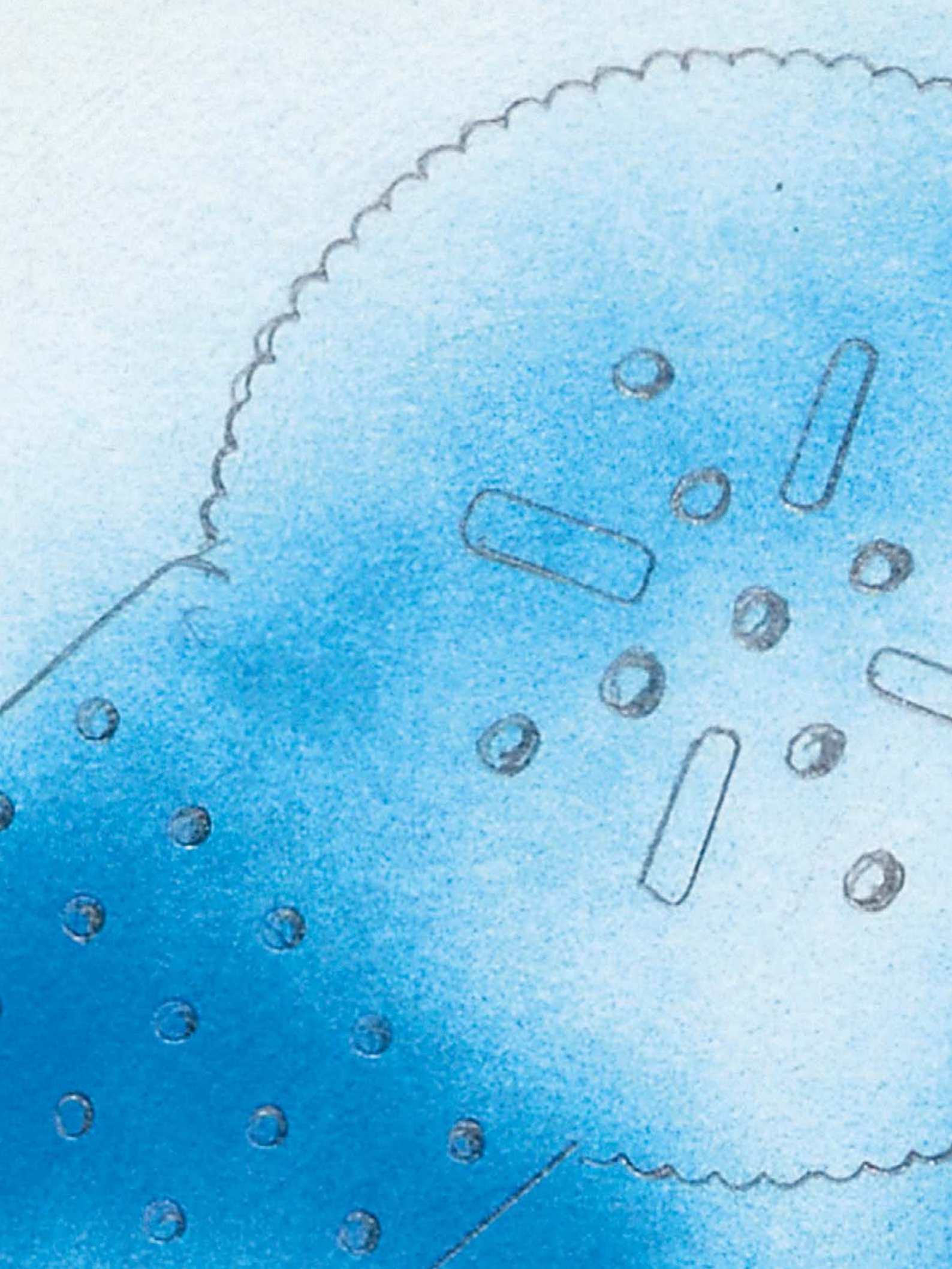
Areas covered by Italian Legislative Decree No. 254/16  
**SOCIAL ISSUES**

| Material topics             | CNFD Section          | Risks identified   | Risk management methods  |
|-----------------------------|-----------------------|--|--|
| SOCIAL IMPACT OF OPERATIONS | SOCIAL RESPONSIBILITY | Reputational risk related to Farmafactoring Foundation operations. | <p>This risk, which can be considered as moderate, is managed and mitigated by:</p> <ul style="list-style-type: none"> <li>- having the Board of Directors select and approve research projects and grant scholarships on topics of scientific relevance;</li> <li>- completion of self-assessment questionnaires.</li> </ul> <p><i>For further information about how this issue is managed please refer to the "Social Responsibility" section.</i></p> |

**CORRELATION TABLE LEGISLATIVE DECREE NO. 254/2016, BFF GROUP ISSUES, RISKS AND MANAGEMENT METHODS**

| Areas covered by Italian Legislative Decree No. 254/16 |  |   |   |
|--|--|---|---|
| SOCIAL ISSUES  |  |   |   |
| Material topics  | CNFD Section                                 | Risks identified  | Risk management methods   |
| RESPONSIBLE SUPPLY CHAIN MANAGEMENT                    | RESPONSIBLE SUPPLY CHAIN MANAGEMENT          | <p>Risk of disclosure of confidential information and personal data.</p> <p>Supplier restructuring risk.</p> <p>Risk of the contract executed with the supplier becoming partially or totally null and void.</p> <p>Reputational risk associated with the supplier's business.</p> <p>Anti-corruption risk.</p> | <p>Mitigation of supply chain management risks is managed by:</p> <ul style="list-style-type: none"> <li>- inclusion of specific clauses within contracts;</li> <li>- the Code of Ethics;</li> <li>- adopting the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001;</li> <li>- ensuring compliance with the regulations of listed companies.</li> </ul> <p><i>For further information about how this issue is managed please refer to the "Ethics and Integrity" and "Responsible Supply Chain Management" sections.</i></p>  |
| QUALITY OF SERVICE                                     | QUALITY OF SERVICE AND TRUST-BASED RELATIONS | <p>Reputational risk related to the possibility of losing customers due to dissatisfaction with the quality of the service delivered.</p>   | <p>The reputational risk related to the quality of service is mitigated by:</p> <ul style="list-style-type: none"> <li>- deploying assignor and debtor assessment mechanisms;</li> <li>- implementing action plans related to Customer Satisfaction results.</li> </ul> <p><i>For further information about how this issue is managed please refer to the "Quality of Service and Trust-based Relations" section.</i></p>   |
| TRUST AND TRANSPARENCY IN THE RELATION WITH CUSTOMERS  | QUALITY OF SERVICE AND TRUST-BASED RELATIONS | <p>Risk of non-compliance with the regulations for data processing and respect of privacy.</p>  | <p>This risk is managed by:</p> <ul style="list-style-type: none"> <li>- the Group Privacy Policy in accordance with the provisions of the GDPR - EU Regulation 2016/679;</li> <li>- updating the Personal Data Processing Notice form and, where necessary, the consent form;</li> <li>- the procedures regarding the destruction of documents.</li> </ul> <p><i>For further information about how this issue is managed please refer to the "Quality of Service and Trust-based Relations" section.</i></p>   |
| CYBER SECURITY AND TECHNOLOGICAL INNOVATION            | QUALITY OF SERVICE AND TRUST-BASED RELATIONS | <p>ICT risk, i.e., the risk of incurring financial losses, loss of customers' personal data, reputational and market share losses due to the use of Information and Communication Technology (ICT).</p>   | <p>In order to ensure constant compliance with law provisions and corporate privacy and security policies, the Parent Company requires that an annual risk analysis of the company's information system be conducted to assess depending on regulatory, organizational and system changes as well as technological advances the level of residual risk of company data and assets. The purpose of the risk analysis activity is, most notably, to identify and assess possible threats that could lead to the interruption or malfunctioning of business processes and the loss or alteration of data.</p> <p><i>For further information about how this issue is managed please refer to the "Cyber Security and Technological Innovation" section.</i></p> |









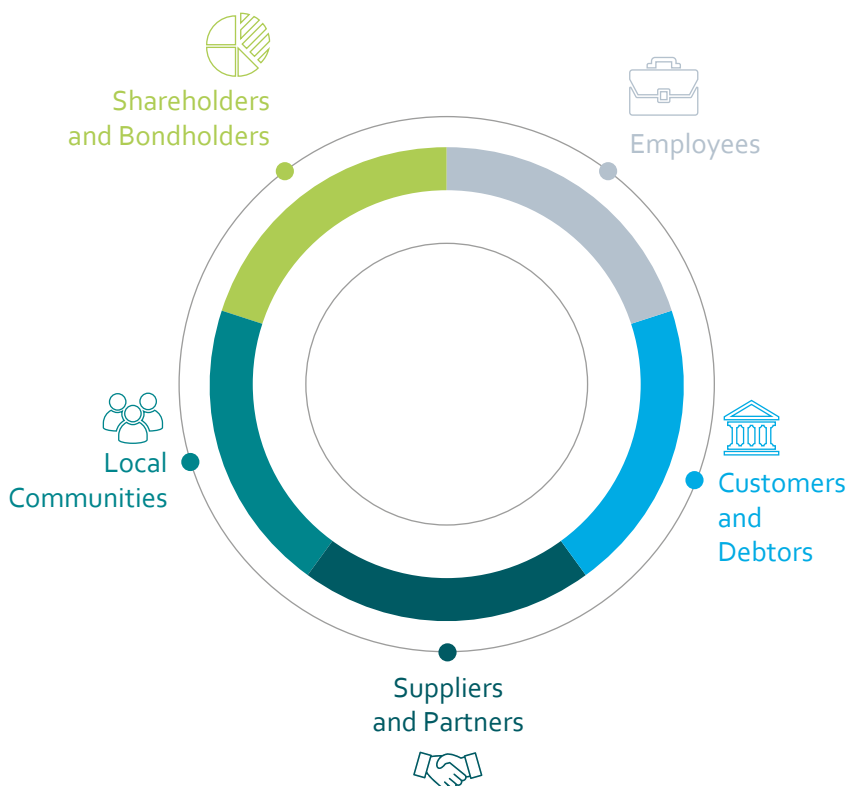
# 03

## Stakeholders and Materiality

# Stakeholders of BFF Group

The GRI Standards reporting standards require an organization to take into account the importance of the expectations of its stakeholders. The dialog with stakeholders in their capacity as representatives of interests whose opinions or decisions, attitudes or behaviors can objectively have an impact on the achievement of a specific objective of the organization plays a key role in achieving company goals. Having a dialogue with these parties allows us to understand their needs and expectations, enabling BFF to respond to their needs and create shared value over time.

In light of the above the Group has identified the main stakeholders by engaging the Working Group to undertake targeted interviews and also a benchmark analysis of industry peers and competitors, following the GRI Standards guidelines, the requirements set out in Legislative Decree No. 254/2016 and BFF Group’s public documentation.



**STAKEHOLDERS**
**METHODS OF ENGAGEMENT**
**Shareholders and bondholders**

The Group's investors are constantly kept up to date via conference calls, analyst presentations and various discussions, during which ESG issues are also discussed. In addition the Group is asked by investors to complete questionnaires in order to provide information on specific issues. BFF also engages with its investors through independent surveys intended to analyze the financial community's perception of the comprehensiveness and effectiveness of financial documentation as well as the Bank's engagement in the context of ESG.

**Employees**

The Group constantly aligns and engages its employees with various listening and discussion sessions throughout the year, repeated at least quarterly at quarterly closure plenary meetings aimed at sharing achievements during the period and looking together at future aspirations. Surveys are also carried out every six months to measure the inclusion and engagement of all staff and to receive ideas from staff on what deem could be useful to improve company performance and strategic objectives.

**Customers (including depositors) and Debtors**

Working to ensure a consistently high level of customer service is an integral part of the company's mission; this clearly involves listening to customers and engaging in continuous dialogue with them. Furthermore every year the Group carries out specific customer satisfaction surveys to establish the degree of customer satisfaction and draw up an appropriate action plans for its improvement. The total number of customers and the scope has been expanded as the survey is now also carried out in Italy, Spain and Portugal and, as of 2020, it also includes several questions linked to ESG issues. The Group aims to progressively involve all its subsidiaries in this type of analysis in order to gain the broadest possible point of view of its customers.

**Suppliers and Partners**

Suppliers and Partners are engaged by the Group through participation in events organized or promoted by the Company at a local level.

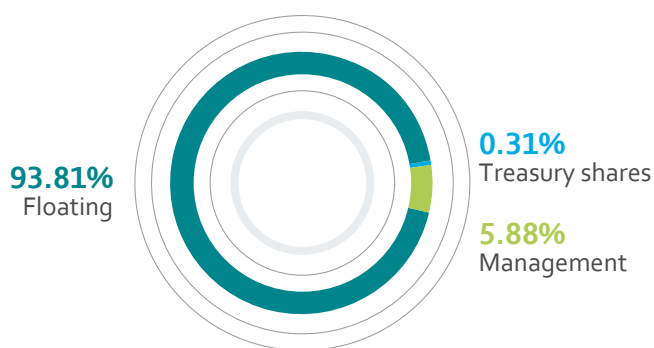
**Local Communities**

The Group is always attentive to the communities where it operates, listening indirectly to their concerns through its employees. Where possible, it implements initiatives to encourage discussion and sharing of experiences through cultural, social and economic initiatives.



Regarding the stakeholder category “Equity Investors”, it should be noted that in 2022, BFF was one of the few public companies in Italy with a free float of around 93.81%<sup>18</sup>. The capital held by BFF’s Chief Executive Officer and other Top Management is approximately 5.88%. Treasury shares amount to about 0.31%<sup>19</sup>

**TOTAL NUMBER OF SHARES ISSUED AT 12.31.2022: 185,545,952**



BFF is mindful of the importance of constant alignment between the Bank and its investors as well as the need for active engagement with investors and analysts. To achieve this and ensure constant improvement BFF encourages and cultivates transparent and constructive dialogue as much as possible, both during institutional events as well as at other meetings.

During 2021 the Board of Directors of BFF Bank S.p.A. approved the "Policy for managing dialogue with the shareholders and bondholders as a whole ( the "Engagement Policy")", in compliance with the provisions of the Corporate Governance Code, approved in January 2020 by the Corporate Governance Committee established by the business associations (*ABI, ANIA, Assonime, Confindustria*) and the professional investors association (*Assogestioni*) and Borsa Italiana S.p.A (Italian Stock Exchange).

The Engagement Policy is designed to promote transparency and dialogue with stakeholders, also taking into account engagement practices developed at a national and international level, in order to increase the level of understanding of the activities carried out by the Bank and the Group.

The Policy has been drafted in compliance with the principles of: *i)* transparency and clarity: the manner in which the dialogue is conducted must allow parties to make informed assessments through the provision of clear, complete, correct and truthful information, avoiding any form of unjustified selective reporting; *ii)* timeliness: answers to questions and comments must be provided promptly, in a manner and time frame appropriate to the case, and in line with the regulations in force for listed companies and the internal policy

18) As at 12/31/2021 the Chief Executive Officer and his Closely Related Persons (Bray Cross Ltd. and Scalve S.à.r.l.) held 10.6 million BFF shares, for a quota equal to 5.7% of the share capital. The remaining quota of the management refers to the BFF shares held by the 4 Vice Chairmen in office at that date and by their respective Closely Related Persons.

19) Source: Forms 120A - 120B - 120D and Internal Dealing communications. Percentage is calculated based on the total number of shares issued at 12/31/2022.

on the management of important privileged information; *iii*) equal treatment: all communications must be managed in full respect of equal treatment in order to protect against discrimination, ensuring equal conditions between Shareholders in the same position.

During 2022 we continued to undertake engagement activities by organizing institutional meetings, which were still conducted virtually (as had been done since March 2020), this was principally done through the events listed below. The calendar of events is made public in various sections of the Investors page of the BFF Group's website ([Homepage](#), [Results > Financial Results, PR & Presentations > Events Calendar](#) and [PR & Presentations > Roadshows & Conferences](#)).

The events held included:

- ▶ 4 *earnings calls*, that is teleconferences in English during which the quarterly, half-yearly, nine-monthly and annual financial results were presented. These were held in on February 10, May 11, August 4, and November 10, 2022. Participation was open to all, subject to prior registration; Audio recordings of these conference calls are available in the [Investors > Results > Financial Results](#) of the BFF Group website;
- ▶ 4 *post-results non-deal equity roadshows*, that is meetings for equity investors not related to specific transactions, with video conferences held over a period of 5-6 trading days, not necessarily consecutive days, immediately following the publication of the financial results for the period. The roadshows were organized either independently by the Investor Relations Function or with assistance from the main brokers who cover BFF stock (in particular, Morgan Stanley, Mediobanca, Equita, Jefferies, Intermonte and Exane BNP Paribas);
- ▶ 1 extra equity roadshow in the US June 9-14, 2022 with Jefferies and Morgan Stanley;
- ▶ 8 equity conferences (for equity investors), organized by leading market operators, brokers and investment banks; Specifically, Banca IMI, Morgan Stanley, Jefferies, UniCredit & Kepler Cheuvreux, Mediobanca, Bank of America, Exane BNP Paribas, CIC-Banca Akros. It should be noted that the annual calendar of equity conferences varies from year to year, some events may be canceled and others organized from scratch in relation to cost-opportunity assessments of individual investment houses. It should be noted that no debt conferences were attended during 2022, given the small amount of BFF bonds still outstanding.

In addition, in response to requests received from time to time from the Bank's various Stakeholders and prospective Stakeholders, the following were held:

- ▶ 35 one-to-one (not group) audio/video conferences on Microsoft Teams, Zoom, or other similar platforms;
- ▶ 9 in-person meetings not related to the roadshows mentioned above mainly at BFF's offices in via Domenichino.

During 2022, the total number of accounts, i.e. stakeholders broken down by investment companies, with whom there has been a dialogue on one or more occasions in the aforementioned venues was in excess of **264**. In comparison, during 2021 the total number of encounters per account subject to engagement was about 250.

BFF also (i) undertook pre-meeting activities for the Bank's main shareholders and their teams responsible for Corporate Governance, ESG and Proxy voting, and (ii) had discussions with the Proxy Advisors (ISS, Glass Lewis and Gir Canada).

The activities mentioned in point (i) above were carried out by:

- a) sending e-mails with the convocation notices and instructions for participating in the Meeting;
- b) **17 one-to-one video conferences** on Microsoft Teams in March 2022, followed by emails with further clarification and explanations.
- c) corresponding, again by e-mail, providing clarification on specific issues;
- d) drafting - sometimes with the support of Morrow Sodali - and publishing of presentations on the main items on the agenda, available in the section *Investors > PR & Presentations > Presentations & Audio* and in the section *Governance > Meeting Documents* of the Group's website;
- e) sending the Rebuttal Letter on the reports and recommendations of the Proxy Advisors;

Finally, it should be noted that between October and November 2022, an off-season "engagement" activity specifically geared to issues related to the Remuneration Policy was carried out with major dissenting shareholders or who otherwise did not raise doubts and concerns about the Group's current remuneration structure. **Thirteen** one-to-one **videoconferences** were conducted. The intention was to maintain an open dialogue with this category of stakeholders in order to explain once again the principles on which the Group's remuneration structure is based, the improvements made over the previous remuneration policy, and to listen to their recommendations.



## SHAREHOLDER PARTICIPATION

Shareholders' Meeting - **March 31, 2022**

**351** shareholders attended  
Representing, either on their own behalf or  
by proxy,  
101,690,235 shares



**54.87%**

of the share capital with voting rights,

Shareholders' Meeting - **March 25, 2021**

**282** shareholders attended  
Representing, either on their own behalf or  
by proxy,  
112,176,351 shares



**60.74%**

of the share capital with voting rights,  
of which 7.604% pertaining to Equinova UK Holdco  
Limited

Shareholders' Meeting - **April 02, 2020**

**153** shareholders attended  
Representing, either on their own behalf or  
by proxy,  
121,891,429 shares



**60.19%**

of the share capital with voting rights,  
of which 21.809% pertaining to BFF Luxembourg

## RELATIONS WITH INVESTORS



**~264**

Investors met during roadshows and conferences in **2022**

**~250**

Investors met during roadshows and conferences in **2021**

**~180**

Investors met during roadshows and conferences in **2020**

## BFF Banking Group 2022 Materiality Analysis

For the purpose of preparing the Consolidated Non-Financial Disclosure 2022, the Group initiated a materiality analysis process aimed at updating the material topics for the Group, in concordance with the new GRI Universal Standard 2021, introducing the concept of impact materiality.

Indeed, following the update of the GRI Universal Standards and in particular GRI Standard 3 - Material Topics, organizations are required to revise the materiality analysis process, which is aimed at identifying material topics from the identification and assessment of the impacts of business activity on the economy, the environment, society and human rights.

With the aim, therefore, of developing an analysis process in line with the relevant reporting standards, BFF conducted a preliminary analysis of the guidelines provided by the standards.

The definition of material topics was developed for the Bank in compliance with the requirements of non-financial reporting standards, with specific reference to GRI 3 - Materiality updated in 2021. This established the sustainability issues to be included, in terms of qualitative descriptions and quantitative data, in the Consolidated Non-Financial Disclosure 2022.

The analysis to identify the Group's outward impacts was, for the sake of completeness, accompanied by an analysis of sustainability risks and opportunities that may affect the Group's financial performance and results and thus create or erode the Bank's corporate value in the short, medium, or long term. Therefore, the Group has also conducted an analysis of the financial materiality of impacts, drawing inspiration from the provisions contained in the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) and the guidelines issued by EFRAG(\*), commissioned by the European Commission, in order to take into account future regulatory developments.

To this end, the materiality analysis involved the assessment of sustainability issues in light of the main current and potential, positive and negative impacts associated with them, whether they are on the social and environmental context ("inside-out" perspective or Impact materiality) or towards BFF Bank's business activities ("outside-in" perspective or Financial Materiality).

The process that led to the identification of material themes for BFF consisted of:

- a) **understanding of the organization's context:** conducting a preliminary analysis of benchmarks and relevant ESG (environmental, social and governance) frameworks, aimed at identifying a list of potentially material sustainability topics from the reference context in which the Group operates, particularly the reporting of market peers and applicable sustainability regulations. In addition, a regulatory analysis was carried out to identify, from the list defined by the benchmark and framework analysis, the core material topics, which are considered relevant and therefore included in the non-financial disclosure because this is so required by national and international rules and regulations;

(\*) ESRS 1 General requirements.

- b) **identification of current and potential impacts:** conducting preliminary mapping aimed at integrating the analysis of benchmarks and relevant frameworks with the goal of mapping the main impacts to which potentially relevant topics are related, starting with the UN Sustainable Development Goals framework. The analysis led to the identification of the main impacts associated with each of the material topics - the results are reported briefly in table format on page 164 - the consideration of which was integrated both in the presentation of sustainability issues to stakeholders for their evaluation and in the prioritization of material topics in the conduct of desk analyses.
- c) **impact materiality assessment:** evaluation of the importance assumed by potentially material issues for the categories of stakeholders relevant to BFF Bank, according to “inside-out” or “outside-in” perspectives, and in particular: (a) impact materiality, aimed at identifying the main potential and actual impacts related to the sustainability issues being analyzed, assessing their relevance in terms of magnitude, perimeter and irretrievability, and establishing their priority in determining the material topics being reported on; (b) financial materiality, useful for understanding the implications that sustainability issues entail or may entail in terms of the Group’s exposure to prudential risk categories, and in particular operational, strategic and reputational risk.

As anticipated, stakeholder assessments were obtained for each potentially relevant issue correlated with its current or potential positive and negative impacts. These assessments were acquired through different modes of engagement, direct (questionnaires for employees, suppliers, and shareholders; workshops for BFF Bank’s top management ) and indirect ( desk analysis to identify sustainability priorities for stakeholders not directly involved, i.e., customers, trade associations, rating agencies and regulatory bodies). The assessment of impacts was conducted at the same time as the assessment of sustainability issues related to them. The latter was carried out based on the criteria of scale, scope and irremediability:

- ▶ each criterion was rated on a scale from 0 (lowest relevance) to 5 (highest relevance);
- ▶ the three assessments were aggregated by arithmetic mean, with a significance threshold of 3.5.

With reference to the analysis of financial materiality, the analysis was carried out in two macro-phases:

- ▶ an initial assessment by Top Management, which was asked to identify, among the risk categories traditionally managed by the Group (credit, market, concentration, liquidity, operational, strategic and reputational) those for which the greatest effects related to each of the topics under analysis were expected;
- ▶ a subsequent assessment of the potential effects on exposure to the priority risk categories identified by Top Management (operational, strategic or reputational), assigning a summary score from 0 (zero effects) to 5 (maximum effects), with a materiality threshold of 3.

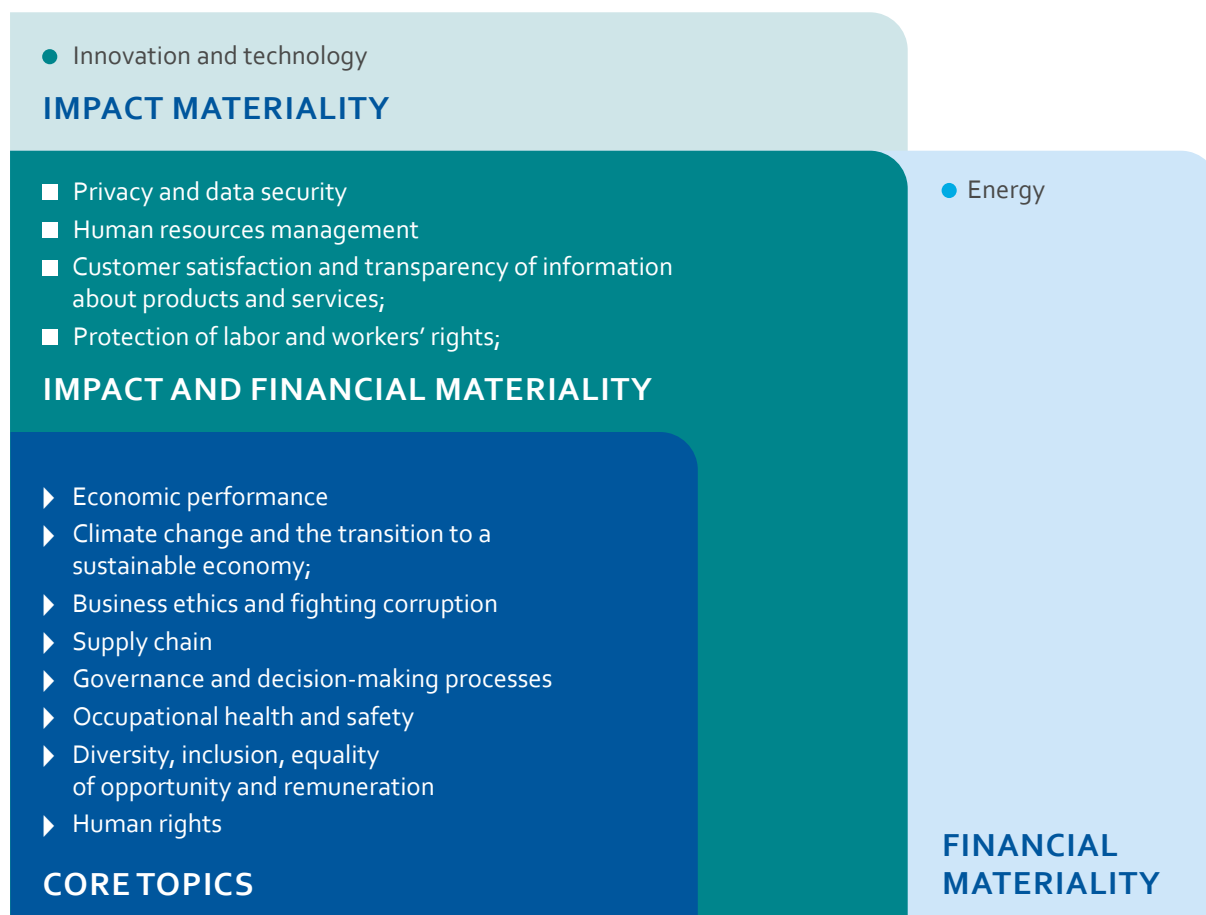
- d) **prioritization of significant impacts to be reported:** For the purpose of data aggregation, a priority level of each stakeholder was established. Hence the assessments of the different stakeholder categories contributed in different ways to defining the final score for each and its prioritization. The final judgment of the significance of a topic was determined by aggregating the individual ratings given by each stakeholder for each potentially material topic.

The final judgment of the significance of a topic was determined by aggregating the individual ratings given by each stakeholder for each potentially material topic.

Having obtained the final assessment of each sustainability topic, it was found that the material themes of the BFF Group are as follows:

- I) Economic performance;
- II) Climate change and the transition to a sustainable economy;
- III) Business ethics and fighting corruption;
- IV) Supply chain;
- V) Governance and decision-making processes;
- VI) Occupational Health and Safety;
- VII) Diversity, inclusion, equality of opportunity and remuneration;
- VIII) Human rights;
- IX) Privacy and data security;
- X) Human resources management;
- XI) Customer satisfaction and transparency of information about products and services;
- XII) Protection of labor and workers' rights;
- XIII) Innovation and technology;
- XIV) Energy.

## Material topics 2022 for BFF Bank

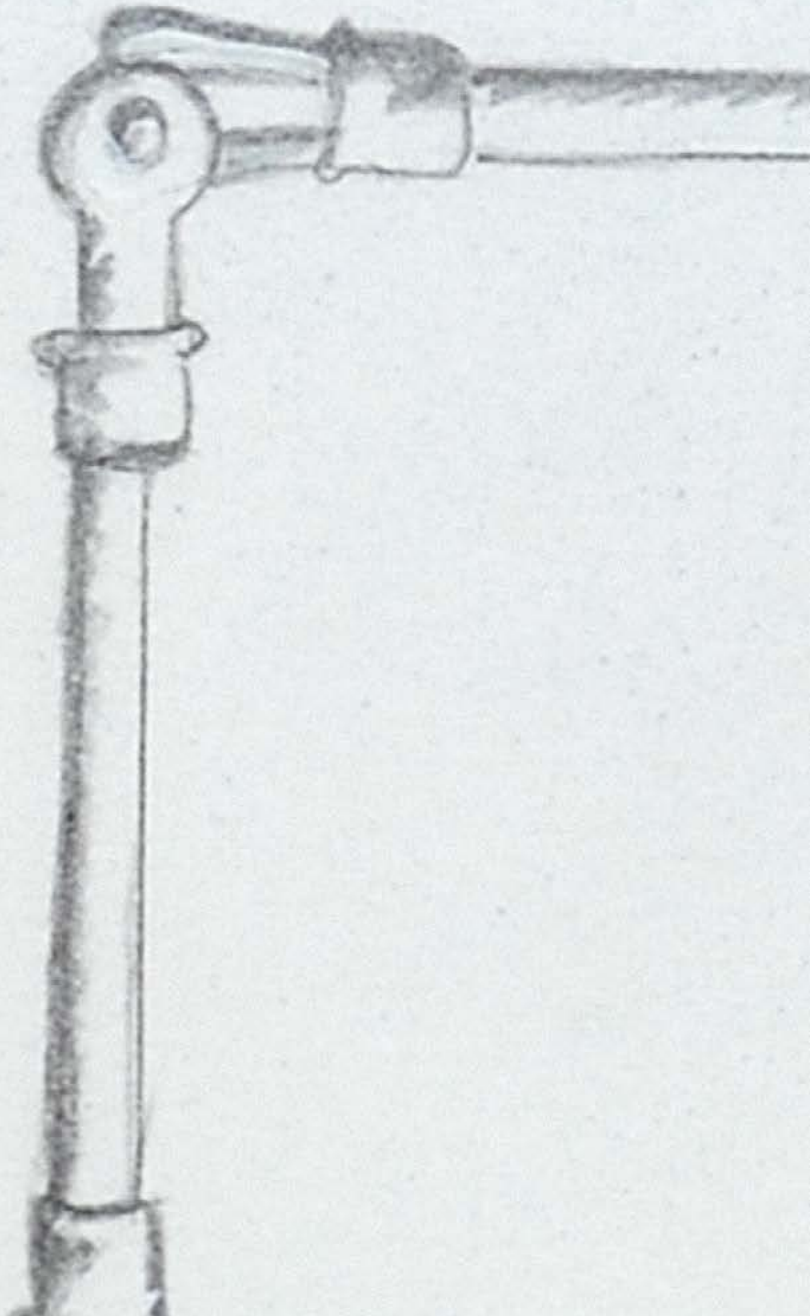


In consideration of the initiatives and attention paid by the Group, to "Local Communities", the use of "Materials" and "Water", in addition to the above, BFF has also included in its performance analysis the impacts connected with the aforementioned issues which, although not significant, are of great interest to the Group and in line with the more general reporting requirements provided for by Italian Legislative Decree No. 254/2016. The results of the materiality analysis carried out for the financial year 2022 are both consistent and substantially in line with what was defined for previous years, in consideration of the new requirements introduced by the GRI Standards update and the new regulations on sustainability reporting.

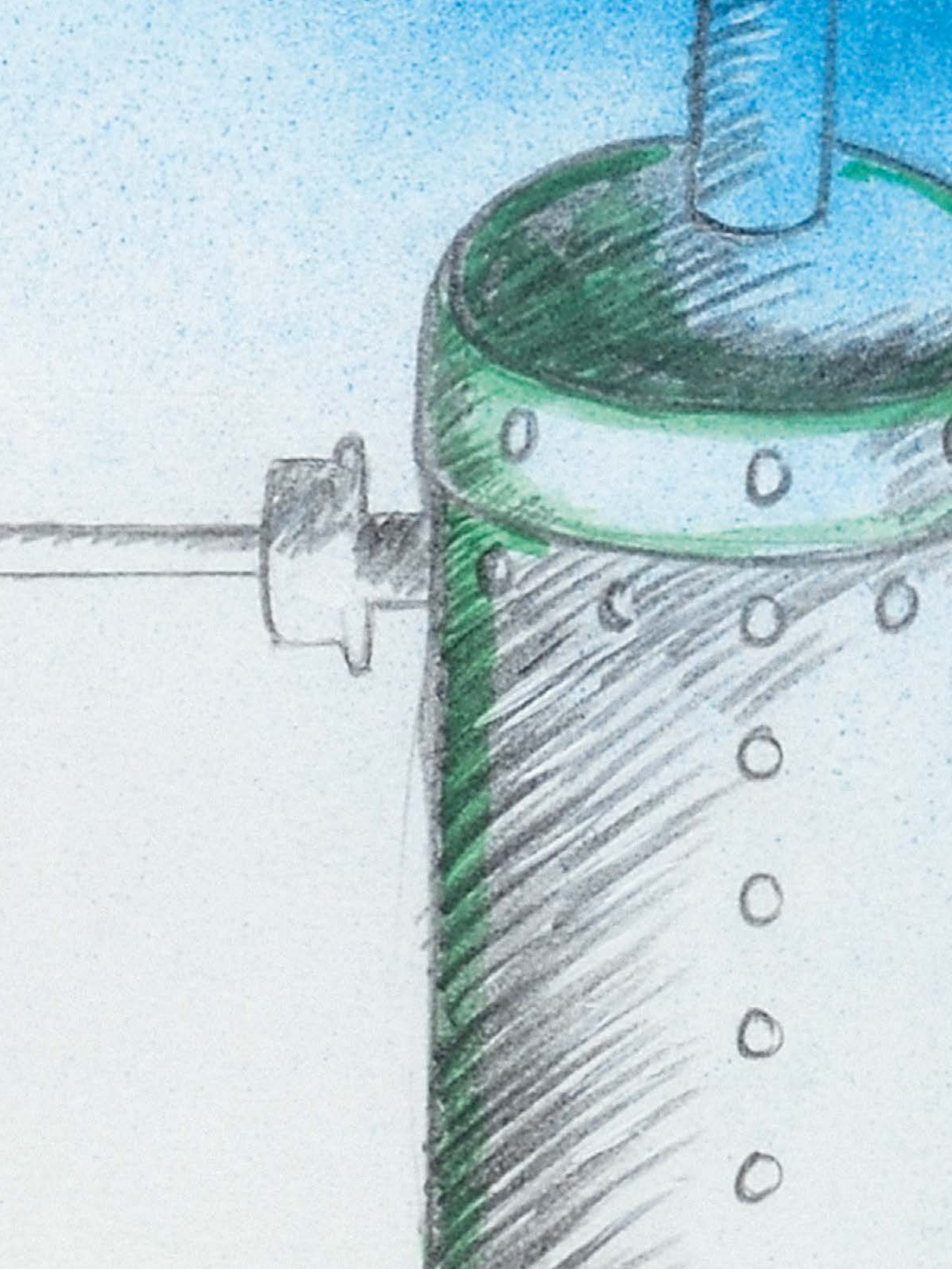
The strong significance of issues such as service quality, customer relations, technological innovation, and cybersecurity was confirmed by both the impact and financial analysis, while the identification of core issues gave relevance both to business ethics, which had been found to be the most significant issue for 2021, and to topics previously assessed as less significant, such as supply chain management and environmental impacts, or not yet considered in the analysis, such as climate change.

# 04

A Sustainable  
Performance







## Financial Stability

In 2022, we recorded double-digit growth in Group profits, achieving the full synergies from the DEPObank acquisition one year ahead of schedule, with prospects for increasing profitability.

It is therefore with satisfaction that we can report a new Adjusted Net Income target for 2023, increased to €180-190 million, with significant untapped potential related to rising interest rates for the current year. Also important were the growth of our loan portfolio, which registered a new all-time high, and the Group's solid capitalization.

### 2022 Highlights<sup>20</sup>

#### SOLID CAPITAL POSITION

Very solid capital position:  
CET1 ratio at 16.9% and TCR at 22.3%.

#### HIGH QUALITY OF ASSETS

High asset quality with net Non-Performing Loans equal to 0.1% of Loans, excluding Italian municipalities in financial distress.  
Past Due to public sector stable compared to Q3 2022.

#### GROWTH IN DIVIDENDS

FY2022 dividends of €146 million, of which €68.5 million was paid in August 2022 as an interim dividend.  
the final €77.5 million (approximately €0.42 per share) will be paid after the April 2023 Annual General Shareholders' Meeting.  
Interim dividend due in August 2023 based on the results of 1H 2023.

#### CAPITAL FLEXIBILITY

Bond issue of €150 million of AT1 Perpetual NC aimed at further optimizing and strengthening the Bank's capital structure and differentiating its financial sources.

At the beginning of February 2023, BFF received authorization from the Bank of Italy to repurchase treasury shares for a maximum amount of €2.8 million.

The share repurchase program aims to provide the Bank with a stock of financial instruments necessary to fulfill its obligations under the remuneration and incentive systems related to the "Remuneration and Incentive Policy of the BFF Banking Group" currently in force.<sup>21</sup>

20) For further details on the highlights please refer to the FY2022 Results; available at: <https://investor.bff.com/presentations-and-conference-call-audios>

21) For more details, please refer to the following disclosure published on corporate website "BFF announces launch of share buyback program to support remuneration and incentive policies"

## Economic value created and distributed

BFF Banking Group operates in the market to create long-term sustainable wealth for its stakeholders and for all the countries where it has operations.

The table below shows that the value created by the Group in 2022 totals €518 million, 79% of which was redistributed to its stakeholders.

The remaining 21% was retained by the Group. This is made up of non-dividend profits, deferred tax assets and liabilities and depreciation and amortization for the year and totals around €108 million.

(amounts shown in €)

|  | 2022                | 2021                | 2020               |
|--|---------------------|---------------------|--------------------|
| <b>A. Total Economic Value Created</b>   | <b>517,628,058</b>  | <b>389,491,716</b>  | <b>235,635,947</b> |
| 190 b) Other administrative expenses   | 96,251,239          | 97,131,985          | 45,060,913         |
| <i>net of indirect taxes and duties</i>  | <i>(16,170,303)</i> | <i>(16,006,833)</i> | <i>(5,335,055)</i> |
| <i>net of donations</i>  | <i>(527,897)</i>    | <i>(589,251)</i>    | <i>(667,236)</i>   |
| <b>Economic Value Distributed to Suppliers</b>   | <b>79,553,039</b>   | <b>80,535,901</b>   | <b>39,058,621</b>  |
| 190 a) Personnel costs   | 74,351,758          | 73,233,590          | 42,939,775         |
| <b>Economic Value Distributed to Employees and Associates (pre-tax)</b>  | <b>74,351,758</b>   | <b>73,233,590</b>   | <b>42,939,775</b>  |
| Interest expense on our PCA bonds  | 3,176,226           | 12,384,643          | 18,401,710         |
| cf proposed profit distribution submitted to the shareholders' meeting on April 13, 2023   | 146,029,730         | 125,280,399         | 97,632,021         |
| <b>Economic Value Distributed to Fixed Income Investors and Equity Investors</b>   | <b>149,205,956</b>  | <b>137,665,042</b>  | <b>116,033,732</b> |
| 300. Income taxes for the year on current operations (for the portion relating to current taxes, the change in current taxes for previous years and the reduction in current taxes for the year) | 89,956,050          | 20,606,296          | 24,017,599         |
| 190 b) Other administrative expenses (indirect taxes and duties)   | 16,170,303          | 16,006,833          | 5,335,055          |
| <b>Economic Value Distributed to central and local PA</b>  | <b>106,126,353</b>  | <b>36,613,129</b>   | <b>29,352,654</b>  |
| 190 b) Other administrative expenses (donations)   | 527,897             | 589,251             | 667,236            |
| <b>Economic Value Distributed to Community</b>   | <b>527,897</b>      | <b>589,251</b>      | <b>667,236</b>     |
| <b>B. Total Economic Value Distributed</b>   | <b>409,765,003</b>  | <b>328,636,912</b>  | <b>228,052,018</b> |
| <b>C. Total Economic Value Retained</b>  | <b>107,863,055</b>  | <b>60,854,804</b>   | <b>7,583,929</b>   |

## EU Regulation 2020/852 - EU Taxonomy Disclosure

### Introduction to European Taxonomy

As part of the European Union's Action Plan on Sustainable Finance, the European Commission has set out a multi-year program based on ten key actions aimed at fostering the development of investments useful for achieving the established goals of the European Green Deal. Among these ten key actions, the Commission approved the establishment of a classification system aimed at identifying environmentally sustainable economic activities, the so-called European Taxonomy (hereinafter also "Taxonomy"). In fact, with Regulation 2020/852, the European Commission laid the groundwork for the implementation of this classification system, providing for future additions through the publication of Delegated Acts defining its implementation aspects.

The aim of the Taxonomy is to ensure reliability, consistency and comparability of sustainable economic activities in order to protect investors from greenwashing, help companies in their sustainable transition, mitigate market fragmentation and close the gap in sustainable investments.

EU Regulation 852/2020 defines six environmental targets against which an economic activity must contribute in order to be classified as environmentally sustainable:

- ▶ climate change mitigation;
- ▶ adaptation to climate change;
- ▶ sustainable use and protection of water and marine resources;
- ▶ transition to a circular economy;
- ▶ pollution prevention and control;
- ▶ protection and restoration of biodiversity and ecosystems.

At the time of writing this NFD, the European Commission has taken steps to supplement the Taxonomy Regulation with two Delegated Acts, the first of which<sup>22</sup> aim at defining eligible activities, and their alignment criteria, with respect to climate change mitigation and adaptation objectives. Indeed, the Delegated Act supports the regulatory structure introduced by Regulation 2020/852 by establishing clear parameters useful in determining the classification of the economic activity under analysis such as:

- ▶ **non-eligible** if the economic activity does not appear to be among the activities listed within the Delegated Acts for the specific environmental objectives;
- ▶ **eligible** if the economic activity can be traced back to the descriptions of activities in Delegated Act 2021/2139 on climate objectives;
- ▶ **aligned** if, in addition to being eligible, the economic activity meets the technical screening criteria established for it within Delegated Act 2021/2139 in order to verify that the activity:
  - contributes substantially to the achievement of one or more of the environmental objectives established by Regulation 2020/852;
  - does not significantly harm any of the remaining environmental objectives;
  - complies with the minimum safeguards required by the regulation regarding respect for human rights, corruption, fair competition and taxation.

22) Delegated Regulation 2021/2139 of June 4, 2021.



With reference to the above distinction, the Commission has established disclosure requirements for both financial and non-financial enterprises. To facilitate the implementation of the requirements prepared by the Regulation by organizations subject to it, the European Commission has set two deadlines for a gradual implementation of these obligations.

As of January 1, 2022, credit institutions subject to Articles 19a and 29a of the Non-Financial Reporting Directive 2013/34 (hereinafter also referred to as the “Non-Financial Reporting Directive” or “NFRD”) must disclose information about their holdings in assets that are eligible and non eligible for the EU Taxonomy . Specifically, Delegated Act 2021/2178<sup>23</sup> requires that credit institutions provide information on:

- ▶ the share of exposure to economic activities not eligible for the taxonomy and those eligible for the taxonomy;
- ▶ the share of exposures in derivatives and to central banks, central governments and supranational issuers;
- ▶ the share of exposures to entities not subject to NFRD requirements.

The disclosure of admissibility (so-called Taxonomy-eligibility) is a first step towards reporting on levels of eco-sustainability. For this reason, it should not be considered as a statement of the environmental performance of the Group, but rather it is the scope of the exposures that will be subject to screening from 2023 onwards.

From January 1, 2024, with reference to the 2023 financial year, information concerning economic holdings in assets that are aligned and not aligned to the EU taxonomy must be reported on using specific Key Performance Indicators:

- ▶ Total Green Asset Ratio (GAR), consisting of the following subcategories
  - Loan & Advances Green Asset Ratio (L&A GAR);
  - Debt Securities (DS GAR);
  - Equity Holding Green Asset Ratio (EH GAR);
- ▶ Financial Guarantees (FinGuar) KPI;
- ▶ Asset under Management (AuM) KPI;
- ▶ Fee & Commissions (F&C) KPI (from FY 2025);
- ▶ Trading Book KPI (from FY 2025).

Therefore, only information regarding the eligibility of the BFF Group’s exposures will be disclosed within this document, in line with the provisions of the applicable Delegated Act for disclosure with reference to FY 2022.

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23) Delegated Regulation 2021/2178 of July 6, 2021.

## Main Results

As indicated in Annex V of Delegated Regulation No. 2021/2178, the BFF Group's disclosure is the result of an analysis carried out on the scope of prudential consolidation determined in accordance with Title II, Chapter 2, Section 2 of Regulation (EU) No. 575/2013.

For the purpose of preparing this disclosure aimed at meeting the obligations set forth in Regulation 2020/852, the BFF Group reports information derived from point-in-time data, specifically with reference to the following items:

- ▶ Total assets;
- ▶ exposures with central governments, central banks, supranational issuers;
- ▶ derivatives;
- ▶ on-demand interbank loans;
- ▶ trading portfolios;
- ▶ equity investments;
- ▶ financing collateralized by commercial real estate;
- ▶ financing granted for the renovation of buildings;
- ▶ exposures to entities not subject to NFRD requirements;
- ▶ tax credits linked to Italian Decree Law 18/2020 and Italian Decree Law 34/2020<sup>24</sup>;
- ▶ EU Taxonomy eligibility KPIs published by counterparties subject to NFRD obligations

## Mandatory Disclosure

The Group's main results for the financial year 2022 are presented below<sup>25</sup>.

|  | Value (€)             | % (of total assets) |
|--|-----------------------|---------------------|
| <b>Total assets<sup>26</sup></b>                                       | <b>12,320,846,164</b> | <b>100.00%</b>      |
| Exposures to central governments, central banks, supranational issuers | 6,763,778,890         | 54.90%              |
| <b>Total assets covered</b>  | <b>5,557,067,274</b>  | <b>45.10%</b>       |
| Derivative exposures   | 203,980               | 0.00%               |
| - of which trading   | 203,980               | 0.00%               |
| - of which coverage  | -                     | -                   |
| Trading Book (excluding derivatives)                                   | 6,983                 | 0.00%               |
| On-demand interbank loans  | 144,863,230           | 1.18%               |
| Exposures to entities not subject to NFRD requirements                 | 11,702,055,713        | 94.98%              |
| - of which outside the UE  | 469,103               | 0.00%               |
| Exposures to entities not subject to NFRD requirements                 | 618,790,450           | 5.02%               |

24) Tax credits (related to the so-called "EcoBonus" and "SuperBonus110%") acquired following transfer by direct beneficiaries or previous purchasers.

25) The data in this section may be subject to change following the completion of audits on BFF's counterparties.

26) For more information on Total Assets see paragraph 2 of the Methodological Note.



Items not subject to disclosure requirements under the NFRD include:

- exposures to central governments, central banks, supranational issuers;
- exposures to other local government authorities;
- exposures to European and non-European “corporate” counterparts that do not prepare non-financial disclosures in accordance with pursuant to Articles 19a and 29a of Directive 2013/34. (See Methodological Note in the next section).

In accordance with the requirements of Regulation 2020/852 and Delegated Act 2021/2178, BFF Group reports the share of exposures to eligible and non-eligible economic activities through the disclosure of two KPIs:

- *Turnover-based*: calculated considering exposures to non-financial corporate counterparties subject to the obligations defined by the NFRD, weighted based on the Turnover-based KPI reported by the counterparties;
- *CapEx based*: calculated considering exposures to non-financial corporate counterparties subject to the obligations defined by the NFRD, weighted based on the CapEx-based KPI reported by the counterparties.

For both KPIs, exposures to financial corporate counterparties subject to the obligations defined by the NFRD were weighted based on the share of economic activities eligible for the Taxonomy reported by the counterparties according to the following criteria:

- ▶ Credit institutions: weighted exposures considering the eligibility KPI as a percentage of covered totals reported;
- ▶ Insurance entities: weighted exposures considering the investment eligibility KPI for calculating the Turnover-based KPI and the arithmetic mean between the investment eligibility KPI and the underwriting eligibility KPI for calculating the CapEx-based KPI.

Data on the eligibility of BFF Group’s exposures for FY 2022 are given below:

| Eligibility-ratio   | Value (€)<br>Turnover-based | % (of assets<br>covered) | Value (€)<br>CapEx-based | % (of assets<br>covered) |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|
| <b>Eligible</b>   | 246,783,395                 | 4.44%                    | 247,666,751              | 4.46%                    |
| - of which financing for renovation of buildings  | 221,473,548                 | 3.99%                    | 221,473,548              | 3.99%                    |
| - of which loans collateralized by commercial real estate                                       | 97,664                      | 0.00%                    | 97,664                   | 0.00%                    |
| - of which loans, advances, debt securities and equity to financial and non-financial corporate | 25,095,793                  | 0.45%                    | 25,979,149               | 0.47%                    |
| - of which specialized financing  | 116,391                     | 0.00%                    | 116,391                  | 0.00%                    |
| <b>Non Eligible</b>   | 12,074,062,788              | 95.56%                   | 12,073,179,517           | 95.54%                   |

With regard to the results shown in the summary table, the following should be noted:

- ▶ the exposures to central governments, central banks and supranational issuers, represent more than half of total assets (54.90%), and therefore have a significant impact on eligibility rates;
- ▶ the portfolios analyzed include significant exposure to counterparties that are considered ineligible because they are related to:
  - Public counterparties falling into the category “local/provincial/regional government” (e.g. municipalities, healthcare institutions etc.);
  - Counterparts from industry sectors that do not fall within the sectors identified under the EU Taxonomy (e.g. medical/pharmaceutical sector);

- ▶ derivative exposures, both trading and hedging, and the trading book constitute a residual and insignificant portion of the Group’s total assets;
- ▶ admissible exposures related to loans for the renovation of buildings and real estate are exclusively attributable to tax credits related to Italian Decree Law 18/2020 and Italian Decree Law 34/2020 (see Methodological Note for more details);
- ▶ due to the specific nature of the Group’s business activities, there are no exposures related to loans collateralized by residential real estate or for the purchase of motor vehicles in favor of retail counterparts identified according to the FINREP classification “Households”.

## Voluntary Disclosure

In addition to the above mandatory disclosure, BFF Group decided to provide additional information regarding the share of exposures to counterparties operating in sectors considered eligible under the EU Taxonomy in accordance with the provisions of Delegated Act 2021/2139. In the table below, the share of taxonomy-eligible exposures is then calculated by adding exposures to counterparties not subject to NFRD requirements but operating in eligible sectors.

The table also details BFF Group’s exposures to sectors for which Delegated Act 2021/2139 identifies eligible economic activities:

|   | Value (€)<br>Turnover-based | % (of assets<br>covered) | Value (€)<br>CapEx-based | % (of assets<br>covered) |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|
| <b>Eligible (proxy on NACE code)</b>  | <b>341,435,917</b>          | <b>6.14%</b>             | <b>342,219,272</b>       | <b>6.16%</b>             |
| - of which financing for renovation of buildings  | 221,473,548                 | 3.99%                    | 221,473,548              | 3.99%                    |
| - of which loans collateralized by commercial real estate                                       | 97,664                      | 0.00%                    | 97,664                   | 0.00%                    |
| - of which loans, advances, debt securities and equity to financial and non-financial corporate | 25,095,793                  | 0.45%                    | 25,979,149               | 0.47%                    |
| - of which specialized financing  | 116,391                     | 0.00%                    | 116,391                  | 0.00%                    |
| <b>- of which to counterparties active in eligible sectors (proxies on NACE code)</b>           | <b>94,652,521</b>           | <b>1.70%</b>             | <b>94,652,521</b>        | <b>1.70%</b>             |
| of which 7: construction and real estate activities   | 45,352,050                  | 0.82%                    | 45,352,050               | 0.82%                    |
| of which 5: water supply, sewerage, waste treatment and decontamination                         | 43,868,665                  | 0.79%                    | 43,868,665               | 0.79%                    |
| of which 6: transportation  | 2,442,040                   | 0.04%                    | 2,442,040                | 0.04%                    |
| of which 8: information and communication   | 1,524,783                   | 0.03%                    | 1,524,783                | 0.03%                    |
| of which 3: manufacturing activities  | 845,216                     | 0.02%                    | 845,216                  | 0.02%                    |
| of which other eligible activities  | 619,767                     | 0.01%                    | 619,767                  | 0.01%                    |
| <b>Non-eligible (proxy on NACE code)</b>  | <b>11,979,410,247</b>       | <b>93.86%</b>            | <b>11,978,526,891</b>    | <b>93.84%</b>            |

## Methodology applied

The purpose of this section is to make explicit the process of identifying eligible activities under Regulation 852/2020 and the methodologies for calculating indicators.

### Scope of the Disclosure and data sources

As provided for in Annex V of Delegated Regulation 2021/2178<sup>27</sup>, the BFF Group has carried out an analysis based on the scope of prudential consolidation, in accordance with the relevant legislation, considering the gross carrying of the assets in its statement of financial position as at 12/31/2022.

With regard to the data used to prepare this document, BFF carried out analysis and calculations based on the database used to produce the “FINREP” reports pursuant to Commission Implementing Regulation (EU) 2021/451.<sup>28</sup>

### Method of defining Total Assets

In accordance with the requirements of Delegated Act 2021/2178 (Annex V, paragraph 1.1.2), the calculation of the eligibility ratio for the exposures on the statement of financial position is based on the gross carrying amount of the following accounting categories of financial assets, including loans and advances, debt securities, equity investments and repossessed collaterals:

- ▶ financial assets measured at amortized cost;
- ▶ financial assets at fair value recognized in other parts of the profit and loss statement;
- ▶ investments in subsidiaries;
- ▶ joint ventures and associates;
- ▶ financial assets designated at fair value through profit or loss and financial assets not held for trading that must be measured at fair value through profit or loss;
- ▶ real estate collaterals acquired by credit institutions by taking possession in exchange for the cancellation of debts;
- ▶ tax credits linked to Italian Decree Law 18/2020 and Italian Decree Law 34/2020.

The BFF Group has deemed it appropriate to include in the scope of the eligibility ratio calculation the tax credits related to the so-called “EcoBonus” and “SuperBonus110%” (acquired following transfer by the direct beneficiaries or previous purchasers) given the similarity to other forms of financing and the specific nature of the tax credit.

Finally, notwithstanding the fact that the tax receivables included under the item “Other Assets” in the FINREP are not attributable to items expressly indicated in the regulations, they have been included in the scope of the eligibility-ratio calculation as they represent exposures related to financing for the renovation of real estate and buildings<sup>29</sup>.

27) Commission Delegated Regulation (EU) 2021/2178 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2178&from=EN>

28) Commission Implementing Regulation (EU) 2021/451 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0451&from=EN>

29) The EU Taxonomy (Annex V) requires the inclusion of exposures related to loans for the renovation of real estate and buildings in the calculation of the eligibility ratio.

## Methods of identifying exposures to central governments, central banks and supranational issuers

Exposures to central governments, central banks and supranational issuers have been identified using the SAE code. Specifically:

- ▶ Bank of Italy 'SAE' (Sector) Code 102: Central administrations, states and constitutional bodies;
- ▶ Bank of Italy 'SAE' (Sector) Code 704: EU central government within the monetary union
- ▶ Bank of Italy 'SAE' (Sector) Code 705: EU central government outside the monetary union
- ▶ Bank of Italy 'SAE' (Sector) Code 725: Central banking authorities of EU countries that are not members of the Euro area

In accordance with the EU Taxonomy Regulations, these exposures were excluded from both the numerator and denominator in the calculation of eligibility KPIs.

## Methods of identifying exposures to entities not subject to NFRD requirements

The review of BFF's exposures to entities not subject to NFRD requirements was conducted on a case-by-case basis for each counterparty within the scope of analysis identified. Specifically, for the purposes of the analysis, an individual counterparty that is a subsidiary of an Ultimate Parent Company that publishes the non-financial report under Articles 19a and 29a of Directive 2013/34 was considered as an "entity subject to NFRD obligations".

For these counterparties, the share of exposures eligible for the EU Taxonomy for KPI calculation purposes was considered to be equal to the share reported by the Ultimate Parent Company.

In addition, with regard to Italian counterparties, verifications were carried out on the basis of Consob's list of entities that have published the Non-Financial Statement<sup>30</sup>. Italian entities not included in the above list and, in general, Italian and European entities for which no information on the publication of non-financial disclosures pursuant to the above-mentioned legislation could be found, were considered as "entities not subject to NFRD obligations". Therefore, all corporate counterparties that publish sustainability reports under a voluntary disclosure regime were considered within this category.

## Methods of identifying eligible economic activities

Eligible economic activities under the Taxonomy were identified using:

- ▶ specific data on exposures in:
  - loans collateralized by commercial real estate;
  - tax credits linked to Italian Decree Law 18/2020 and Italian Decree Law 34/2020 (related to the so-called "EcoBonus" and "SuperBonus110%");
  - specialized financing<sup>31</sup> for loans for which the use of BFF Group loans is known and considered eligible under Delegated Act 2021/2139;
  - loans and advances to counterparties subject to non-financial disclosure requirements in accordance with the NFRD, and the relevant portions of eligibility reported within those disclosures.
- ▶ estimates for loans, advances, debt and equity securities to:

30) Entities that have published a non-financial disclosure, Consob: <https://www.consob.it/web/area-pubblica/soggetti-che-hanno-pubblicato-la-dnf>

31) In accordance with the provisions of the Implementing Regulation (EU) No. 680/2014

- financial and non-financial corporate counterparties not subject to non-financial disclosure requirements in accordance with the NFRD. The eligibility of exposures to these counterparties (included only in the eligibility calculation for voluntary disclosure ) was in fact estimated through a reconciliation of the activities carried out by these companies with NACE sector codes and activities defined as eligible under the EU Taxonomy.
- public counterparts involved in activities related to the construction of public residential housing in accordance with Section 1.2.1.4, in Annex V of Delegated Regulation 2021/2178. Exposures to these counterparties (included only in the eligibility calculation for voluntary disclosure ) were in fact considered eligible because they fell under Activity 7.7 of the Delegated Act.
- ▶ estimates for investments in Undertakings for the Collective Investment in Transferable Securities (UCITS) and similar instruments. Similar to what was done for exposures to non-NFRD counterparties, these investments were in fact considered eligible in binary terms (for 100% or 0% of the investment) by virtue of the underlyings attributable to the specific instrument analyzed. In cases where such underlying investments were directed toward other real estate investment organizations (e.g. funds of funds), the instrument analyzed was conservatively considered non-eligible, given the complexity encountered in retrieving data and information regarding the underlyings of subsequent investment levels.

In order to make this disclosure, reducing the use of proxies and with the aim of providing an accurate representation of eligible economic activities, the BFF Group is committed to improving the quality of the data reported in future years by integrating the process of collecting and monitoring data from counterparties.

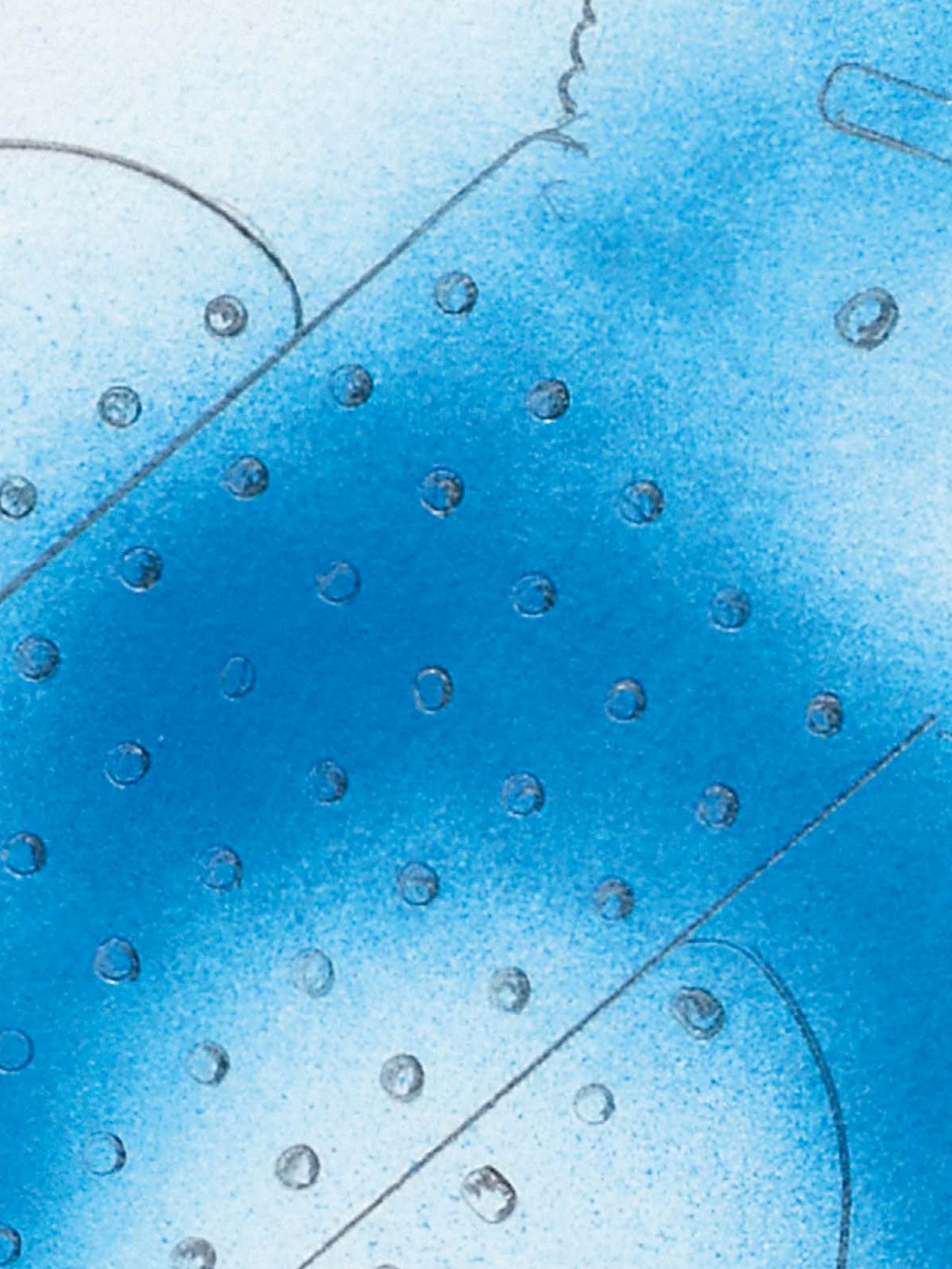


# 05

## Ethics and Integrity







## Ethics and Integrity

Ethics and integrity are the pillars of BFF’s governance. The Group’s Code of Ethics<sup>32</sup>, as well as the Code of Conduct, Model 231 and the Anti-Corruption Policy, are the instruments used to supervise these two issues, as well as the Anti-Money Laundering Policy, whose principles and guidelines are contained in the Wolfsberg Group Correspondent Bank.

Aware of the need to ensure conditions of lawfulness, fairness and transparency in the conduct of its business and company operations, and also to protect its position and image, shareholders’ expectations and employees’ jobs, the Board of Directors of the Parent Company approved the “Group Code of Ethics”, last updated on December 22, 2022 and subsequently implemented by the Subsidiaries.

In this regard, in compliance with Law No. 220 of December 9, 2021 (Official Journal. No. 303, December 22, 2021) on “Measures to Counter the Financing of Companies Producing Anti-Personnel Mines, Cluster Munitions and Submunitions”, which introduces a ban on all intermediaries from financing companies producing anti-personnel mines, cluster munitions and submunitions as defined in the Law, the Bank conducted an analysis aimed at identifying the business areas impacted by this ban and defining procedural safeguards to ensure compliance therewith. These aspects were included in the update of the Code of Ethics, and the obligation was extended to all Group companies, effectively incorporating the prohibition governing the process of providing credit to customers.

**“Managing our business responsibly in accordance with the principles of integrity, including the fight against corruption”.**

32) The document is available at the following link on the corporate website: <https://www.bff.com/en/articles-of-association>

The Code applies to all individuals holding a representative, administrative or management role or exercising governance and control of the relevant legal entity, whether within the Bank or in any other Group company in all countries where the Group operates. It also applies to all employees, without exception, to collaborators and to suppliers. The above-mentioned Code is part of a broader project aimed at giving the Group an ethical identity, and it sets out the values that must be reflected and pursued in all activities undertaken by those to whom it applies.

The Bank also adopted a “Code of Conduct”, which applies to all individuals who establish a continuous or occasional employment relationship with the Bank. In particular the Code of Conduct is an integral part of the individual employment contract or, where applicable, other type of work contract, and aims to ensure that work is carried out under appropriate conditions, in the interest of the Bank and its employees, and that a high level of professional conduct is maintained.

In 2015, the Bank adopted a Whistleblowing procedure which, in compliance with the applicable legislation and with a view to strengthening the process for identifying events of various kinds related to non-compliance with Group regulations, defines the principles for reporting irregularities and violations that occur in the Bank. In accordance with the provisions set forth in the procedure, the Board of Directors of the Bank appointed a person responsible for the internal Whistleblowing procedure who manages the acceptance, review and evaluation of concerns, in a manner consistent with the principle of proportionality. The Head of the Internal Audit Function was, in relation to his independent hierarchical position, appointed as the head of the internal Whistleblowing system, such individual being therefore required to receive and evaluate individual whistleblowing reports and provide a report on them to the Corporate Bodies. The Bank guarantees the confidentiality and protection of the personal data and the identity of complainants and alleged perpetrators of a violation. The protection given under this procedure does not apply to reports made that do not fall within the scope of the procedure.

The reporting procedure was updated as a result of the Group-wide adoption of a computer-based reporting platform in 2021. The internal regulations, approved by the Board of Directors, have been made available to all staff. In addition, the annual Whistleblowing Report is published on the corporate intranet.

Similar Whistleblowing procedures have been adopted by the Parent and its subsidiaries.

There are special information flows within the Group to the corporate bodies from all units, including the corporate control functions, regarding critical issues found during the activities and/or audits conducted.

During 2022 no critical issues were identified in these areas.

Note that in 2022 there were no legal actions related to anti-competitive behavior, trust activities or monopolistic practices.



## 231 MODEL and ANTI-CORRUPTION

In addition to the Group Code of Ethics mentioned above the Bank adopted an “Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001” (hereinafter also referred to as the “**231 Model**”), most recently approved by the Board of Directors on December 22, 2022. The 231 Model is applicable to the Bank and all its branches overseas. its purpose is to:

- ▶ identify the potential risks, i.e., in which sectors or business areas and in what manner events that could prove detrimental to the objectives set out in the aforementioned Decree might occur;
- ▶ define a system of rules and procedures aimed at preventing, to the extent as reasonably possible, the perpetration of offenses;
- ▶ prohibit conduct that may constitute one or more types of offense;
- ▶ make all recipients of Law 231 Model aware of the consequences that may arise from any conduct that does not comply with certain rules and procedures and, in particular, clarify that any violation of Italian Legislative Decree 231/2001, the provisions contained in Law 231 Model and the principles set out in the Group Code of Ethics may cause sanctions to be inflicted, including against the Bank;
- ▶ prevent and/or counter the perpetration of offenses with timeliness, including by relying on a constant monitoring of the appropriate implementation of the internal control system.

The 231 Model, therefore, is designed to make all recipients aware of compliance with the rules of law, the regulations defined by the Bank and reflected in the Model itself and in the Group’s Code of Ethics, as well as compliance with company rules and procedures, gearing their behavior towards fairness and transparency.

As set out in Article 6, paragraph 1, letter b) of Legislative Decree No. 231/2001, the Supervisory Body is responsible for supervising the functioning and compliance with the 231 Model, as well as updating it, discharging its duties by virtue of its independent powers of action and supervision, consistent with the provisions of the aforementioned Decree.

Contracts with customers, suppliers and other third parties include a specific clause requiring them to familiarize themselves with the Bank’s Model 231 and to adopt all appropriate and/or necessary measures to prevent the perpetration of the crimes provided for in Italian Legislative Decree No. 231/2001. Signature of a declaration of acknowledgment and acceptance of the Code of Ethics, which is an annex of the contract, is also required. BFF’s counterparties in the conduct of business are, therefore, contractually committed to compliance with the Group’s Code of Ethics and adherence to corruption prevention practices.

With regard to the Bank’s overseas subsidiaries, BFF Finance Iberia adopted a compliance program pursuant to Article 31-bis of the Spanish Criminal Code, while BFF Polska S.A. approved a document containing guidelines on corporate criminal liability, which is also applicable to its subsidiaries.

Moreover, aware of the negative effects of corrupt practices on economic and social development in the areas in which it operates, the Parent Company is committed to combating corruption proactively and preventing and countering the occurrence of wrongdoing in the performance of its activities in the sector in which it operates. To this end, the Group promotes, among all its stakeholders, integrity and ways of doing business that are beyond corruption. In this regard, the Group is committed to investing in the training of its staff. The policies are available in the repository of the Group’s internal regulations and are the subject matter of periodic training to Group employees. The Group also makes every effort to prevent bribery by third parties or parties related to them.

The Group reserves the right to refrain from doing business with a third party when there is any doubt that acts of bribery may have been committed by said party.

Specifically, BFF Bank S.p.A. offers banking and financial products related to: i) factoring, payments services, securities services aimed at *corporate* customers and banking and financial counterparties; ii) deposit account offered to retail and corporate customers.

During the reporting period, there were no cases of corruption or particular situations that could have a negative impact on the Bank and its subsidiaries. In this context, BFF Bank S.p.A. has adopted the "Group Anti-Corruption Policy<sup>33</sup>", effective as of December 22, 2021, which defines the principles on anti-corruption, roles and responsibilities for managing the risk of corruption within the activities carried out by the Bank and its subsidiaries, and identifies the activities and areas most at risk of corruption.

The purpose of the Policy is, therefore, to: (i) set out the Group's commitment both to the fight against corruption and to compliance with the anti-corruption provisions in force; (ii) communicate clearly to all Group personnel and to all those who work, in Italy and abroad, for or on behalf of the Bank, the principles and rules to be followed to ensure compliance with regulatory and internal provisions; (iii) define the principles for the detection and prevention of potential corruption incidents in order to protect the Group's integrity and reputation; and (iv) provide the general framework for the Group's anti-corruption program.

The Policy states:

- ▶ the duties and responsibilities of the Group anti-corruption officer and local anti-corruption officers appointed at subsidiaries and branches who carry out relevant activities under the guidance and coordination of the Group anti-corruption officer. Specifically, anti-corruption officers should: i) monitor anti-corruption regulations and make necessary adjustments to the Group's internal processes; ii) define and implement relevant anti-corruption programs; iii) support and monitor the implementation of the Group's minimum anti-corruption standards; and iv) provide advice and opinions on major anti-corruption issues;
- ▶ the general principles by which the Group's activities are guided in its dealings with government authorities, public officials and third parties, as well as in the provision of gifts and gratuities, in personnel management activities and in the context of extraordinary operations;
- ▶ the channels created for sending reports of alleged or confirmed violations of current anti-corruption regulations and the provisions contained in the Policy to the anti-corruption officers;
- ▶ the contents of the annual anti-corruption program, which includes the following essential elements, which collectively set the minimum standard for the program of individual Group companies: i) personnel training; ii) internal regulations; iii) controls and organizational framework; iv) information flows; and v) recording and filing;
- ▶ red flags, i.e. examples of possible circumstances or events or conduct that are alarm signals for corruption risk.

The Policy was approved by the Board of Directors on December 22, 2021 and transmitted by the Parent Company to the subsidiaries and branches. Subsidiaries are required to transpose and apply the Policy locally, adapting it where necessary to the specific regulatory environment. As of today's date, the need to update the Policy has not been identified.

33) The document is available at the following link on the corporate website: <https://investor.bff.com/en/anti-corruption-policy>

The Anti-Corruption Policy is published on the Bank’s website and made available to all staff on the corporate intranet.

In the fourth quarter of 2022, the Bank’s Compliance and AML Function, with the support of an external company, conducted an audit focusing on the proper fulfillment of anti-corruption obligations under the Policy, aimed at implementing the annual anti-corruption program. The outcome of the audit was positive. The assessment activities on the complete and correct transposition of the Anti-Corruption Policy did not reveal any critical issues and, therefore, the Policy appears to be transposed and effectively implemented by both the Parent Company and the subsidiaries. With reference to the assessment activities carried out on the corruption prevention framework, these have revealed some areas for improvement, which have already been addressed and will be implemented by the end of 2023.

The findings of the assessment were shared with the CEO and were included in the Tableau de Bord of the Compliance and AML Function brought to the attention of the Board of Directors and the Board of Auditors in January 2023.

The progress of improvement initiatives will be reported on a monthly basis to the CEO and, in the event of any target points, also to the Board of Directors.

The Bank has also adopted a “Group Promotional Initiatives Policy” which defines the operational provisions to be followed with reference to the following activities: i) freebies; ii) business expenses; iii) donation to third parties, in compliance with the principles of transparency, verifiability, traceability, reasonableness and cost-effectiveness.

As part of the aforementioned Policy, the Group requires all staff to refrain from any conduct that is incompatible with the obligations connected with their relationship with the Group and is in contrast with the Code of Ethics.

No cases of corruption were identified during 2022.



During 2022, the organization's anti-corruption policies and procedures were notified to 100% of the Group's employees, in line with previous years, as shown in the tables below:

#### NOTIFICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES AS AT 12.31.2022

| Professional category                     | BFF Group  |             | Italy      |             | Spain     |             | Portugal  |             | Poland     |             | Slovakia  |             | Czech Rep. |             | Greece   |             |
|---|------------|-------------|------------|-------------|-----------|-------------|-----------|-------------|------------|-------------|-----------|-------------|------------|-------------|----------|-------------|
|   | no.        | %           | no.        | %           | no.       | %           | no.       | %           | no.        | %           | no.       | %           | no.        | %           | no.      | %           |
| <i>Senior Executives/Executives</i>       | 28         | 100%        | 23         | 100%        | 1         | 100%        | 1         | 100%        | 3          | 100%        | 0         | 100%        | 0          | 100%        | 0        | 100%        |
| <i>Manager/Middle Manager/Coordinator</i> | 156        | 100%        | 92         | 100%        | 13        | 100%        | 2         | 100%        | 42         | 100%        | 4         | 100%        | 0          | 100%        | 3        | 100%        |
| <i>Professionals/Specialists</i>          | 658        | 100%        | 455        | 100%        | 39        | 100%        | 7         | 100%        | 138        | 100%        | 11        | 100%        | 2          | 100%        | 6        | 100%        |
| <b>Total</b>                              | <b>842</b> | <b>100%</b> | <b>570</b> | <b>100%</b> | <b>53</b> | <b>100%</b> | <b>10</b> | <b>100%</b> | <b>183</b> | <b>100%</b> | <b>15</b> | <b>100%</b> | <b>2</b>   | <b>100%</b> | <b>9</b> | <b>100%</b> |

#### NOTIFICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES AS AT 12.31.2021

| Professional category                     | BFF Group  |             | Italy      |             | Spain     |             | Portugal  |             | Poland     |             | Slovakia  |             | Czech Rep. |             | Greece   |             |
|---|------------|-------------|------------|-------------|-----------|-------------|-----------|-------------|------------|-------------|-----------|-------------|------------|-------------|----------|-------------|
|   | no.        | %           | no.        | %           | no.       | %           | no.       | %           | no.        | %           | no.       | %           | no.        | %           | no.      | %           |
| <i>Senior Executives/Executives</i>       | 26         | 100%        | 21         | 100%        | 1         | 100%        | 1         | 100%        | 3          | 100%        | 0         | 100%        | 0          | 100%        | 0        | 100%        |
| <i>Manager/Middle Manager/Coordinator</i> | 154        | 100%        | 93         | 100%        | 15        | 100%        | 1         | 100%        | 38         | 100%        | 4         | 100%        | 0          | 100%        | 3        | 100%        |
| <i>Professionals/Specialists</i>          | 682        | 100%        | 466        | 100%        | 41        | 100%        | 8         | 100%        | 147        | 100%        | 12        | 100%        | 3          | 100%        | 5        | 100%        |
| <b>Total</b>                              | <b>862</b> | <b>100%</b> | <b>580</b> | <b>100%</b> | <b>57</b> | <b>100%</b> | <b>10</b> | <b>100%</b> | <b>188</b> | <b>100%</b> | <b>16</b> | <b>100%</b> | <b>3</b>   | <b>100%</b> | <b>8</b> | <b>100%</b> |

#### NOTIFICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES AS AT 12.31.2020

| Professional category                     | BFF Group  |             | Italy      |             | Spain     |             | Portugal  |             | Poland     |             | Slovakia  |             | Czech Rep. |             | Greece   |             |
|---|------------|-------------|------------|-------------|-----------|-------------|-----------|-------------|------------|-------------|-----------|-------------|------------|-------------|----------|-------------|
|   | no.        | %           | no.        | %           | no.       | %           | no.       | %           | no.        | %           | no.       | %           | no.        | %           | no.      | %           |
| <i>Senior Executives/Executives</i>       | 25         | 100%        | 19         | 100%        | 1         | 100%        | 0         | N/A         | 5          | 100%        | 0         | N/A         | 0          | N/A         | 0        | N/A         |
| <i>Manager/Middle Manager/Coordinator</i> | 102        | 100%        | 41         | 100%        | 17        | 100%        | 2         | 100%        | 36         | 100%        | 3         | 100%        | 0          | N/A         | 3        | 100%        |
| <i>Professionals/Specialists</i>          | 408        | 100%        | 186        | 100%        | 38        | 100%        | 8         | 100%        | 157        | 100%        | 13        | 100%        | 3          | 100%        | 3        | 100%        |
| <b>Total</b>                              | <b>535</b> | <b>100%</b> | <b>246</b> | <b>100%</b> | <b>56</b> | <b>100%</b> | <b>10</b> | <b>100%</b> | <b>198</b> | <b>100%</b> | <b>16</b> | <b>100%</b> | <b>3</b>   | <b>100%</b> | <b>6</b> | <b>100%</b> |

With reference to training on corruption issues, in 2022 the Group delivered ad hoc courses to 96% of the entire workforce of the Group. Most notably, to 93% of the *Senior Executives/Executives* category, 94% of the *Managers/Middle Managers/Coordinators* category, and 97% of the *Specialists/Professionals* category, totaling 808 employees out of 842.

It should also be noted that during 2022 the Bank provided specific anti-corruption training to the Board of Directors and the Board of Statutory Auditors.

#### ANTI-CORRUPTION TRAINING AS AT 12.31.2022

| Professional category                  | BFF Group  |            | Italy      |            | Spain     |            | Portugal |            | Poland     |            | Slovakia  |            | Czech Rep. |             | Greece   |            |
|--|------------|------------|------------|------------|-----------|------------|----------|------------|------------|------------|-----------|------------|------------|-------------|----------|------------|
|  | no.        | %          | no.        | %          | no.       | %          | no.      | %          | no.        | %          | no.       | %          | no.        | %           | no.      | %          |
| Senior Executives/Executives           | 26         | 93%        | 21         | 91%        | 1         | 100%       | 1        | 100%       | 3          | 100%       | 0         | 0%         | 0          | 0%          | 0        | 0%         |
| Managers/Middle Managers/ Coordinators | 147        | 94%        | 91         | 99%        | 12        | 92%        | 2        | 100%       | 35         | 83%        | 4         | 100%       | 0          | 0%          | 3        | 100%       |
| Professionals/Specialists              | 635        | 97%        | 447        | 98%        | 36        | 92%        | 6        | 86%        | 131        | 95%        | 8         | 73%        | 2          | 100%        | 5        | 83%        |
| <b>Total</b>                           | <b>808</b> | <b>96%</b> | <b>559</b> | <b>98%</b> | <b>49</b> | <b>92%</b> | <b>9</b> | <b>90%</b> | <b>169</b> | <b>92%</b> | <b>12</b> | <b>80%</b> | <b>2</b>   | <b>100%</b> | <b>8</b> | <b>89%</b> |

#### ANTI-CORRUPTION TRAINING AS AT 12.31.2021

| Professional category                  | BFF Group  |            | Italy      |            | Spain     |            | Portugal  |             | Poland     |            | Slovakia  |            | Czech Rep. |            | Greece   |             |
|--|------------|------------|------------|------------|-----------|------------|-----------|-------------|------------|------------|-----------|------------|------------|------------|----------|-------------|
|  | no.        | %          | no.        | %          | no.       | %          | no.       | %           | no.        | %          | no.       | %          | no.        | %          | no.      | %           |
| Senior Executives/Executives           | 19         | 73%        | 14         | 67%        | 1         | 100%       | 1         | 100%        | 3          | 100%       | 0         | N/A        | 0          | N/A        | 0        | N/A         |
| Managers/Middle Managers/ Coordinators | 139        | 90%        | 87         | 94%        | 13        | 87%        | 1         | 100%        | 31         | 82%        | 4         | 100%       | 0          | N/A        | 3        | 100%        |
| Professionals/Specialists              | 617        | 90%        | 442        | 95%        | 40        | 98%        | 8         | 100%        | 114        | 78%        | 6         | 50%        | 2          | 67%        | 5        | 100%        |
| <b>Total</b>                           | <b>775</b> | <b>90%</b> | <b>543</b> | <b>94%</b> | <b>54</b> | <b>95%</b> | <b>10</b> | <b>100%</b> | <b>148</b> | <b>79%</b> | <b>10</b> | <b>63%</b> | <b>2</b>   | <b>67%</b> | <b>8</b> | <b>100%</b> |

#### ANTI-CORRUPTION TRAINING AS AT 12.31.2020

| Professional category                  | BFF Group  |            | Italy      |            | Spain     |            | Portugal  |             | Poland     |            | Slovakia  |            | Czech Rep. |            | Greece   |             |
|--|------------|------------|------------|------------|-----------|------------|-----------|-------------|------------|------------|-----------|------------|------------|------------|----------|-------------|
|  | no.        | %          | no.        | %          | no.       | %          | no.       | %           | no.        | %          | no.       | %          | no.        | %          | no.      | %           |
| Senior Executives/Executives           | 25         | 100%       | 19         | 100%       | 1         | 100%       | 0         | N/A         | 5          | 100%       | 0         | N/A        | 0          | N/A        | 0        | N/A         |
| Managers/Middle Managers/ Coordinators | 99         | 97%        | 41         | 100%       | 16        | 94%        | 2         | 100%        | 34         | 94%        | 3         | 100%       | 0          | N/A        | 3        | 100%        |
| Professionals/Specialists              | 391        | 96%        | 178        | 96%        | 33        | 87%        | 8         | 100%        | 157        | 100%       | 10        | 77%        | 2          | 67%        | 3        | 100%        |
| <b>Total</b>                           | <b>515</b> | <b>96%</b> | <b>238</b> | <b>97%</b> | <b>50</b> | <b>89%</b> | <b>10</b> | <b>100%</b> | <b>196</b> | <b>99%</b> | <b>13</b> | <b>81%</b> | <b>2</b>   | <b>67%</b> | <b>6</b> | <b>100%</b> |

## ANTI-MONEY LAUNDERING

The Group is aware of the importance of fighting money laundering and terrorism financing.

The Bank is responsible for managing the risk of money laundering and terrorism financing at a Group level, it follows a “decentralized” approach, where, given the different business models and types of clientele of the various entities, each company has primary responsibility for monitoring internally the risk of money laundering and terrorism financing, in compliance with the standards of the “Host Member State”, as the rules applicable to overseas organizations are those of the country in which the branch/subsidiary is established.

In this regard, the Bank has adopted an Anti-Money Laundering - Anti-Terrorism Policy, which takes into account the peculiarities of the different components of the Group and the risk inherent in the activities carried out, in accordance with the principle of proportionality and the actual exposure to the risk of money laundering.

This Policy takes into account the peculiarities and complexities associated with the operations of the Bank and other Group companies, the products and services offered, the type of customers, the distribution channels used for the sale of products and services, and foreseeable developments in these areas.

Based on these principles, the Policy establishes:

the general principles of the anti-money laundering and terrorism financing risk management model and related strategic guidelines which the Bank deemed it necessary to adopt and which, without prejudice to the specific provisions set out in local regulations, where more stringent, must also be implemented and observed at a Group level;

- ▶ the responsibilities and tasks of corporate bodies and corporate functions;
- ▶ the operational methods for managing the risk of money laundering and terrorism financing.

In particular, the Policy aims to:

- ▶ make all Group staff accountable;
- ▶ define clearly, at the different organizational levels, the roles, tasks and responsibilities in this area;
- ▶ establish appropriate reporting mechanisms covering the relevant control activities.

The Policy is approved by the Board of Directors of the Bank and is sent to all Group entities so that it is implemented by them. It is continually updated by the Compliance and AML Function of the Parent Company and it is made available to all Group staff. The Compliance and AML Function of the Parent Company takes steps to ensure that amendments to the Policy are included in the training courses planned for the relevant financial year.

Each Group entity has its own internal rules (procedures, manuals, etc.), which are based on the Policy and reflect the principles set out therein and the regulatory provisions applicable at a local level.

It should be noted that-in order to implement the EBA Guidelines of June 14, 2022 on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT compliance officer pursuant to Article 8 and Chapter VI of Directive (EU) 2015/849-the Policy was approved by the Board of Directors in its latest update on October 27, 2022.

## Fiscal transparency

Although the Group does not have an explicitly established tax strategy, tax management is instrumental to the Group's business and its sustainable development through a high level of commitment to tax compliance which, consequently, mitigates the risk of unethical or illegal behavior.

The Group's approach to taxation is set out in the "Tax Regulatory Model". This was adopted by the Board of Directors of BFF Bank S.p.A. with the aim of ensuring that the risk of non-compliance is constantly monitored and managed. Particular reference is made to the risk of incurring administrative or criminal penalties, significant financial losses and reputational damage as a result of violating mandatory or self-regulatory rules relating to tax regulations.

Regarding the monitoring of the risk of non-compliance arising from the application of tax rules, including risks arising from involvement in irregular tax transactions carried out by customers, BFF has:

- ▶ defined specific procedures aimed at preventing violations or circumvention of these regulations and, mitigating the risks associated with situations that could constitute an abuse of the law, so as to minimize both the sanctions and the reputational consequences of the incorrect application of tax regulations;
- ▶ verified the adequacy of these procedures and their suitability to effectively achieve the objective of preventing the risk of non-compliance.

The approach to taxation adopted by the Group follows the guidelines and principles of conduct defined in terms of the correct application of tax laws in Italy and abroad. The Group is aware of the importance for collective welfare that the contribution to tax revenues makes in the jurisdictions in which the Group operates and it is convinced that the correct implementation of applicable tax laws is of paramount importance for the Group itself and for all its stakeholders.

The approach to taxation is based on the principles set out in the Code of Conduct and the Code of Ethics which define the standards of behavior that must be respected by all Group employees and are an integral part of the 231/2001 Model.

BFF constantly keeps its employees aware of proper tax compliance. For this purpose, the Bank organizes training courses with the aim of increasing awareness and supervision of business-related tax risk.

BFF complies formally and substantially with all applicable national, international and multinational tax laws, regulations and procedures in the performance of its business activities and operations on behalf of its customers. It does not engage in lobbying activities and maintains a transparent and ongoing relationship with the tax authorities.

Specifically, in this regard, the Group cooperates with the competent authorities in providing the necessary information to verify the correct fulfillment of tax obligations and complies with the provisions aimed at guaranteeing a proper approach to transfer pricing for intra-group transactions, with the objective of allocating the income generated in the countries in which the Group operates, while always complying with the law and in accordance with OECD guidelines.

We wish to highlight that the regulatory and procedural system put in place complies with the tax requirements set by the Bank of Italy and follows the principles of conduct reflecting the highest standards of vigilance in this field as recommended by the OECD.

The responsibility for applying these principles to tax decisions and related administrative activities is the responsibility of the Chief Executive Officer and the Chief Financial Officer.

At an operational level, the combination of organizational controls and procedures, with the allocation of roles and responsibilities, ensures that the information provided in tax returns, tax payments and communications to financial administrations is correct.

First-level controls are implemented by all the units involved in the process and are governed by specific internal operating rules approved by the Chief Executive Officer based on proposals from the organizational units and verified by the Risk Management Function, and the Compliance and AML Function. Second and third-level controls are implemented by the corporate control functions, i.e. the Compliance and AML Function, the Risk Management Function and the Internal Audit Function.

Quarterly meetings are held between the tax specialist presidium and the Compliance and AML Function during which the activities carried out in tax matters during the year are explained and updates on those in progress are provided.

Any tax irregularities resulting from errors or negligence are included in the annual assessment of the persons responsible. The Board of Directors is promptly informed about the most important and complex tax issues and if any disputes arise.

This is without prejudice to management's decision-making, at all times after adequate assessment of potential tax impacts, including through discussion with the relevant internal functions, in order to ensure complete and proper management of any tax issues at the Group level.

Finally, the Group makes use of external tax experts in order to have a continuous update aimed at an ever more precise monitoring of what is defined and carried out in tax matters.

Tax returns are also reviewed, audited and signed off by the independent auditors.

The Group therefore acts in a proper, transparent and responsible manner and carries out its activities in compliance with all applicable regulations, following the highest ethical standards, in order to prevent acts of active and passive corruption.

During 2022, the Group paid €19 million in taxes and set aside €99.2 million for the year.

## YEAR 2022

(In € millions)

| Country <sup>34</sup> | Name   | Activity <sup>35</sup> | No. of Employees | Revenue from Third Parties | Revenue vs Group <sup>36</sup> | Profit (Loss) Before Tax | Tangible Assets | Tax Paid | Tax Accrued |
|-----------------------|--|------------------------|------------------|----------------------------|--------------------------------|--------------------------|-----------------|----------|-------------|
| Italy                 | BFF Bank S.p.A. (a)  | A-B-E                  | 570              | 258.8                      | 37.9                           | 243.3                    | 51.3            | -3.6     | -77.1       |
| Spain                 | 1. BFF Bank S.p.A. - Spanish Branch<br>2. BFF Finance Iberia S.A.U.  | A-B                    | 53               | 19.3                       | 2.0                            | 34.5                     | 1.3             | -3.0     | -8.8        |
| Portugal              | BFF Bank S.p.A. - Portuguese Branch  | A-B                    | 10               | 12.5                       | -2.5                           | 14.6                     | 0.1             | -1.8     | -3.5        |
| Greece                | BFF Bank S.p.A. Greek Branch   | A                      | 9                | 8.1                        | -1.4                           | 10.0                     | 0.1             | -0.6     | -2.4        |
| Poland                | 1. BFF Bank S.p.A. Polish Branch<br>2. BFF Polska S.A.,<br>3. BFF Medfinance S.A.,<br>4. Debt-Rnt sp. Z O.O.,<br>5. Komunalny FunduszInwestycyjnyZamknięty<br>6. MEDICO Niestandaryzowany Sekurytyzacyjny FunduszInwestycyjnyZamknięty | A-B-C-D                | 183              | 63.1                       | -32.91                         | 15.6                     | 1.4             | -4.7     | -4.1        |
| Czech Republic        | BFF Česká Republika s.r.o.   | A-C                    | 2                | 0.1                        | -0.12                          | -0.3                     | 0.0             | -        | -           |
| Slovakia              | BFF Central Europe s.r.o.  | A-C                    | 15               | 18.3                       | -2.94                          | 13.5                     | 0.2             | -5.2     | -3.3        |

## YEAR 2021

(In € millions)

| Country <sup>37</sup> | Name   | Activity <sup>38</sup> | No. of Employees | Revenue from Third Parties | Revenue vs Group <sup>39</sup> | Profit (Loss) Before Tax | Tangible Assets | Tax Paid | Tax Accrued |
|-----------------------|--|------------------------|------------------|----------------------------|--------------------------------|--------------------------|-----------------|----------|-------------|
| Italy                 | BFF Bank S.p.A. (a)  | A-B-E                  | 580              | 186.2                      | 9.8 <sup>40</sup>              | 144.6                    | 32.1            | -3.2     | 8.8         |
| Spain                 | 1. BFF Bank S.p.A. - Spanish Branch<br>2. BFF Finance Iberia S.A.U.  | A-B                    | 57               | 17.3                       | 6.6                            | 15.2                     | 1.7             | -5.1     | -3.7        |
| Portugal              | BFF Bank S.p.A. - Portuguese Branch  | A-B                    | 10               | 9.8                        | -1.9                           | 6.1                      | 0.1             | -1.5     | 0.4         |
| Greece                | BFF Bank S.p.A. Greek Branch   | A                      | 8                | 4.6                        | -0.8                           | 2.9                      | 0.2             | -0.2     | 0.2         |
| Poland                | 1. BFF Bank S.p.A. Polish Branch<br>2. BFF Polska S.A.,<br>3. BFF Medfinance S.A.,<br>4. Debt-Rnt sp. Z O.O.,<br>5. Komunalny FunduszInwestycyjnyZamknięty<br>6. MEDICO Niestandaryzowany Sekurytyzacyjny FunduszInwestycyjnyZamknięty | A-B-C-D                | 188              | 33.6                       | -11.23                         | 11.9                     | 1.8             | -4.3     | -1.6        |
| Czech Republic        | BFF Česká Republika s.r.o.   | A-C                    | 3                | 0.1                        | -0.02                          | -0.2                     | 0.1             | -        | -0.0        |
| Slovakia              | BFF Central Europe s.r.o.  | A-C                    | 16               | 20.4                       | -2.43                          | 16.1                     | 0.6             | -2.0     | -3.4        |



**YEAR 2020**
*(In € millions)*

| Country <sup>41</sup> | Name  | Assets <sup>42</sup> | No. of Employees | Revenue from Third Parties | Revenue from the Group <sup>43</sup> | Profit (Loss) Before Tax | Tangible Assets | Tax Paid | Tax Accrued |
|-----------------------|---|----------------------|------------------|----------------------------|--------------------------------------|--------------------------|-----------------|----------|-------------|
| Italy                 | BFF Bank S.p.A. <sup>44</sup>   | A-B                  | 246              | 185.8                      | 138.2 <sup>45</sup>                  | -3.5                     | 77.1            | 13.3     | -15.6       |
| Spain                 | 1. BFF Bank S.p.A. - Spanish Branch<br>2. BFF Finance Iberia S.A.U.   | A-B                  | 56               | 52.0                       | 13.2                                 | 12.3                     | 14.6            | 1.9      | -3.5        |
| Portugal              | BFF Bank S.p.A. - Portuguese Branch   | A-B                  | 10               | 8.7                        | 8.8                                  | -1.72                    | 5.77            | 0.1      | -2.0        |
| Greece                | BFF Bank S.p.A. Greek Branch  | A                    | 6                | 3.7                        | 3.6                                  | -0.8                     | 1.68            | 0.1      | -           |
| Poland                | 1. BFF Bank S.p.A. Polish Branch<br>2. BFF Polska S.A.,<br>3. BFF Medfinance S.A.,<br>4. Debt-Rnt sp. Z O.O.,<br>5. Komunalny Fundusz Inwestycyjny Zamknięty,<br>6. MEDICO Niestandaryzowany Sekuryzacyjny Fundusz Inwestycyjny Zamknięty | A-B-C-D              | 198              | 154.9                      | 31.0                                 | -3.5                     | 14.6            | 2.4      | -3.6        |
| Czech Republic        | BFF Česká Republika s.r.o.  | A-C                  | 3                | 2.8                        | 0.4                                  | -0.0                     | 0.1             | 0.0      | -           |
| Slovakia              | BFF Central Europe s.r.o.   | A-C                  | 16               | 12.4                       | 14.1                                 | -2.7                     | 9.87            | 0.2      | -1.4        |

34) Consolidated values by tax jurisdiction have been provided in the table.

35) Type of activity: **A:** performance of factoring activities by purchasing receivables on a non-recourse basis, as well as credit management service. The Group is specialized in the sale of receivables due from the National Healthcare System and the Public Administrations in the countries in which it operates.

**B:** performance of funding activities for the public through online deposit accounts for retail customers and businesses. In Spain, this activity is carried out through the Bank's Spanish branch which also operates in Germany, the Netherlands and Ireland, under the freedom to provide services, a product dedicated only to retail investors is provided. In Poland, this activity is carried out through the Bank's Polish branch. **C:** financing the working capital of suppliers to the government authorities of existing and future receivables, of public sector and healthcare investments. **D:** performance of leasing activity. **E:** providing securities services and payment services.

36) It should be noted that "Turnover" is the Total income stated in item 120 of the Income Statement and Consolidated Income Statement. It should also be noted that this column does not include intra-group transactions within the same jurisdiction.

37) Consolidated values by tax jurisdiction have been provided in the table.

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39) It should be noted that "Turnover" is the Total income stated in item 120 of the Income Statement and Consolidated Income Statement. It should also be noted that this column does not include intra-group transactions within the same jurisdiction.

40) The value for the Italian tax jurisdiction has been calculated by subtracting the amounts from the Group's other tax jurisdictions, as these are intra-group transactions whose total amount is zero.

41) Consolidated values by tax jurisdiction have been provided in the table.

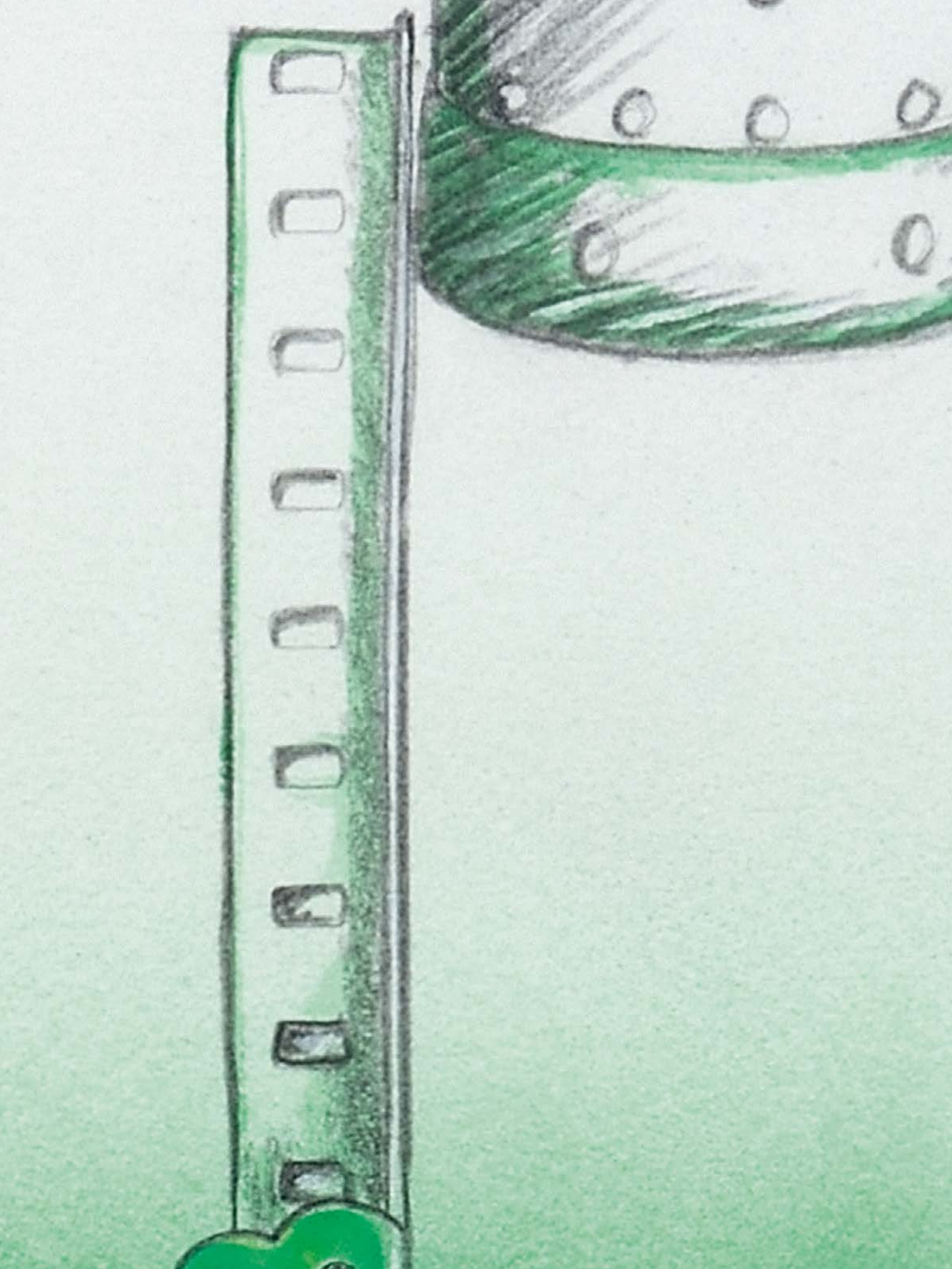
42) Type of activity: **A:** performance of factoring activities by purchasing receivables on a non-recourse basis, as well as credit management service. The Group is specialized in the sale of receivables due from the National Healthcare System and the Public Administrations in the countries in which it operates.

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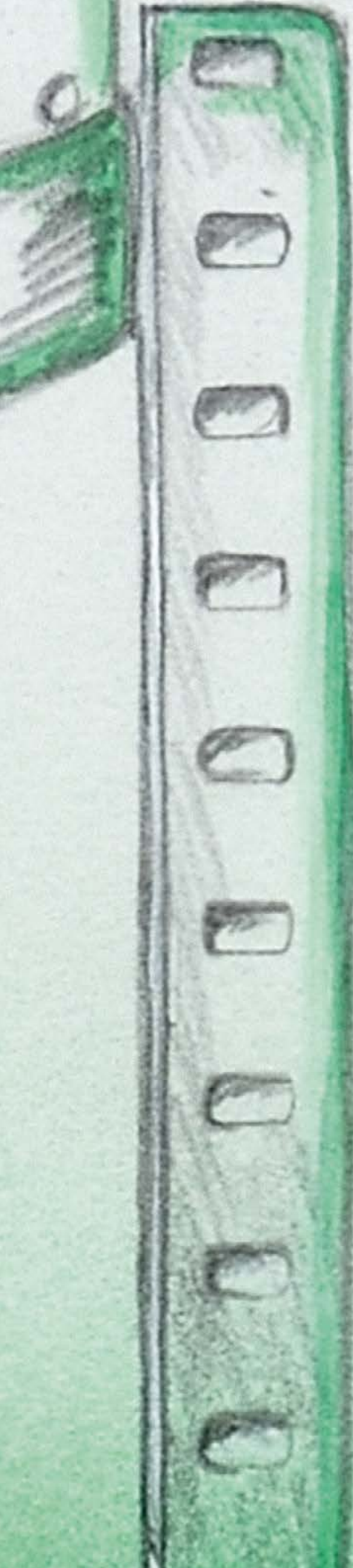
43) It should be noted that "Turnover" is the Total income stated in item 120 of the Income Statement and Consolidated Income Statement. It should also be noted that this column does not include intra-group transactions within the same jurisdiction.

44) Please note that in 2020 BFF Bank S.p.A. performed factoring activities in Italy and also in Croatia and France under the freedom to provide services, while its branch in Spain carried out funding activities with the public offering on-line deposit accounts, and it also did this also in Germany, the Netherlands and Ireland.

45) The value for the Italian tax jurisdiction has been calculated by subtracting the amounts from the Group's other tax jurisdictions, as these are intra-group transactions whose total amount is zero.







# 06

Quality of Service and  
Trust-based Relations

## A responsible product for superior quality

Over the years, the key to a sustainable product has been continuous dialogue with customers and the relationship of trust built over time, both in the field of Factoring & Lending and in Transaction Services.

As a leader in Italy in the custody of Pension Funds, beginning May 2021 the BFF Indices were launched with the aim of making available to Pension Fund managers some indicators capable of summarizing the performance of an increasingly important sector in the Italian financial landscape<sup>46</sup>.

The Pension Fund can compare the performance of its lines with traditional market benchmarks and the BFF Indices relating to the same types of investment to understand how they are positioned with respect to the other Pension Funds.

With a view to operating at all times for the benefit of its customers, in the first half of 2021 BFF launched activities needed to provide a monthly reporting service, for immediate consultation, with **personalized details on the ESG metrics of the individual portfolios** such as – by way of example – the possibility of expressing a summary ESG rating of the individual portfolio and identifying the best and worst instruments based on their ESG rating with relative weight with respect to the investment, and, again, to represent the corporate securities exposed to disputes: Gambling, GMO, Arms, etc.

With this new service, BFF has confirmed its ability to carve out a central role for itself in the evolution of ESG in the Asset Management sector.

Finally, in the field of Factoring & Lending, BFF joined and actively participates in the **“ESG for Factoring” Working Group**, established in Assifact (Italian Factoring Association) in the first half of 2021 and aimed at drafting common guidelines for all factors.

The Working Group has drafted a public document outlining the potential impacts of ESG issues in the factoring world and possible approaches to be used to embark on a path of adaptation that is value-creating and not solely cost-creating for factors.

In this context, BFF actively participated in all specific working groups (governance, risk management, business) created for the preparation of the guidelines. BFF also participated as a speaker at the guidelines presentation event with a speech in which the Group Chief Financial Officer presented the adaptation process that has already been carried out and the views of possible interpretations related to the EU Regulation 2020/852 establishing the Taxonomy.

With the aim of continuing on the path of integrating sustainability - also in the light of what has been achieved over more than 35 years - BFF offers responsible products and quality services, in compliance with the distribution strategy previously defined, through which the Bank guarantees the constant adequacy of its product marketing methods based on the characteristics of the target market and the products themselves, as set forth in the “Policy addressing governance of and control over retail banking products”.

Furthermore, in this regard, it should be noted that the Bank also has a specific “Remuneration policy for relevant persons, staff in charge of handling complaints, and the staff responsible for credit ratings”, as

<sup>46</sup> See Methodological Note and the monthly commentary are available on the BFF website: <https://it.bff.com/it/indici-bff>.

described in more detail in the Accountability to People section. The aim of this policy is to incentivize the sales team as well as to ensure that a responsible product is offered, the quality of which increases over time.

BFF's ability to intervene promptly in support of its clients with customized solutions, the Group's reliability and expertise in dealing with public authorities, its constant dialogue with counterparts, in order to understand both their specific needs and those related to the sector in which they operate, are among the most appreciated distinguishing characteristics of BFF's offer and also underpin the long-lasting trust-based relationship established with so many clients over the years. To this can be added the regular training of the sales force, at all times in line with best practices, both within the company and through external, specialized channels. In addition to the relationships established with primary entities such as Cergas (SDA Bocconi's Center for Research on the Management of Health and Social Assistance), Ca' Foscari University for its informative and analytical contribution on the state of Italian municipalities, the AGICI Observatory - Corporate Finance, which conducts an important analysis of the utilities sector, and Confindustria, which - along with traditional training - allow the sales force to stay abreast of trends in the sectors in which BFF's clients operate and to understand their needs better in order to propose innovative and timely solutions.

BFF guarantees prompt action supporting customer requirements thanks also to the efficient and timely manner which the Bank is capable of designing a highly inclusive and responsible product, through the flexible internal processes that are oriented to satisfy business financial and operational requirements and also guarantee a reduced risk profile for the Group.

Indeed, the product development process is subject to a risk assessment phase by the second-level control functions, which make it possible to verify, with high-level, punctual expertise, that the product is constantly aligned with the Group's Risk Appetite Framework.

In order to regularly improve reactivity to bank customer requirements, the customer satisfaction survey and the associated plans complement the relationship of trust and transparency which is an integral part of the Group's mission and, as such, a responsibility not only of the management, but also of every employee, to guarantee.

## Quality of Service

The Group’s commitment to providing its customers with the best product on the market is reflected in the quality of the service and the trust-based relationship that BFF establishes with them.



**“Ensuring high standards of services for BFF’s customers, in line with market needs and developments.”**



The Group's offer, which is developed along two lines of business - Factoring & Lending and Transaction Services (which includes the Security Services and Payments Business Units ("BU") - is articulated differently depending on the geographical areas in which BFF operates, since the sector is highly influenced by local regulations.

The Factoring & Lending BU represents the original business of the banking group and carries out its lending through products such as non-recourse factoring, lending and credit management to public administration bodies and private hospitals.

Securities Services BU is the business unit that deals with custodian banking for investment funds and related services such as global custody, fund accounting and transfer agents for national managers and banks and for various investment funds such as pension funds, mutual funds and alternative funds. This business is focused on the Italian market.

The Payments BU is the business unit that deals with payment processing, corporate payments and checks and bills and has as customers medium-small Italian banks, medium-large companies and boasts a partnership with Nexi. The business is concentrated in the domestic market.

Details of the Group's offer can be found at <https://www.bff.com/en/services>

It is precisely the high level of reliability and the ability to interpret and anticipate scenarios, provision of a high level of support, including extremely personalized support, in matters of legislation and regulations, that have contributed over time, both in Factoring & Lending and in Transaction Services, to establishing and maintaining a solid trust-based relationship with our customers.

In particular, it should be noted that over the years BFF has always carried out qualitative and quantitative surveys on Factoring & Lending clients in order to enhance the quality of its services. As a result of the extension of operations to Transaction Services, the good practice of the annual Customer Survey was also extended to encompass this segment.

## CUSTOMER SATISFACTION

The Group constantly strives for to satisfy its customers, completing and implementing action plans and strategies on the basis of the results arising from customer satisfaction efforts. Customer satisfaction results are also part and parcel of the variable compensation of some employees.

Italy, Spain and Portugal and Poland and Greece (from 2021), annually undertake a survey of a representative panel of customers in order to gauge their degree of satisfaction with respect to their expectations in terms of the products, operations and processes, and their propensity to promote BFF services (Net Promoter Score), with the aim of supporting and promoting the Bank's external recognition and values, in line with business and customer management.

The survey is conducted through a questionnaire and open interview on a sample of customers in terms of size, product and industry; the survey from 2022 was conducted separately for the two businesses Factoring & Lending and Transaction Services.

Each year, new customers are added to the existing sample, the latter being included to ensure continuity in line with the objective of monitoring the business and expanding the panel.

The survey carried out through the administration of questionnaires includes the analysis of two dimensions: the level of satisfaction measured according to the SERVQUAL<sup>47</sup> method and the Net Promoter Score (NPS)<sup>48</sup>. Following collection of the results of the survey, action plans are prepared to improve service delivery and the ways in which the company’s services are communicated externally.

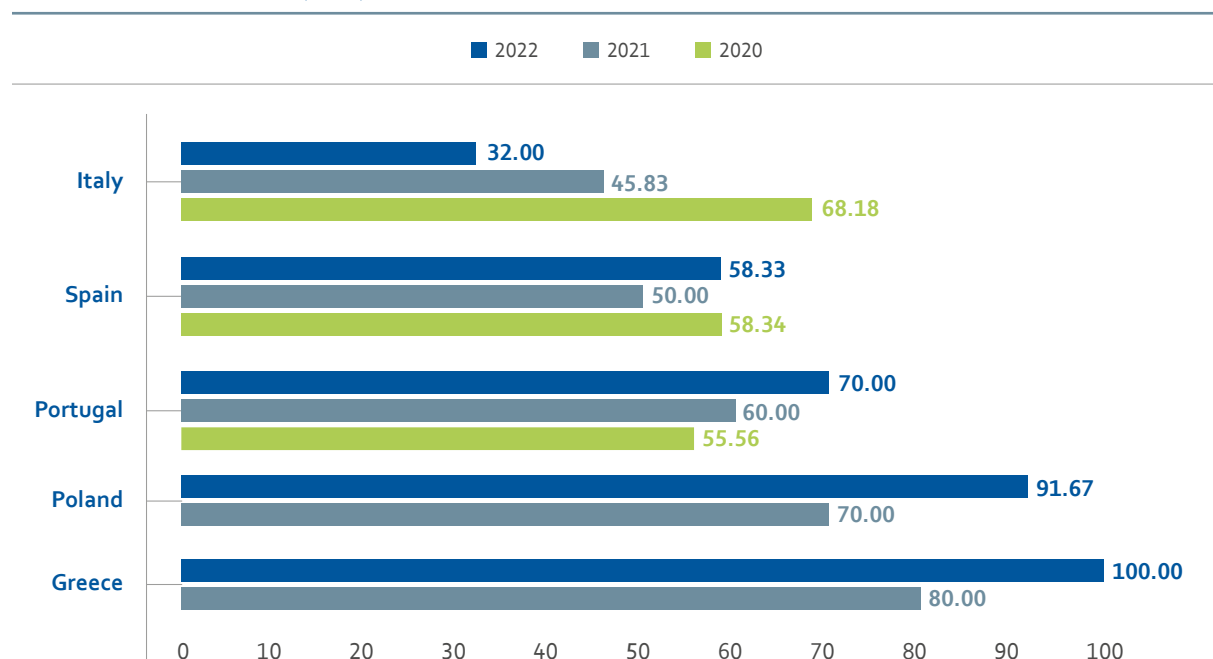
### CUSTOMER SATISFACTION

|   | UoM | 2022 |     | 2021 F&L | 2020F&L |
|---|-----|------|-----|----------|---------|
|   |     | TS   | F&L |          |         |
| Total number of customers who were administered the questionnaire           | no. | 20   | 69  | 71       | 45      |
| Total number of satisfied customers who were administered the questionnaire | no. | 20   | 67  | 67       | 45      |
| Percentage of satisfied customers who were administered the questionnaire   | %   | 100% | 97% | 94%      | 100%    |

The table shows that the panel identified is satisfied with the service offered. The total number of satisfied customers is the sum of “promoters” and “neutral” customers analyzed using the NPS index.

In Italy, with reference to the Factoring & Lending business, in 2022 the NPS index is 32, in Spain 58.33, in Portugal 70, in Poland 91.67, and in Greece 100.

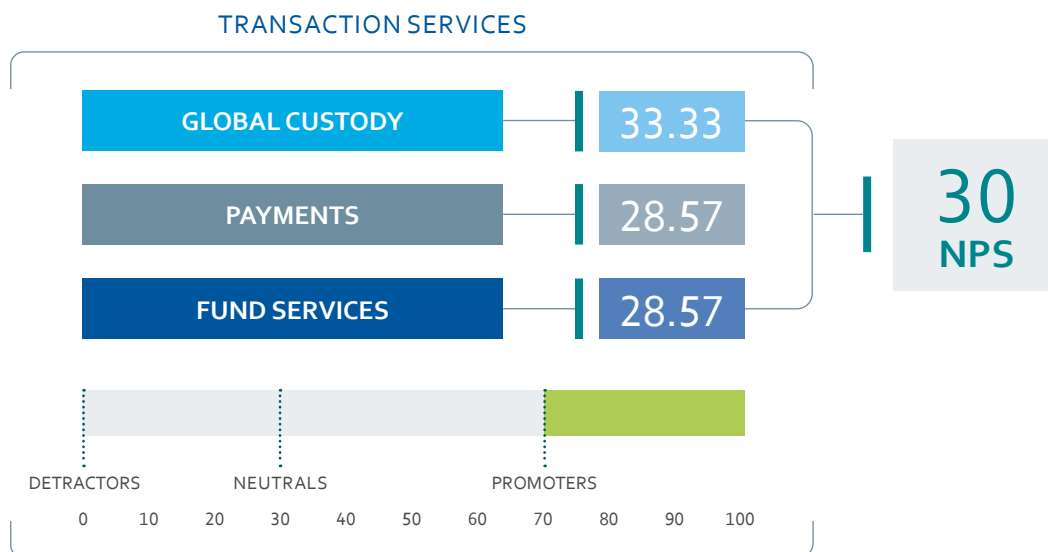
### NET PROMOTER SCORE (NPS)



47) This model makes it possible to measure the quality of service provided by a given firm by benchmarking expectations against perceptions.

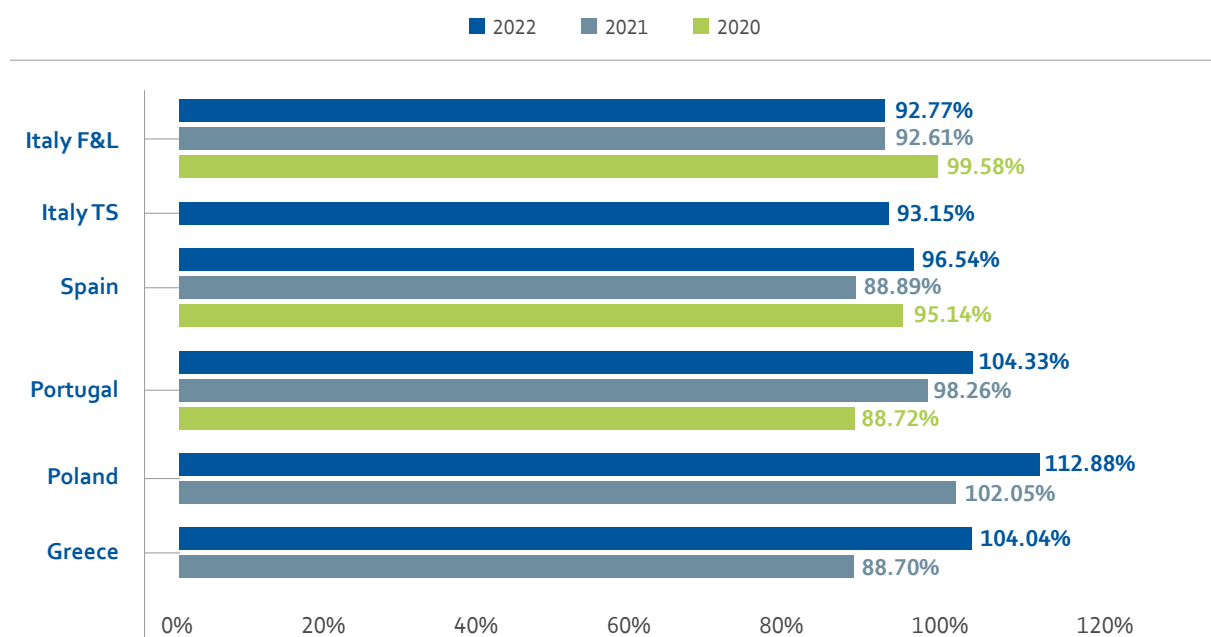
48) A management tool that can be used to assess loyalty in a business-to-customer relationship, based on the assumption that customers can be divided into “promoters”, “neutral” and “detractors” depending on their propensity to reuse or recommend the Bank’s services.

During 2022, with reference to the Transaction Services business, an NPS index of 30 was recorded in Italy.



With reference to the level of satisfaction, the figure below shows the specific results emerging from the surveys carried out in the 2020-2022 three-year period by individual country for the F&L area.

### DEGREE OF SATISFACTION (%)



On the other hand, the degree of satisfaction of customers pertaining to the Transaction Services area was 93.15% in total, more precisely composed as follows: 90.63% for Global Custody clients, 95.80% for Payments clients, and 92.67% for Fund Services clients.

The Survey establishes whether the company’s distinctive traits are visible and if BFF’s core values are understood, and it also gives an insight into the level of customer satisfaction of the products and services used. In addition, it assesses customers’ opinions on major changes or novelties such as international development, sustainability, events, and so forth.

Since BFF offers dedicated services in the various markets in which it operates, the year-on-year comparison in the same market is particularly noteworthy, while the comparison between individual markets is affected by the different types of services offered and the level of maturity and expectations of customers in the individual market.

Compared to 2021, there is growing interest in all countries in sustainability issues; particularly in Italy where, on the one hand, the level of individual awareness has increased and on the other, institutions and companies have begun to take increasingly concrete actions in grounding it.

Abroad, especially in Greece, clients have highlighted how BFF’s support during the Covid-19 period was helpful to local businesses, while in Portugal it has become clear that Green financing issues are increasingly prominent in the market.

In Italy, 25 F&L customers were interviewed, 15 of whom were interviewed in 2021, specifically 17 National Health Service customers and 8 government authority customers.

High level of service and attention to customer relations, transparency and responsiveness, along with experience and reliability are recognized as distinctive features of the Bank. The Bank’s commitment to offering new products to meet new needs and requirements in the niche market in which BFF operates was recognized as a plus by the counterparts interviewed.

For the first time, customers from all 3 Transaction Services departments were also interviewed, with a total of 20 customers involved in the survey. The results show how:

- ▶ integration with BFF took place under the banner of full continuity with the past;
- ▶ BFF is perceived as a reliable partner, at the forefront of service and proposing flexible and customized solutions;
- ▶ transparency and clarity on the timing and feasibility of transactions, as well as the breadth of the Bank’s offerings are the most valued elements;
- ▶ BFF is identified as a “pro-customer” bank, able to anticipate change and act proactively, which also stands out for its diligence and timeliness in supporting the adjustment of services in the face of regulatory changes;
- ▶ Italianness is perceived as a distinctive element because of BFF’s deep knowledge of the specifics of domestic reality and ease of interaction.

In Spain, 12 customers were interviewed for Customer Satisfaction survey, 3 of whom had been interviewed in 2021. BFF is recognized by most customers for its ability to be agile, fast, user-friendly, effective and very supportive, with effective and clear communication. Problem solving, commitment, professionalism and high level of expertise combined with the strength of the sales team were mentioned as characteristics that differentiate BFF from its competitors. Most customers see BFF's products and service as the best possible choice.

In Portugal, the Customer Satisfaction survey involved 10 clients, 4 of whom have already been interviewed in 2021. BFF stands out as a solid and unique partner in Factoring services, fast and easier than all other operators in the market. Knowledge, professionalism, helpfulness and ease are the strengths that emerged and which make BFF stand out from competitors.

In Greece, 10 customers were interviewed for customer satisfaction in 2022, 4 of whom had already been interviewed in 2021.

Clients identified BFF's main assets: these were uniqueness in the market, professionalism, proactiveness, speed, helpfulness, empathy, strong relationships and an excellent local team. In addition, flexibility and the ability to relate are very much appreciated, as an important differentiator from competitors. BFF is perceived as a solid partner and one of the most competitive providers of factoring services.

In 2022, the first Customer Satisfaction survey in Poland involved 12 customers (1 continuous panel customer), submitting both the quantitative questionnaire and the open interview. The questionnaire revealed flexibility, know-how, reliability of the sales network along with strong and long-standing relationships and speed of execution as the main strengths. BFF's niche in the market also appears to be increasingly attractive to other players in the sector.

## Trust and transparency in relations with customers

The management of customer relationships is central for BFF, which undertakes to always perform this duty effectively and proactively, as also shown by the results of the surveys and level of retention. The Group's extensive experience contributes to boosting the financial performance of its clients, and it supports the liquidity of companies operating in the complex dynamics linked to supplies to public administrations. Also for these reasons, the Group is continuously committed to efficiently managing any customer complaints and facilitating the process of managing reports by clearly defining:

- ▶ the interactions between the function responsible for handling complaints and the other functions involved in the complaint handling process;
- ▶ the company's standards for answers to ensure that timely and exhaustive replies are given to customers;
- ▶ the frequency, methods and recipients of the relevant reports.

In addition, BFF is supervised by the Bank of Italy and must meet the transparency requirements laid down by the regulations in force. In this regard, the Bank has special transparency procedures in place to govern the contents of product disclosures, as well as procedures for making contracts, forms and/or documentation available to the public in accordance with current legislation.

BFF's Subsidiaries and Branches adopt the Parent Company's guidelines and implement the provisions of the Group Code of Ethics.

As proof of the Group's compliance with the law and complete transparency of its disclosures, in the course of 2022, no complaints were filed in relation to cases of false advertising or misleading marketing practices.

**“Consolidating relationships based on transparency and trust, with special emphasis on the continuity and stability of customers businesses and transactions between market players”.**



## PRIVACY

Following the entry into force of Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 (hereinafter referred to as the "General Data Protection Regulation" or "GDPR"), the Bank has implemented appropriate technical and organizational measures to ensure that processing is carried out in accordance with the GDPR.

The Group has appointed an outsourced Group Data Protection Officer and Privacy Coordinators, who implement technical and organizational measures to ensure that the processing of personal data complies with the requirements of the GDPR and guarantees the protection of the data subject's rights. The Privacy Coordinators also report, within their area of competence, on any critical issues, implementation difficulties, and incidents that occurred during the relevant reporting period.

Please also note that BFF has published a Privacy Policy on its website where data subjects are informed about browsing data while consulting the website. In particular, the Group provides a disclosure on the type of data processed (browsing data), cookies used, links to other websites, data processing, sharing, data communication and dissemination methods, the rights of data subjects and the right to submit a complaint.

The Group has also published disclosures on its website on data processing for customers, suppliers and debtors pursuant to Article 13 of EU Regulation 2016/679 - (<https://www.bff.com/en/personal-data-processing> and <https://www.bff.com/privacy>).

The Group has adopted internal policies approved by the Board of Directors and by the corresponding corporate bodies of the Subsidiaries, updated on a periodic basis in compliance with the requirements of EU Regulation 2016/679:

- ▶ Group Policy on the Exercise of the Right to the Portability of Personal Data: this policy governs the right to the portability of personal data pursuant to Article 20 of Regulation (EU) 2016/679, which constitutes a supplement to the right of access as an instrument whereby the "data subject" manages and reuses the personal data fully autonomously. It facilitates the circulation, copying or transfer of personal data from one IT environment to another without any impediments, promoting innovation and the sharing of personal data between the Parent Company and/or the Subsidiaries and other data controllers completely securely and under the control of the "data subject".
- ▶ *Group Privacy by Design-Default Policy*: the Policy regards the implementation of adequate technical and organizational measures to protect personal data starting from the design phase (privacy by design) and also throughout the data lifecycle as a predefined setting (privacy by default).
- ▶ Group Policy for the exercise of the data subject's rights in the processing of personal data: the Policy regulates the rights to the personal data provided - provided for in Regulation (EU) 2016/679 - which consist of:
  - right of access;
  - right of rectification;
  - right to erasure or "right to be forgotten";
  - right to restrict processing;
  - right to personal data portability;
  - right to object.

The Group has set up a management system for the exercise of the rights of data subjects which enables the Data Controller or their Delegate to provide a timely, accurate and transparent response, without undue delay, justifying any intention not to accept such requests.

Group Policy for the management of data breaches: the security policy adopted by the Group establishes that adequate technical and organizational measures are put into place to guarantee and demonstrate that personal data processing is performed in compliance with the General Data Protection Regulation - Regulation (EU) 2016/679. When however, despite such measures, a data breach takes place, the Parent Company and/or the Branches/Subsidiaries must respond promptly in order to guarantee respect for the four security objectives:

- ▶ availability: guaranteeing access to information and network services to responsible personnel in relation to work requirements and the rights and fundamental freedoms of the data subjects;
- ▶ confidentiality: guaranteeing the prevention of abusive or unauthorized access to information, services and systems;
- ▶ integrity: guaranteeing that information has not been altered by incidents or abuses;
- ▶ resilience: a system's capacity to adapt to changes.

The above-described Policies are disclosed by publication on the regulatory repository and likewise are brought to the attention of employees as part of periodic training courses. The Privacy Policy contains the methods by which the Group undertakes and ensures the proper processing of data, consistent with the applicable legislation in each country, and is published on the Group's corporate website.

Periodically, assessments are carried out by the Group Data Protection Officer as well as by the Corporate Control Functions in order to ascertain the effectiveness of internal processes regarding the processing of personal data as well as the IT devices used.

The outcomes of the audits conducted in 2022 were positive and did not reveal any deficiencies, except for a few areas requiring improvement that will be promptly implemented by the Group.

During the year, 2 data breaches occurred within the BFF Group related to a clerical error in one case and an information system malfunction in the other. As a result of these, the personal and financial data of some customers were disclosed to unauthorized persons (other customers of the companies affected by the breach).

In one case, given the absence of a high risk to the rights and freedoms of the data subjects whose data were erroneously disseminated, and given the limited number of customers involved in the breach, the Company deemed it unnecessary to notify the Supervisory Authority and the data subjects of the breach under Articles 33 and 34d of the GDPR.

In the second case, while considering a low risk to the rights and freedoms of data subjects, the Company prudently notified the Supervisory Authority and communicated with the customers impacted by the incident.

# Cyber Security and Technological innovation

## INFORMATION SECURITY

Safeguarding the security of its information system and protecting the confidentiality, integrity and availability of the information produced, collected or otherwise processed, from any intentional or accidental threat, whether internal or external, is a top priority for BFF.

In this context, the BFF Group has undertaken a number of initiatives aimed at harmonizing the degree of automation of Group operations, listed below.

BFF has moved from a traditional approach to cybersecurity to an innovative one based on the following four characteristics:

- ▶ **Dynamic approach:** based on footprint and enterprise technology change to limit exposure to vulnerabilities thereby reducing the surface of attack;
- ▶ **Diffuse security approach:** trust zones are created based on data, users, devices and networks. Segregation then facilitates lateral movement to be limited and isolates threats at the lowest level;
- ▶ **Visibility-oriented approach:** active defense technologies, such as anomaly detection, that help provide greater real-time visibility of suspicious activities;
- ▶ **Proactive and resilient approach:** an agile approach to defense that leverages automation and organizational capabilities to act proactively, quickly containing the threat and reducing exposure during an attack scenario.

From a strategic point of view, BFF has implemented an enhancement of its cybersecurity posture - such as the set of data regarding the security status of a corporate network, the ability to organize its defenses and the efficiency in responding to attacks - by strengthening people, technologies and processes through specific actions.

Specifically:

- ▶ **Governance Model:** make the operating model more effective to implement cybersecurity initiatives better and strengthen cooperation with the business. In particular, the security operating model provides for segregation from the operational machinery of the IT area.
- ▶ **Risk Culture:** improve the risk management process by fostering information exchange, clarifying responsibilities and avoiding overcovering by adopting a more protective approach to go-to-market;
- ▶ **Extended Enterprise:** strengthen third-party security management and control tools, creating an extended and resilient structure capable of better protecting its borders;
- ▶ **Technology Program:** upgrade the infrastructure and simplify architectures by adopting a zero-trust approach to create an effective prevention, defense, containment and response capability against both external and internal threats using better technologies. In addition, in view of the growth directions outlined in the “BFF 2023” business plan, and the strategic objective related to the growth of the target customer base, with particular reference to technological innovation, in 2022 the Group undertook further initiatives aimed at streamlining and homogenizing the degree of automation of its operations, progressing toward an architecture of scalable IT products and services adaptable to an evolving and expanding business. In this regard, a multi-year project was launched aimed at creating a new and innovative Group platform to support the core business of Factoring & Lending<sup>49</sup>, through the revision and remodeling of the underlying processes; investments were made in information systems and existing processes aimed at managing new types of ancillary services to non-recourse factoring requested by customers in different countries; initiatives have been launched to introduce robotization mechanisms (RPA) in back office and administrative processes in order to reduce processing times and increase automatic controls by improving the level of service to customers; the use of electronic signatures has also been extended to all legal entities in the group to streamline and speed up the process of signing contracts with both customers and suppliers. Finally, in order to support the evolution of the ICT operating model, an initiative focused on the review and alignment with the Information Technology Infrastructure Library (“ITIL”) of internal ICT management and user relationship processes and tools.

49) On October 3, 2022, BFF Bank finalized the acquisition of the IT company “MC3 Informatica S.r.l.” which as of the same date changed its company name to BFF Techlab S.r.l. This transaction is consistent with the growth path outlined in the 2023 Business Plan, and will allow for the vertical integration of all development activities linked to the management and evolution of the Group’s information system, favoring cost synergies and boosting operational efficiency.

From a Business Continuity Management point of view, BFF is constantly improving its Business Continuity Management System (BCMS), which includes the following steps:

- ▶ Business Impact Analysis;
- ▶ Risk analysis;
- ▶ Strategies and continuity solutions;
- ▶ Business Continuity Plan;
- ▶ Maintenance and control.

The BCMS implemented by BFF consists of a set of processes, procedures, structures and solutions that define ways to deal with events or incidents that could cause serious disruptions to its operations and its ability to provide products and services at a level deemed acceptable.

Cyber risk is one of the most impactful risks to which banks are exposed. One can just imagine the growing number of threats and the increased sophistication of attacks that require the adoption of appropriate security safeguards.

This type of risk can be caused by external threats, such as hacking activities aimed at data theft, but also by actors within organizations:

- ▶ External threats, attacks by cyber criminals perpetrated with the aim of committing financial fraud, which, depending on the type of clientele, could cause substantial economic damage due to the significance of the individual transactions handled. In this scenario, particular attention should be paid to the evolving external environment influenced by the presence of new threats based on the use of sophisticated combinations of social engineering, spear phishing and malware targeting the illicit transfer of funds, and by emerging technologies, new hacking methods such as deepfake, at work in social engineering to gain access to corporate data or to cause reputational damage, or 5G, which, with its rapid deployment and the consequent increase in data transmission speed, will foster the growth of increasingly rapid and discreet attacks;
- ▶ Internal threats, inherent in business operations, arising from unconscious or unlawful behavior of employees or contractors, exacerbated by operational changes (e.g. pandemic-related changes) that have resulted in increased exposure of banks to internal threats.

The aim of the Information Security Policy is to manage risk to an acceptable level, through the design, implementation and maintenance of an "Information Security Management System" (ISMS) in line with the cyber risk appetite defined at company level according to the Risk Management Regulation.

BFF Bank has initiated a number of initiatives (e.g. Penetration Testing, Vulnerability Assessment, Logical Access Control) with the goal of increasing corporate security posture by proactively strengthening systems and reducing the organization's attack surface.

In addition, BFF Bank relies on the use of largely outsourced IT components to deliver its services. The result is therefore a strong dependence with respect to the security solutions to be implemented and the consequent need to provide and define governance and control tools as well. Depending on the business provided, BFF Bank is exposed to reputational, regulatory and financial risks.

In order to ensure adequate security management, BFF Bank has an organizational model which specifies corporate roles, competencies and responsibilities for security, and for the identification and control of measures to prevent and protect the confidentiality, integrity and availability of managed information.

In order to mitigate these risks further, BFF Bank has taken out a cyber insurance policy to transfer part of the risk to the insurance markets, with the aim of protecting the company from the financial consequences of cyber damage. The cyber policy provides coverage for the following areas:

- ▶ Business interruption;
- ▶ Costs and expenses;
- ▶ Protection of personal data;
- ▶ Defense costs and penalties resulting from an investigation;
- ▶ Contractual penalties;
- ▶ Cyber extortion;
- ▶ Security breach and breach of confidentiality of personal data;
- ▶ Responsibility arising from the media.

To ensure adequate levels of efficiency and protection, BFF Bank has adopted policies and related protection measures that are subject to analysis and review as part of relevant audits by the Bank's Internal Control Functions, and, with a view to managing supply chain-related security risks, it has defined audit activities for outsourced IT systems and applications to ensure that vendors are operating in accordance with contractual agreements and applicable regulations.

To verify the effectiveness of the security measures in place and its plans, BFF Bank conducts specific risk analysis activities of all the resources that make up the information management system, in order to understand vulnerabilities, assess possible threats and prepare the necessary countermeasures, as well as identify protection criteria according to the specific needs of the business, with the ultimate goal of ensuring that security objectives are met. The Information Security Management System is audited periodically and when there are influential changes to the Bank's information system or structure with the aim of:

- ▶ reviewing the outcomes of risk analysis activities;
- ▶ checking the effectiveness of the security policies in place;
- ▶ evaluating the risk management plan and any countermeasures to be taken;
- ▶ analyzing the budget available for security investments in line with business priorities.



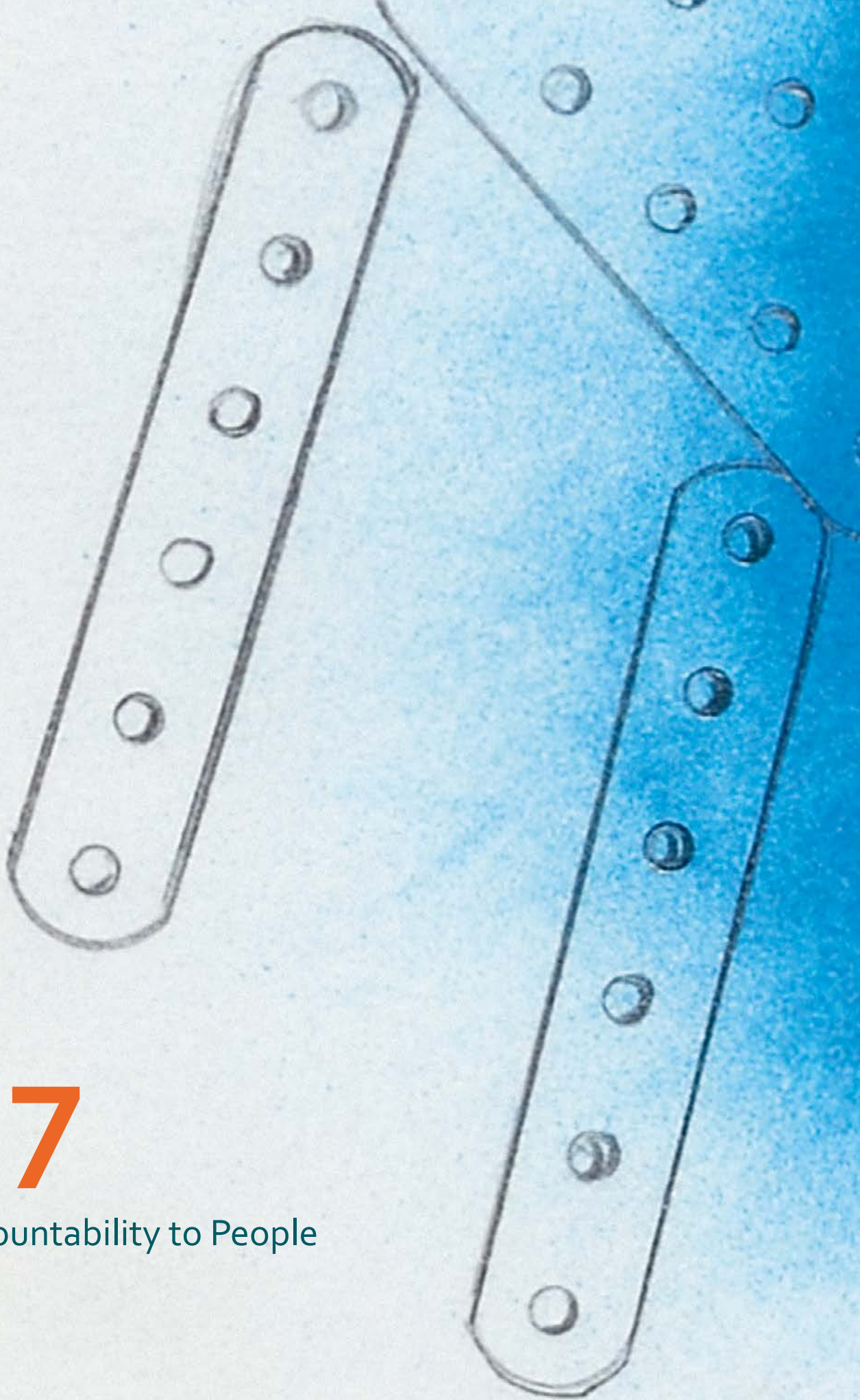
Annually, various entities (i.e. certifiers, regulators) internal and external to BFF carry out different verifications in the area of security aimed at certifying the adequacy of the level of systems and information management (e.g. independent auditors, payment circuit certification activities, Internal Audit activities, as required by the regulator).

To verify that the measures taken to ensure business continuity are effective and capable of responding in a structured and timely manner to the occurrence of a disaster situation, Business Continuity/Disaster Recovery Tests are conducted annually.

Finally, taking into account the complex environment in which BFF operates and the constant evolutions to which the Group is subjected, with the aim of guarding against and mitigating cybersecurity risks, the latter has long been on a path of improvement at various levels aimed at increasing the ability not only to prevent such risks, but also to respond appropriately when they occur. In order to raise awareness of security risks among its employees, BFF organized:

- ▶ mandatory courses on business continuity (i.e. Business Continuity Management) so as to ensure proper response to the occurrence of a disaster (related to Bank of Italy scenarios).
- ▶ online training courses on the BFF Academy platform concerning the main security risks (e.g. malware, Social Engineering; Phishing, Data Breach, etc.).

Furthermore, in addition to raising the awareness of its employees as internal stakeholders, there are specific contractual clauses with both customers and suppliers in which the principles of safety and business continuity within the supply chain are guaranteed.



07

Accountability to People





## Accountability to people

The Group constantly invests in the development of its staff and is committed to creating a positive working environment, geared towards maximum mutual collaboration, teamwork and goal sharing, where everyone feels free to express their potential. Taking ownership of the company's objectives and the creation of a system of communication between stakeholders based on principles of truthfulness and fairness constitute some of the qualities that are important when working for BFF.

In the Parent Company, commitment and results are rewarded through a structured and sustainable incentive system, based on merit and indicators such as the risk-adjusted EBTDA, which represents an efficient sustainability parameter over time, as it provides an indication of the economic results achieved, mitigating them of the effect of riskiness linked not only to the quality but also to the growth of the assets that produce those results as well as customer satisfaction, as a quantitative indicator of a non-financial nature for the Bank's Employees, which represents a valid indicator of the level of sustainability of the Group over time, since it measures customer satisfaction with respect to the service offered. This system is outlined in the following documents:

- ▶ Remuneration policy and related Report on compensation paid;
- ▶ Performance Management procedure, which describes how to apply an effective performance management system in line with the requirements of current legislation, based on objectively measurable KPIs to guarantee an objective, non-discretionary assessment that rewards merit, the objectives of which are to:
  - a) encourage sharing and steer all employees towards achieving the company's objectives;
  - b) align organizational behavior with company values and with support for medium-term and long-term objectives;
  - c) encourage dialogue between each manager and his/her staff, the development of resources, teamwork, integration and cooperation between functions;

**“Defining professional growth and talent management paths for the Group's employees, including benefits and compensation.”**

- ▶ foster talent retention within the Group by providing a long-term stock option plan;
- ▶ support the remuneration policy for relevant persons, personnel responsible for handling complaints and the personnel responsible for credit ratings;
- ▶ support the Group Training Procedure, in force from 2021, which promotes the development of the skills of employees throughout the Group, through unified methods and processes.

At local level, the subsidiaries operate according to the guidelines of the Parent Company, however they organize initiatives specifically for local employees using the procedural framework in place. Poland, for example, has the following documents:

- ▶ Organizational regulations, which define the relationships within the organization, the organizational structure and the scope of responsibilities within each O.U.;
- ▶ Labor regulations, i.e., statutory local regulations, which define the most important employment rules;
- ▶ Remuneration policy;
- ▶ Regulation governing the granting of financial aid to employees;
- ▶ Performance management;
- ▶ Remuneration regulations;
- ▶ Recruitment procedure;
- ▶ Onboarding process (at a Parent Company level);

The Spanish subsidiary has the following body of procedures in place:

- ▶ Resignation or dismissal policy; this policy requires the HR Function to complete a checklist when employment with the company is terminated;
- ▶ Remuneration policy; this policy defines the internal bodies and committees that take part in the remuneration decision-making process.



## Group workforce mix and diversity

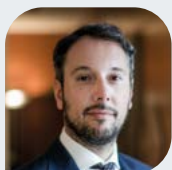
Aware of the importance of an Executive Team that is capable of successfully handling extraordinary difficulties, thinking strategically and, at the same time, bringing concrete results in the immediate term, over the years BFF has invested in the creation of an inclusive, international team that can provide contributions and useful perspectives to colleagues and for the organization’s involvement in shared objectives.

### Chief Executive Officer



Massimiliano Belingheri

### Vice Presidents



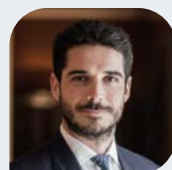
Michele Antognoli  
Factoring & Lending



Piergiorgio Bicci  
Finance & Administration



Massimo Pavan  
Technology & Processes Improvement



Enrico Tadiotto  
Transaction Services

### Country Heads



Marek Duban  
Slovakia, Czech Republic



Nuno Francisco  
Portugal



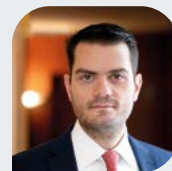
Krzysztof Kawalec  
Poland



Javier Molinero  
Spain



Mariya Terzieva  
Croatia, France



Christos Theodossiou  
Greece



An Executive Team that provides the right balance of experience, innovation and cultures represented, to think strategically, act concretely and effectively and engage others to achieve lasting success, anticipating market developments, working with discipline and speed and being always open to learning.

**“Implementing policies to fight discrimination and promote diversity among employees.”**

## Directors



**Alessia Barrera**  
Communications  
& Institutional Relations



**Claudio Ceccaroni**  
Internal Audit



**Caterina Della Mora**  
Investor Relations,  
Strategy and M&A



**Michela Della Penna**  
Compliance & AML



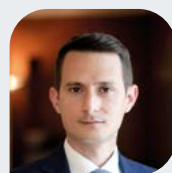
**Marilena Ferri**  
HR & Organizational  
Development



**Mario Gustato**  
General Counsel &  
Business Legal Affairs



**Alessandro Mayer**  
Chief of Staff



**Marco Piero**  
Risk Management

The Group’s workforce consists of a total of 842 staff, down around 2% compared to 2021, of whom 460 are women and 382 men.

About 68% of the total workforce is employed in Italy, about 22% in Poland and the remaining 10% in the other countries where the Group operates.

95% of the staff are employed on permanent contracts, about 54% of whom are women.

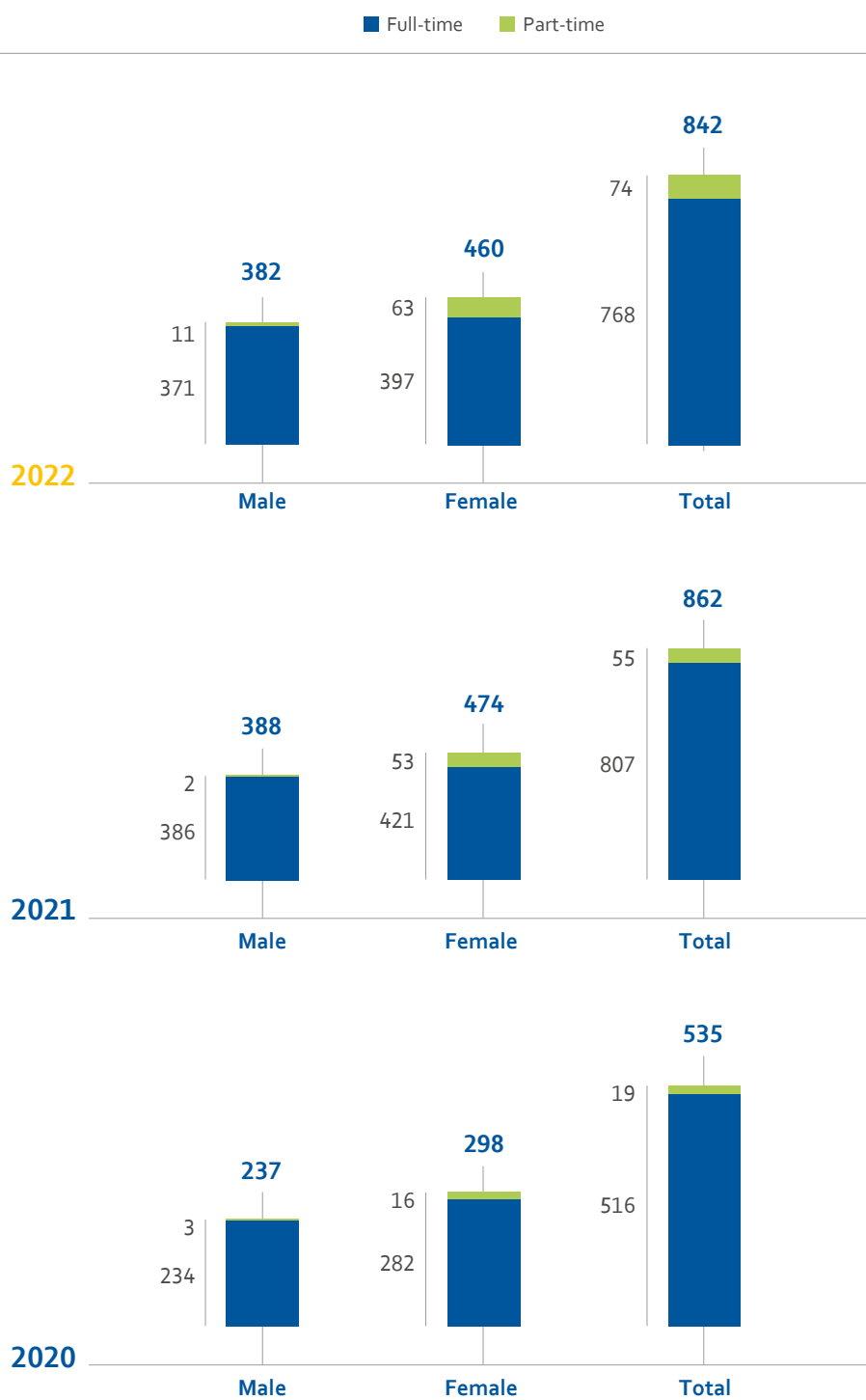
## EMPLOYEES

| Country                               | 12.31.2022 |            |            | 12.31.2021 |            |            | 12.31.2020 |            |            |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                       | Male       | Female     | Total      | Male       | Female     | Total      | Male       | Female     | Total      |
| <i>Permanent</i>                      | 372        | 432        | 804        | 378        | 435        | 813        | 222        | 254        | 476        |
| <i>Temporary</i>                      | 10         | 28         | 38         | 10         | 39         | 49         | 15         | 44         | 59         |
| <i>Non-guaranteed hours employees</i> | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <i>Full-time</i>                      | 371        | 397        | 768        | 386        | 421        | 807        | 234        | 282        | 516        |
| <i>Part-time</i>                      | 11         | 63         | 74         | 2          | 53         | 55         | 3          | 16         | 19         |
| <b>Total BFF Group</b>                | <b>382</b> | <b>460</b> | <b>842</b> | <b>388</b> | <b>474</b> | <b>862</b> | <b>237</b> | <b>298</b> | <b>535</b> |

Regarding the type of employment, in 2022 about 9% of all employees had a part-time contract. Specifically, 47 employees were hired on a part-time basis in Italy, 24 in Poland and 2 in Spain.

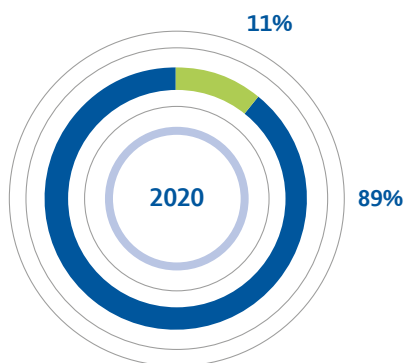
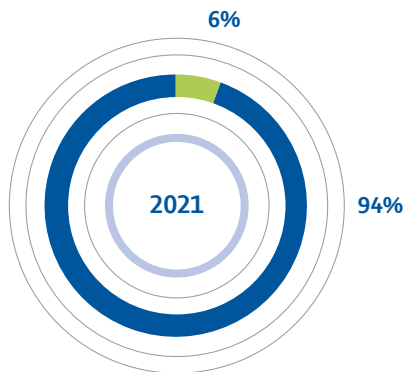
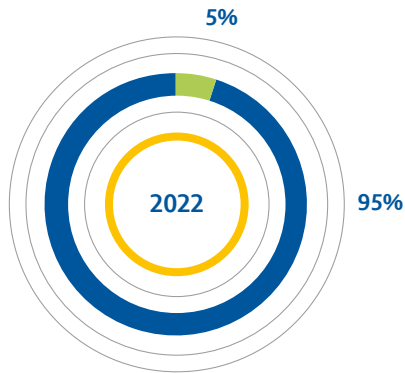
In addition to the Group’s permanent staff, in 2022 there are 19 workers, including 5 temporary staff, employed to fill uncovered and/or temporary organizational positions and 14 interns, with training projects on specific company activities and projects in staff or business functions, aimed at developing professional skills.

## GROUP EMPLOYEES BY TYPE OF CONTRACT (FULL-TIME/PART-TIME)



## TYPES OF EMPLOYEES OF BFF GROUP

■ Permanent    ■ Fixed-time



As can be seen from the table below, in 2022 women accounted for approximately 55% of employees, almost in line with the previous year.

With specific reference to professional categories, about 3% belonged to Top Management (women accounting for 14%), about 19% of employees were part of Middle Management (women accounting for 41%), while the remaining 78% consisted of Staff, of whom **60% women**.

#### COMPOSITION OF THE GROUP'S WORKFORCE BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP 2022

| PROFESSIONAL CATEGORY                 | Male      |            |            |            |                     | Female    |            |            |            |                     | Totals    |            |            |            |             |
|---------------------------------------|-----------|------------|------------|------------|---------------------|-----------|------------|------------|------------|---------------------|-----------|------------|------------|------------|-------------|
|                                       | <30       | 30-50      | >50        | Total      | % of total category | <30       | 30-50      | >50        | Total      | % of total category | <30       | 30-50      | >50        | Total      | %           |
| Senior Executives/Executives          | 0         | 10         | 14         | 24         | 86%                 | 0         | 3          | 1          | 4          | 14%                 | 0         | 13         | 15         | 28         | 3%          |
| Managers/Middle Managers/Coordinators | 0         | 62         | 30         | 92         | 59%                 | 2         | 49         | 13         | 64         | 41%                 | 2         | 111        | 43         | 156        | 19%         |
| Specialists/Professionals             | 18        | 159        | 89         | 266        | 40%                 | 43        | 231        | 118        | 392        | 60%                 | 61        | 390        | 207        | 658        | 78%         |
| <b>Total</b>                          | <b>18</b> | <b>231</b> | <b>133</b> | <b>382</b> | <b>45%</b>          | <b>45</b> | <b>283</b> | <b>132</b> | <b>460</b> | <b>55%</b>          | <b>63</b> | <b>514</b> | <b>265</b> | <b>842</b> | <b>100%</b> |

#### COMPOSITION OF THE GROUP'S WORKFORCE BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP 2021

| PROFESSIONAL CATEGORY                 | Male      |            |            |            |                     | Female    |            |            |            |                     | Totals    |            |            |            |             |
|---------------------------------------|-----------|------------|------------|------------|---------------------|-----------|------------|------------|------------|---------------------|-----------|------------|------------|------------|-------------|
|                                       | <30       | 30-50      | >50        | Total      | % of total category | <30       | 30-50      | >50        | Total      | % of total category | <30       | 30-50      | >50        | Total      | %           |
| Senior Executives/Executives          | 0         | 12         | 10         | 22         | 85%                 | 0         | 2          | 2          | 4          | 15%                 | 0         | 14         | 12         | 26         | 3%          |
| Managers/Middle Managers/Coordinators | 0         | 61         | 26         | 87         | 56%                 | 0         | 53         | 14         | 67         | 44%                 | 0         | 114        | 40         | 154        | 18%         |
| Specialists/Professionals             | 17        | 178        | 84         | 279        | 41%                 | 49        | 251        | 103        | 403        | 59%                 | 66        | 429        | 187        | 682        | 79%         |
| <b>Total</b>                          | <b>17</b> | <b>251</b> | <b>120</b> | <b>388</b> | <b>45%</b>          | <b>49</b> | <b>306</b> | <b>119</b> | <b>474</b> | <b>55%</b>          | <b>66</b> | <b>557</b> | <b>239</b> | <b>862</b> | <b>100%</b> |

#### COMPOSITION OF THE GROUP'S WORKFORCE BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP 2020

| PROFESSIONAL CATEGORY                 | Male      |            |           |            |                     | Female    |            |           |            |                     | Totals    |            |           |            |             |
|---------------------------------------|-----------|------------|-----------|------------|---------------------|-----------|------------|-----------|------------|---------------------|-----------|------------|-----------|------------|-------------|
|                                       | <30       | 30-50      | >50       | Total      | % of total category | <30       | 30-50      | >50       | Total      | % of total category | <30       | 30-50      | >50       | Total      | %           |
| Senior Executives/Executives          | 0         | 15         | 6         | 21         | 84%                 | 0         | 2          | 2         | 4          | 16%                 | 0         | 17         | 8         | 25         | 5%          |
| Managers/Middle Managers/Coordinators | 0         | 51         | 8         | 59         | 58%                 | 0         | 42         | 1         | 43         | 42%                 | 0         | 93         | 9         | 102        | 19%         |
| Specialists/Professionals             | 23        | 115        | 19        | 157        | 38%                 | 56        | 172        | 23        | 251        | 62%                 | 79        | 287        | 42        | 408        | 76%         |
| <b>Total</b>                          | <b>23</b> | <b>181</b> | <b>33</b> | <b>237</b> | <b>44%</b>          | <b>56</b> | <b>216</b> | <b>26</b> | <b>298</b> | <b>56%</b>          | <b>79</b> | <b>397</b> | <b>59</b> | <b>535</b> | <b>100%</b> |

All employees are covered by collective labor agreements, with the exception of Poland, Slovakia and the Czech Republic, where these types of contracts are not provided for in local legislation.

The Group considers the creation and maintenance of a positive working environment as a priority, with a view to encouraging maximum mutual collaboration, teamwork and the achievement of common goals. The workplace is the place where everyone can express their potential. Therefore, the Group considers it essential to:

- ▶ promote harmony at all levels of business, encouraging behavior based on mutual fairness and expressly prohibiting any conduct that could generate resentment or discontent, or imply an abuse of one's position of authority;
- ▶ ensure that everyone is clearly and transparently informed about the tasks to be carried out and the objectives to be pursued;
- ▶ drive each employee towards the achievement of the objectives assigned, supporting the objectives of their team and respecting company assets, and motivate them to consider common objectives as their own;
- ▶ encourage communication processes and flows based on principles of truthfulness and accuracy not only within the Group but also with all the Bank's stakeholders;
- ▶ ensure the physical, cultural and moral integrity of people, providing an open and safe environment.

The Group Code of Ethics requires that the working environment be free from acts involving racism, discrimination and abuse. The Code of Ethics, together with the Code of Conduct and the Group's recruitment and management policy, provides guidelines on corporate policies and the values of transparency, fairness and integrity shared by all Group employees:

- ▶ people-centric approach, resulting in protection of human dignity, equal opportunities, safeguarding employees' safety, respect for the values of interrelation with others;
- ▶ safeguarding and promoting diversity, fostering dialogue within the organization;
- ▶ diligence, professional attitude and promotion of human resources through professional empowerment;
- ▶ moral integrity, legality and honesty.

In Italy, collective bargaining (including the Credit sector) provides for prior information and consultation of workers' representatives in the event of major restructuring and/or reorganization (even if resulting from technological innovations) with a procedure within the company lasting a total of 125 days<sup>50</sup>. In other countries it can range from a minimum of one month up to six months, depending on the country, and the reason for the restructuring.

Following the exit of Arca and Anima, whose cancellations were communicated in 2021 and whose outgoing migrations were completed in the course of 2022, due to which there was a significant reduction in several activities within the Securities Services Business Unit, the bank initiated actions aimed at redefining the organizational structure, readjusting it to updated business needs. In particular, please note that a restructuring procedure is ongoing, which currently involves 23 positions.

Therefore, on November 4 the trade union Information and Consultation Procedure began, pursuant to Article 22 of the Credit National Collective Labor Agreement, concerning the management of the resulting redundant employees. Please note that, in January 2023, following what was described above, a collective dismissal procedure was initiated, pursuant to Articles 4 and 24 of law No. 223 of July 23, 1991 on a reduced number of positions (from the 49 originally planned to 23 positions), as a result of voluntary departures and internal

50) article 19 "Restructuring and/or Reorganization - Business Transfers" of the National Collective Bargaining Agreement for Employees in the Credit and Finance Sectors dated December 19, 2019.



replacements. This procedure is still in the discussion phase with the trade unions.

As regard to diversity and equal opportunities, the Group is consistent with its Code of Ethics and regulations, as it:

- ▶ ensures that the employment relationship is based on the equal dignity of the parties and respect for the rights of others and the legitimate expectations of employees;
- ▶ values and respects diversity, at all stages of the employment relationship, avoiding any form of discrimination based on gender, sexual orientation, age, nationality, health status, political opinions, race and religious beliefs;
- ▶ promotes a culture based on mutual respect, transparency and clear communication, through an open and clear exchange of views;
- ▶ avoids all forms of discrimination or favoritism both at the recruitment stage and in the management of the employment relationship.

The Group recognizes the values of diversity and inclusion as veritable key resources aimed at innovation and the growth of the productivity and sustainability of the Bank and its Subsidiaries. Indeed, the diversity of skills, experiences, ideas and viewpoints fosters a better understanding of customer needs and greater competitiveness in the marketplace. The Bank understands that plurality and diversity help improve business performance, as well as meet stakeholder expectations on ESG (Environmental, Social, Governance) issues. The Group believes that the enhancement of sustainable success in the long run cannot be separated from the enhancement of diversity and the recognition of the importance of inclusion, believing them to be a key pillar in guiding the Bank's operations, in the interest of all the Group's stakeholders.

During the reporting period, there were no cases of discrimination or particular situations that could have a negative impact on the Bank and its subsidiaries.

The Group adopted the Diversity & Inclusion Policy<sup>51</sup> in December 2022. The Policy defines the guiding principles to promote diversity and inclusion continuously and progressively within the Group thereby fostering an inclusive work environment for staff and sustaining the commitment to diversity and inclusion as a factor that exerts positive effects on all the Bank's stakeholders. Underlying the Policy is the idea that the ultimate goal to support diversity is to make sure that every single person has access to the same opportunities and equal treatment and thus, ultimately, that everyone has the opportunity to be evaluated on the basis of his or her own values, abilities and merits, regardless of race ethnicity, age, gender, disability or other characteristics (such as marital and/or parental status) that could represent a discriminating factor. In this way, the Bank can, at the Group level, welcome and grow the best talent who can be hired on the basis of objective, non-discriminatory and, of course, meritocratic criteria.

The Policy is communicated to all recipients, i.e. personnel and all persons who work on behalf of and/or in the interest of BFF and the Group, or who have business relationships or collaborations of another nature with them (e.g. suppliers, consultants, collaborators, and brokers). Specifically for BFF personnel, knowledge of the Policy is also fostered through appropriate and specific awareness-raising and training initiatives, proportionate and calibrated to the roles, responsibilities and functions of each area of operation.

51) The document is available at the following link on the corporate website: <https://investor.bff.com/en/diversity-inclusion-policy>

As part of the process of drafting and/or updating the Group Business Plan, upon the proposal of the Chief Executive Officer, and after consultation with the Human Resources and Organizational Development Function, in coordination with the Group ESG & Financial Reporting Officer Support Organizational Unit, the Bank's Board of Directors establishes the Operational Plan for defining the actions and interventions necessary to achieve the objectives set forth in the Diversity & Inclusion Policy. Annually, the Bank's Chief Executive Officer provides the Board of Directors with an update on the Operational Plan's execution in terms of (i) periodic monitoring of both qualitative and quantitative results and (ii) preparation of any corrective actions, with indications of the relevant Corporate Functions. Reporting of activities undertaken and goals achieved are reported in the NFD.

The Policy is disclosed by publication on the websites and intranets of Group companies, and is brought to the attention of newly hired individuals through the delivery of the "welcome kit", to foster a solid awareness of its setting, as well as for the purpose of transparency to the market with regard to the principles and values that are an integral part of the cultural heritage of the Bank and the Group. Reporting of activities undertaken and goals achieved are reported in the NFD.

The commitment to adopt a proactive approach in fostering equal opportunities at all levels is further formalized in the Policy, starting from the selection and hiring phase of BFF People based only on objective and meritocratic criteria up to the enhancement of the propensities and talents of each individual, again on a meritocratic basis.

In Poland, diversity and equal opportunities are strictly governed by local labor law. In particular, equal treatment with regard to employment is based on the following assumptions:

- ▶ regardless of the type and terms of employment, employees must be treated equally with respect to gender, age, disability, race, religion, nationality, political opinions, ethnic origin, religious beliefs, sexual orientation;
- ▶ equal treatment in employment means not discriminating in any way, directly or indirectly, against the worker's life within the organization, including his or her professional development until employment terminates.

BFF Group offers, on a gender-neutral basis, remuneration in line with the market, benefits and additional incentive schemes designed both to improve people's quality of life and value their performance based on merit.

In order to ensure constant monitoring of remuneration gaps and gender neutrality as part of the overall governance of policies, and in compliance with the provisions of the update of **Circular 285/13 on remuneration and incentive policies and practices** of November 24, 2021 and the **EBA Guidelines**<sup>52</sup> (July 2, 2021), BFF has activated specific safeguards to ensure the gender neutrality of remuneration policies. In detail:

- ▶ an annual report for the Remuneration Committee and Board of Directors is produced on the trend of the gender pay gap ("Average Pay Gap" and "Pay Equity Gap") and gender gaps as a whole, generally between June and October, in any case in time to ensure the integration of any monitoring measures in the remuneration policy for the following year;
- ▶ where there are pay differentials at individual role level of more than 10%, the detailed revision of the HR

52) The provisions introduced by Directive 2019/878/EU (CRD V), taken up by the EBA, have the objective of reinforcing the application of the principle of equal pay for male and female workers for equal work or work of equal value provided for in Article 157 of the Treaty on the Functioning of the European Union (TFEU).

- processes of growth and salary adjustment through the inclusion of “control steps” in pay review processes;
- ▶ in the event of particularly significant gaps, consideration is given to the allocation of dedicated budgets (a non-gender neutral remuneration policy in favor of the discriminated gender), always within the overall budget approved by the Board of Directors.

The Bank’s also intends to integrate in its 2022 remuneration policy its ambition in terms of remuneration equity (gender neutrality and equal opportunities) and to establish the above-mentioned controls and evaluate the adoption of a Diversity, Equity and Inclusion policy in order to support equal opportunities.

Analyses conducted for 2022 show a Gender Pay Gap of 88.4% for the Board of Directors (excluding the Chairman), down from last year when the Gender Pay Gap was 109%.

This decrease can be explained by the composition of Board committees.

The containment of the Pay Equity Gap between 2021 and 2022 in all countries, with the exception of Poland, highlights a non-discriminatory gender pay policy that is in line with the new Diversity & Inclusion Policy.

The Group is also implementing a review of its recruiting, growth and staff retention processes, with a special focus on the gender gap. To achieve this goal, analysis and monitoring tools, including those based on numerical indicators, are being used so as to assess any situations of wage inequality accurately and take appropriate corrective measures.

#### AVERAGE TOTAL SALARY OF EMPLOYEES (\*)

| ITALY                    | UoM | 2022    |         |     | 2021    |         |     | 2020    |         |     |
|--------------------------|-----|---------|---------|-----|---------|---------|-----|---------|---------|-----|
|                          |     | Men     | Women   | %   | Men     | Women   | %   | Men     | Women   | %   |
| <i>Top Management</i>    | €   | 151,764 | 141,250 | 93% | 158,250 | 133,750 | 85% | 158,618 | 144,007 | 91% |
| <i>Middle Management</i> | €   | 80,029  | 63,471  | 79% | 80,390  | 62,363  | 78% | 77,985  | 65,748  | 84% |
| <i>Staff</i>             | €   | 51,342  | 45,991  | 90% | 50,061  | 44,353  | 89% | 46,245  | 40,701  | 88% |

#### AVERAGE TOTAL REMUNERATION OF EMPLOYEES (\*)

| ITALY                    | UoM | 2022    |         |     | 2021    |         |     | 2020    |         |     |
|--------------------------|-----|---------|---------|-----|---------|---------|-----|---------|---------|-----|
|                          |     | Men     | Women   | %   | Men     | Women   | %   | Men     | Women   | %   |
| <i>Top Management</i>    | €   | 222,708 | 202,045 | 91% | 216,660 | 192,848 | 89% | 199,085 | 187,552 | 94% |
| <i>Middle Management</i> | €   | 100,988 | 79,047  | 78% | 99,740  | 73,865  | 74% | 105,136 | 83,415  | 79% |
| <i>Staff</i>             | €   | 58,649  | 48,229  | 82% | 57,355  | 46,647  | 81% | 54,063  | 45,289  | 84% |

(\*) It should be noted that the data were reported with reference to BFF Bank S.p.A., a significant point of reference for the Group, especially in terms of the number of its resources, who account for approximately 67% of the entire corporate population

**RATIO OF THE ANNUAL TOTAL REMUNERATION OF THE PERSON RECEIVING THE HIGHEST REMUNERATION TO THE MEDIAN ANNUAL TOTAL REMUNERATION OF ALL EMPLOYEES (EXCLUDING THE AFOREMENTIONED PERSON):**

|                   | UoM | 2022  | 2021  |
|-------------------|-----|-------|-------|
| BFF Banking Group | %   | 56.85 | 40.60 |

The ratio of the percentage increase in the annual total pay of the person receiving the highest pay and the increase percentage of the median of the annual total pay of all employees (excluding the aforementioned person) in 2022 compared to the previous year is 14.77%.

As to legally protected groups, the workforce in Italy includes 25 employees subject to local regulations in force, one of whom belongs to Middle Management and 24 to Staff<sup>53</sup>.

Overall, in 2022 79 employees joined the Group and 107 left, with an incoming turnover constant at 9% and an outgoing turnover of 13%, almost in line with 2021.

In 2022, BFF continued to grow in size due to business development in Italy and in new markets. With regard to those who left the Group, the reasons expressed by the staff were: new opportunities for professional growth, pursuit of a different work-life balance and, in some cases, the need to be closer to family.

**EMPLOYEES WHO JOINED BFF GROUP BY GENDER**

| COUNTRY                | 12.31.2022 |           |           | 12.31.2021 |           |           | 12.31.2020 |           |            |
|------------------------|------------|-----------|-----------|------------|-----------|-----------|------------|-----------|------------|
|                        | Male       | Female    | Total     | Male       | Female    | Total     | Male       | Female    | Total      |
| Italy                  | 16         | 20        | 36        | 16         | 11        | 27        | 19         | 19        | 38         |
| Spain                  | 4          | 4         | 8         | 6          | 7         | 13        | 5          | 8         | 13         |
| Portugal               | 1          | 1         | 2         | 2          | 0         | 2         | 0          | 2         | 2          |
| Poland                 | 10         | 19        | 29        | 7          | 25        | 32        | 13         | 24        | 37         |
| Slovakia               | 1          | 1         | 2         | 0          | 3         | 3         | 1          | 5         | 6          |
| Czech Rep.             | 1          | 0         | 1         | 1          | 0         | 1         | 0          | 1         | 1          |
| Greece                 | 1          | 0         | 1         | 0          | 2         | 2         | 4          | 2         | 6          |
| <b>Total BFF Group</b> | <b>34</b>  | <b>45</b> | <b>79</b> | <b>32</b>  | <b>48</b> | <b>80</b> | <b>42</b>  | <b>61</b> | <b>103</b> |

53) It is not possible to compare this figure with other countries as the definition of “legally protected groups” varies according to local legislation.

#### TURNOVER RATES OF EMPLOYEES WHO JOINED BFF GROUP BY GENDER

| COUNTRY                | 12.31.2022 |            |           | 12.31.2021 |            |           | 12.31.2020 |            |            |
|------------------------|------------|------------|-----------|------------|------------|-----------|------------|------------|------------|
|                        | Male       | Female     | Total     | Male       | Female     | Total     | Male       | Female     | Total      |
| Italy                  | 6%         | 7%         | 6%        | 6%         | 4%         | 5%        | 15%        | 16%        | 15%        |
| Spain                  | 16%        | 14%        | 15%       | 23%        | 23%        | 23%       | 19%        | 28%        | 23%        |
| Portugal               | 14%        | 33%        | 20%       | 29%        | 0%         | 20%       | 0%         | 50%        | 20%        |
| Poland                 | 17%        | 15%        | 16%       | 12%        | 19%        | 17%       | 19%        | 18%        | 19%        |
| Slovakia               | 20%        | 10%        | 13%       | 0%         | 27%        | 19%       | 17%        | 50%        | 38%        |
| Czech Rep.             | 100%       | 0%         | 50%       | 100%       | 0%         | 33%       | N/A        | 33%        | 33%        |
| Greece                 | 20%        | 0%         | 11%       | 0%         | 50%        | 25%       | 100%       | 100%       | 100%       |
| <b>Total BFF Group</b> | <b>9%</b>  | <b>10%</b> | <b>9%</b> | <b>8%</b>  | <b>10%</b> | <b>9%</b> | <b>18%</b> | <b>20%</b> | <b>19%</b> |

#### EMPLOYEES WHO JOINED BFF GROUP BY AGE GROUP

| COUNTRY                | 12.31.2022 |           |          |           | 12.31.2021 |           |          |           | 12.31.2020 |           |          |            |
|------------------------|------------|-----------|----------|-----------|------------|-----------|----------|-----------|------------|-----------|----------|------------|
|                        | <30        | 30-50     | >50      | Total     | <30        | 30-50     | >50      | Total     | <30        | 30-50     | >50      | Total      |
| Italy                  | 8          | 25        | 3        | 36        | 2          | 18        | 7        | 27        | 9          | 28        | 1        | 38         |
| Spain                  | 3          | 5         | 0        | 8         | 5          | 8         | 0        | 13        | 2          | 11        | 0        | 13         |
| Portugal               | 0          | 1         | 1        | 2         | 0          | 2         | 0        | 2         | 1          | 1         | 0        | 2          |
| Poland                 | 13         | 16        | 0        | 29        | 17         | 13        | 2        | 32        | 20         | 17        | 0        | 37         |
| Slovakia               | 0          | 2         | 0        | 2         | 1          | 2         | 0        | 3         | 1          | 5         | 0        | 6          |
| Czech Rep.             | 0          | 1         | 0        | 1         | 0          | 1         | 0        | 1         | 0          | 1         | 0        | 1          |
| Greece                 | 0          | 1         | 0        | 1         | 1          | 1         | 0        | 2         | 0          | 6         | 0        | 6          |
| <b>Total BFF Group</b> | <b>24</b>  | <b>51</b> | <b>4</b> | <b>79</b> | <b>26</b>  | <b>45</b> | <b>9</b> | <b>80</b> | <b>33</b>  | <b>69</b> | <b>1</b> | <b>103</b> |

#### TURNOVER RATES OF EMPLOYEES WHO JOINED BFF GROUP BY AGE GROUP

| COUNTRY                | 12.31.2022 |            |           |           | 12.31.2021 |           |           |           | 12.31.2020 |            |           |            |
|------------------------|------------|------------|-----------|-----------|------------|-----------|-----------|-----------|------------|------------|-----------|------------|
|                        | <30        | 30-50      | >50       | Total     | <30        | 30-50     | >50       | Total     | <30        | 30-50      | >50       | Total      |
| Italy                  | 89%        | 8%         | 1%        | 6%        | 20%        | 5%        | 3%        | 5%        | 56%        | 15%        | 2%        | 15%        |
| Spain                  | 50%        | 13%        | 0%        | 15%       | 125%       | 17%       | 0%        | 23%       | 67%        | 24%        | 0%        | 23%        |
| Portugal               | 0%         | 13%        | 100%      | 20%       | 0%         | 25%       | N/A       | 20%       | 50%        | 13%        | N/A       | 20%        |
| Poland                 | 30%        | 12%        | 0%        | 16%       | 35%        | 10%       | 25%       | 17%       | 35%        | 13%        | 0%        | 19%        |
| Slovakia               | 0%         | 15%        | 0%        | 13%       | 50%        | 15%       | 0%        | 19%       | 100%       | 36%        | 0%        | 38%        |
| Czech Rep.             | 0%         | 50%        | 0%        | 50%       | N/A        | 33%       | N/A       | 33%       | N/A        | 33%        | N/A       | 33%        |
| Greece                 | 0%         | 13%        | 0%        | 11%       | 100%       | 14%       | N/A       | 25%       | N/A        | 100%       | N/A       | 100%       |
| <b>Total BFF Group</b> | <b>38%</b> | <b>10%</b> | <b>2%</b> | <b>9%</b> | <b>39%</b> | <b>8%</b> | <b>4%</b> | <b>9%</b> | <b>42%</b> | <b>17%</b> | <b>2%</b> | <b>19%</b> |

#### EMPLOYEES WHO LEFT BFF GROUP BY GENDER

| COUNTRY                | 12.31.2022 |           |            | 12.31.2021 |           |            | 12.31.2020 |           |           |
|------------------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|-----------|
|                        | Male       | Female    | Total      | Male       | Female    | Total      | Male       | Female    | Total     |
| Italy                  | 28         | 26        | 54         | 19         | 28        | 47         | 16         | 11        | 27        |
| Spain                  | 5          | 7         | 12         | 7          | 7         | 14         | 6          | 9         | 15        |
| Portugal               | 1          | 1         | 2          | 1          | 1         | 2          | 0          | 0         | 0         |
| Poland                 | 12         | 22        | 34         | 16         | 27        | 43         | 18         | 16        | 34        |
| Slovakia               | 1          | 2         | 3          | 0          | 0         | 0          | 2          | 5         | 7         |
| Czech Rep.             | 1          | 1         | 2          | 0          | 0         | 0          | 0          | 2         | 2         |
| Greece                 | 0          | 0         | 0          | 0          | 0         | 0          | 0          | 0         | 0         |
| <b>Total BFF Group</b> | <b>48</b>  | <b>59</b> | <b>107</b> | <b>43</b>  | <b>63</b> | <b>106</b> | <b>42</b>  | <b>43</b> | <b>85</b> |

#### TURNOVER RATES OF EMPLOYEES WHO LEFT BFF GROUP BY GENDER

| COUNTRY                | 12.31.2022 |            |            | 12.31.2021 |            |            | 12.31.2020 |            |            |
|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                        | Male       | Female     | Total      | Male       | Female     | Total      | Male       | Female     | Total      |
| Italy                  | 10%        | 9%         | 6%         | 7%         | 10%        | 8%         | 13%        | 9%         | 11%        |
| Spain                  | 20%        | 25%        | 23%        | 27%        | 23%        | 25%        | 22%        | 31%        | 27%        |
| Portugal               | 14%        | 33%        | 20%        | 14%        | 33%        | 20%        | 0%         | 0%         | 0%         |
| Poland                 | 20%        | 18%        | 19%        | 27%        | 21%        | 23%        | 26%        | 12%        | 17%        |
| Slovakia               | 20%        | 20%        | 20%        | 0%         | 0%         | 0%         | 33%        | 50%        | 44%        |
| Czech Rep.             | 100%       | 100%       | 100%       | 0%         | 0%         | 0%         | N/A        | 67%        | 67%        |
| Greece                 | 0%         | 0%         | 0%         | 0%         | 0%         | 0%         | 0%         | 0%         | 0%         |
| <b>Total BFF Group</b> | <b>13%</b> | <b>13%</b> | <b>13%</b> | <b>11%</b> | <b>13%</b> | <b>12%</b> | <b>18%</b> | <b>14%</b> | <b>16%</b> |



#### EMPLOYEES WHO LEFT BFF GROUP BY AGE GROUP

| COUNTRY                | 12.31.2022 |           |           |            | 12.31.2021 |           |           |            | 12.31.2020 |           |           |           |
|------------------------|------------|-----------|-----------|------------|------------|-----------|-----------|------------|------------|-----------|-----------|-----------|
|                        | <30        | 30-50     | >50       | Total      | <30        | 30-50     | >50       | Total      | <30        | 30-50     | >50       | Total     |
| Italy                  | 2          | 42        | 10        | 54         | 6          | 27        | 14        | 47         | 1          | 18        | 8         | 27        |
| Spain                  | 1          | 11        | -         | 12         | 3          | 9         | 2         | 14         | 1          | 13        | 1         | 15        |
| Portugal               | 1          | 1         | -         | 2          | 0          | 2         | 0         | 2          | 0          | 0         | 0         | 0         |
| Poland                 | 12         | 21        | 1         | 34         | 12         | 29        | 2         | 43         | 19         | 14        | 1         | 34        |
| Slovakia               | 1          | 2         | -         | 3          | 0          | 0         | 0         | 0          | 1          | 6         | 0         | 7         |
| Czech Rep.             | -          | 2         | -         | 2          | 0          | 0         | 0         | 0          | 0          | 2         | 0         | 2         |
| Greece                 | -          | -         | -         | -          | 0          | 0         | 0         | 0          | 0          | 0         | 0         | 0         |
| <b>Total BFF Group</b> | <b>17</b>  | <b>79</b> | <b>11</b> | <b>107</b> | <b>21</b>  | <b>67</b> | <b>18</b> | <b>106</b> | <b>22</b>  | <b>53</b> | <b>10</b> | <b>85</b> |

#### TURNOVER RATES OF EMPLOYEES WHO LEFT BFF GROUP BY AGE GROUP

| COUNTRY                | 12.31.2022 |            |           |            | 12.31.2021 |            |           |            | 12.31.2020 |            |            |            |
|------------------------|------------|------------|-----------|------------|------------|------------|-----------|------------|------------|------------|------------|------------|
|                        | <30        | 30-50      | >50       | Total      | <30        | 30-50      | >50       | Total      | <30        | 30-50      | >50        | Total      |
| Italy                  | 22%        | 14%        | 4%        | 10%        | 60%        | 8%         | 6%        | 8%         | 6%         | 10%        | 18%        | 11%        |
| Spain                  | 17%        | 28%        | 0%        | 23%        | 75%        | 19%        | 33%       | 25%        | 33%        | 28%        | 14%        | 27%        |
| Portugal               | 100%       | 13%        | 0%        | 20%        | 0%         | 25%        | N/A       | 20%        | 0%         | 0%         | N/A        | 0%         |
| Poland                 | 28%        | 16%        | 13%       | 19%        | 26%        | 22%        | 25%       | 23%        | 33%        | 10%        | 17%        | 17%        |
| Slovakia               | 100%       | 15%        | 0%        | 20%        | 0%         | 0%         | 0%        | 0%         | 100%       | 43%        | 0%         | 44%        |
| Czech Rep.             | 0%         | 100%       | 0%        | 100%       | N/A        | 0%         | N/A       | 0%         | N/A        | 67%        | N/A        | 67%        |
| Greece                 | 0%         | 0%         | 0%        | 0%         | 0%         | 0%         | N/A       | 0%         | N/A        | 0%         | N/A        | 0%         |
| <b>Total BFF Group</b> | <b>27%</b> | <b>15%</b> | <b>4%</b> | <b>13%</b> | <b>32%</b> | <b>12%</b> | <b>8%</b> | <b>12%</b> | <b>28%</b> | <b>13%</b> | <b>17%</b> | <b>16%</b> |

## Professional development of human capital

The Group provides training to staff, in order to develop their skills, aptitudes and abilities, and to keep up to date with the regulatory requirements relevant to the business and industry trends.

BFF Academy is both a physical and virtual environment where knowledge, skills, techniques and ideas are shared and developed to advance our workforce and thereby also the growth of the company.

The training offered by BFF Academy aims to create a common and distinctive knowledge of BFF Group's identity which, combined with the transfer of knowledge, aspires to boost performance, placing major emphasis on understanding the meaning of specific internal procedures and the reasons for adopting them. This gives rise to the following pay-off: "Common Behaviors + Knowledge Transfer = Fast Business Results".

To achieve this goal, BFF Group decided to focus on a training and development path that has made it possible to:

- ▶ define a Group approach (BFF Group Academy);
- ▶ align the training plan with the BFF Group strategy;
- ▶ integrate personal development plans with the training plan;
- ▶ provide greater support to the development of each professional role;
- ▶ optimize costs;
- ▶ Organize a streamlined and more consistent governance of training processes;
- ▶ use the LMS (Learning Management System) as the Group management tool that supports training.

The overall objective of the Academy is, therefore, to ensure the professional development of staff and to pass on various professional skills, using a variety of activities, subjects and training methods.

To achieve this goal, BFF Academy has set up a:

**A. Comprehensive Linear Training Structure** consisting of four macro-areas into which all training is categorized and organized, at parent company as well as local level, or customized for each individual Country

The four macro-areas that make up the Academy's structure are described below:

**1. Onboarding Journey:** this process is fully aligned with the Group's goals, its primary objective being to make new recruits and others aware of the products and services offered by the Group and the BFF Value Chain. In line with the Group's strategy, from 2019 an additional dedicated customized transversal induction process for all new recruits was introduced based on their specific professional requirements. In line with the assumption that "much of what we learn, we learn thanks to others", this induction process includes on job training alongside a specialist to illustrate the organizational context and the people within it, with the aim of welcoming, facilitating and speeding up the new employee's entry into the company, as well as the assimilation of the corporate culture and the purpose of the specific job.

**2. Business Area:** it is considered essential to provide employees not only with a general overview of all the specialized factoring, credit management and financial services provided by BFF Group to Healthcare and

Public Administration suppliers, but also with more in-depth knowledge of the regulations that underpin the Group's business. Therefore, specific training has been developed concerning the Business macro-area, within which significant space is given to courses covering specific topics depending on the business area or activity, such as budgeting, bond and derivative trading, internal audit, credit risk, corporate governance and legal, financial and administrative training.

**3. Cross Tool & Processes:** The plan plays a role in life skills related to both general work tools as well as work processes specific to BFF Group which are indispensable to drive efficiency and productivity, such as Project Management, the Office suite, technical updating on cross-cutting tools and processes, etc., as well as studying and perfecting foreign languages. This macro-area also includes:

**3.a) Mandatory training**

This cluster includes for the most part compliance issues, focusing mainly on privacy, conflict of interest management, banking transparency, code of ethics and whistleblowing, anti-money laundering and anti-terrorism, insider trading, as well as Information Technology issues such as personal data processing, following the introduction of the GDPR, as well as cyber security.

**3.b) Training regarding health and safety at work**

Information in the provision of training and the relative attestations on occupational health and safety reflect the professional roles required by regulations in force: (i) employees, managers and supervisors; (ii) those responsible for the risk prevention and protection service (RSPP) and those with specific duties; (iii) employers.

**4. Soft skills:** this training aims to ensure an adequate understanding of the role that such skills play in the working life of each individual employee. Actions also include the promotion of the Group's core values, such as teamwork, in the belief that a fair working environment, where generational diversity is also valued, has a positive impact on the performance of all activities in the work place and the integration of all employees. Soft skills training covers a variety of topics, such as negotiation skills, time and stress management, public speaking and team building. This macro-area also includes managerial training.

**B. Diversified training methods** within the various training plans and areas:

**1. Online** - includes events, webinars and Open training courses, available throughout the entire BFF Group, as well as local courses specific to each country provided in e-learning mode;

**2. Classroom Based** - standard training method involving training for the employee given by an instructor in the classroom;

**3. Virtual Classroom** - virtual training paths through relationship and interaction activities, using multimedia and interactive approaches, with a view to providing an educational assisted by technology;

**4. Blended** - integrates traditional classroom training with online training.

### C. Training type divided between:

- 1. Internal Training** - includes courses transversal to the entire BFF Group and local courses in each country, the design, organization, management and provision of which is handled by the Group’s Human Resources and Organizational Development Function and the local Human Resources organizational units, always aligned with the business strategy.
- 2. External Training** - includes training courses proposed by BFF Group employees, based on external training offers and the standard courses available in each country. This category may also include participation in professional training courses, seminars, conventions and business workshops.
- 3. Personal Training** – includes training organized externally to the BFF Group and financed by the Employee itself, thus proving the Bank to be nimble and flexible in capturing the training needs of its people. This category may also include participation in master’s degree courses.
- 4. Individual Training** - includes training courses taken individually (“one to one”). This category may also include language or technical courses.
- 5. Group Training** - includes training courses taken by groups with similar requirements in terms of their baseline skills level (such as Office) and their Training Needs and Objectives.

During 2022, the Group delivered a total of 21,073 hours of training to its employees, of which about 12,175 to women and about 8,898 to men, with an average of around 25 hours per employee.

During 2021, the Group delivered a total of 32,256 hours of training to its employees, of which about 18,759 to women and about 13,497 to men, with an average of around 37 hours per employee.

During 2020, the Group delivered a total of 25,535 hours of training to its employees, of which about 13,558 to women and about 11,977 to men, with an average of around 48 hours per employee.

The decrease in training hours is mainly due to the fact that during 2022 the integration activities with DEPObank were already completed.

Below are the tables containing the figures by gender and professional category for 2022, 2021 and 2020.

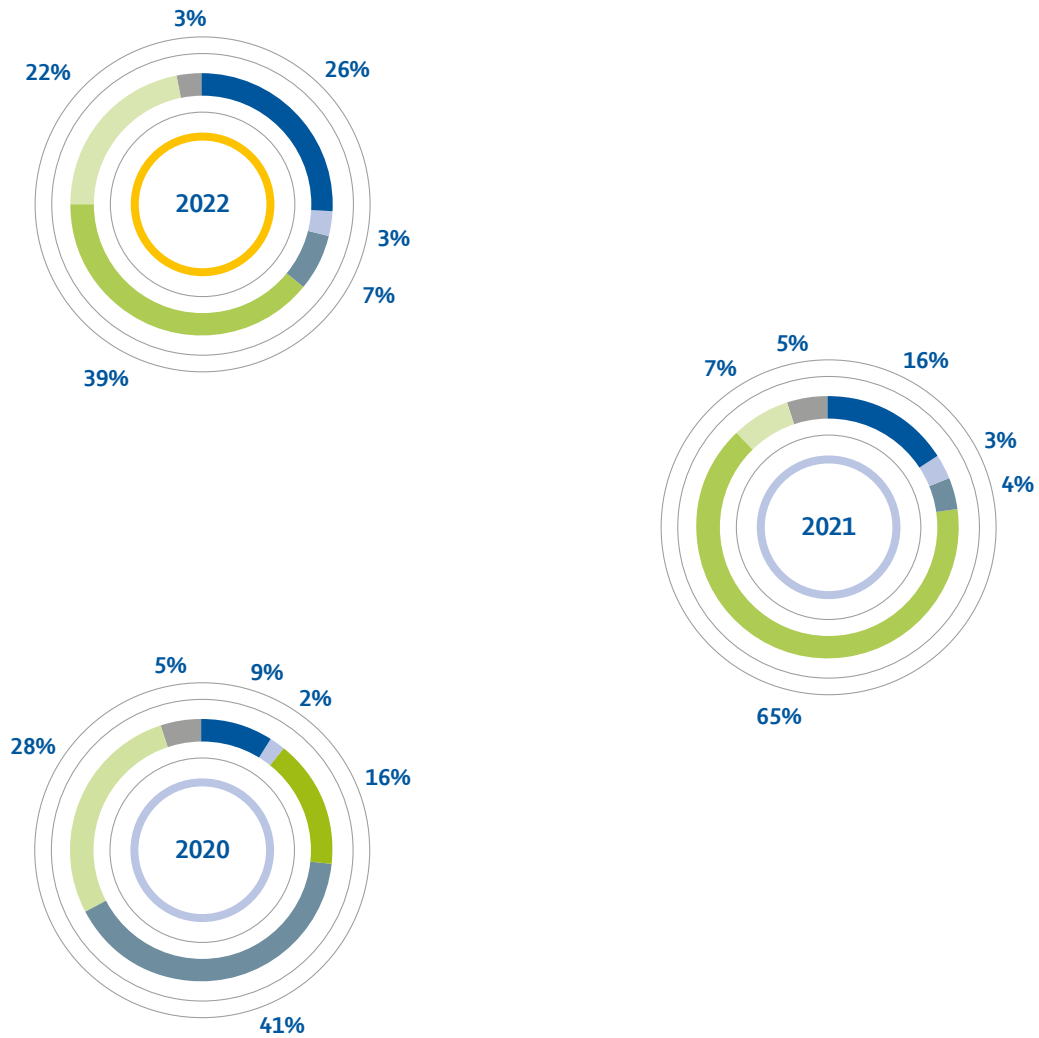
#### AVERAGE TRAINING HOURS OF BFF BANKING GROUP BY GENDER AND PROFESSIONAL CATEGORY (IN HOURS)

| PROFESSIONAL CATEGORY                         | 12.31.2022 |           |           | 12.31.2021 |           |           | 12.31.2020 |           |           |
|---|------------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|
|   | Male       | Female    | Total     | Male       | Female    | Total     | Male       | Female    | Total     |
| <i>Senior Executives/Executives</i>           | 15         | 18        | 16        | 21         | 14        | 19        | 45         | 46        | 45        |
| <i>Managers/Middle Managers/ Coordinators</i> | 17         | 28        | 22        | 37         | 37        | 37        | 85         | 42        | 67        |
| <i>Specialists/Professionals</i>              | 26         | 26        | 26        | 35         | 40        | 38        | 38         | 46        | 43        |
| <b>Total</b>                                  | <b>23</b>  | <b>26</b> | <b>25</b> | <b>35</b>  | <b>40</b> | <b>37</b> | <b>51</b>  | <b>45</b> | <b>48</b> |

In general, training is divided into 4 separate categories by subject area, as described above. In order to provide more detailed information regarding training, the data below is broken down into the following categories: Onboarding, Business Area Training, Cross Tool & Processes, Mandatory Training, Occupational Health and Safety, and Soft Skills.

## PERCENTAGE OF GROUP-WIDE TRAINING AREAS 2022

■ Mandatory training    
 ■ Health and safety    
 ■ Soft Skills    
 ■ Cross Tool & Processes    
 ■ Business    
 ■ Onboarding



In general, in terms of training provided in the course of 2022, the greatest increase compared to 2021 was seen in the Business and Mandatory Training categories.

## 1. Onboarding Training

In line with the Group’s strategy, an additional training category, onboarding journey, was already planned in 2019. Compared to the past, it now includes a customized cross-cutting induction path based on specific professional skills and is intended for all new recruits. This induction entails on-the-job training, providing support to the job specialist, the aim being to facilitate integration into the company through the assimilation of the company culture.

A total of 407 training hours were provided during 2022 compared to 1,757 hours in 2021, a decrease of 77%. This difference is mainly attributable to the fact that during 2022 the integration with DEPObank had already been completed.

| PROFESSIONAL CATEGORY                         | 12.31.2022 |            |            | 12.31.2021 |            |              | 12.31.2020 |            |              |
|---|------------|------------|------------|------------|------------|--------------|------------|------------|--------------|
|   | Male       | Female     | Total      | Male       | Female     | Total        | Male       | Female     | Total        |
| <i>Senior Executives/Executives</i>           | 6          | 0          | 6          | 16         | 5          | 21           | 22         | -          | 22           |
| <i>Managers/Middle Managers/ Coordinators</i> | 45         | 44         | 89         | 160        | 99         | 259          | 90         | 71         | 161          |
| <i>Specialists/Professionals</i>              | 119        | 193        | 312        | 659        | 818        | 1,477        | 390        | 613        | 1,002        |
| <b>Total</b>                                  | <b>170</b> | <b>237</b> | <b>407</b> | <b>835</b> | <b>922</b> | <b>1,757</b> | <b>502</b> | <b>684</b> | <b>1,185</b> |

## 2. Specific Training covering Business Areas

This training covers specific topics linked to the reference area or activity, such as basic factoring, corporate governance, credit risk management and “workout” budget analysis.

A Group training initiative was launched in 2021 which was dedicated to the sales team of the Factoring & Lending Function and aimed at unifying the customer acquisition and retention process, continued in 2022 with training activities on soft skills. In 2022, the initiative was also extended to other groups within the Factoring & Lending department (Top Debtors, Collection) and to the sales force of Transaction Services.

At a Group level, approximately 4,618 hours were delivered in 2022 and 2,203 hours in 2021, marking an increase of 110%.

### HOURS OF BUSINESS AREA SPECIFIC TRAINING DELIVERED BROKEN DOWN BY GENDER AND PROFESSIONAL CATEGORY (IN HOURS)

| PROFESSIONAL CATEGORY                        | 12.31.2022   |              |              |               | 12.31.2021 |              |              |               | 12.31.2020   |              |              |               |
|--|--------------|--------------|--------------|---------------|------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|
|  | Male         | Female       | Total        | Average hours | Male       | Female       | Total        | Average hours | Male         | Female       | Total        | Average hours |
| <i>Senior Executives/ Executives</i>         | 116          | -            | 116          | 4             | 26         | 0            | 26           | 1             | 26           | 13           | 39           | 2             |
| <i>Managers/Middle Managers/Coordinators</i> | 475          | 226          | 701          | 4             | 266        | 169          | 434          | 3             | 2,939        | 148          | 3,087        | 30            |
| <i>Specialists/Professionals</i>             | 1,601        | 2,200        | 3,801        | 6             | 683        | 1,060        | 1,743        | 3             | 1,277        | 2,759        | 4,036        | 10            |
| <b>Total</b>                                 | <b>2,192</b> | <b>2,426</b> | <b>4,618</b> | <b>5</b>      | <b>975</b> | <b>1,228</b> | <b>2,203</b> | <b>3</b>      | <b>4,242</b> | <b>2,920</b> | <b>7,162</b> | <b>13</b>     |



### 3. Cross Tools & Processes

This training covers various areas, such as studying and improving knowledge of foreign languages, Project Management and the Microsoft Office suite.

At Group level, 8,270 hours were delivered in 2022, decrease of 60% compared to 2021, when approximately 20,886 hours of training were provided on cross-cutting processes and tools.

The reduction in training hours can be attributed to the natural end of DEPObank's post-integration training activities in the Group. However, during 2022, the Group focused its training activities on cross-country and transversal training in order to foster international alignment and the dissemination of shared skills and best practices

#### HOURS OF TRAINING DELIVERED ON CROSS TOOLS & PROCESSES BROKEN DOWN BY GENDER AND PROFESSIONAL CATEGORY (IN HOURS)

| PROFESSIONAL CATEGORY                        | 12.31.2022   |              |              |               | 12.31.2021   |               |               |               | 12.31.2020   |              |               |               |
|--|--------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|
|  | Male         | Female       | Total        | Average hours | Male         | Female        | Total         | Average hours | Male         | Female       | Total         | Average hours |
| <i>Senior Executives/ Executives</i>         | 74           | 48           | 121          | 4             | 210          | 4             | 214           | 8             | 139          | 6            | 144           | 6             |
| <i>Managers/Middle Managers/Coordinators</i> | 467          | 716          | 1,183        | 8             | 2,090        | 1,671         | 3,761         | 24            | 1,365        | 1,287        | 2,653         | 26            |
| <i>Specialists/Professionals</i>             | 2,609        | 4,357        | 6,966        | 11            | 5,989        | 11,021        | 16,910        | 25            | 2,762        | 4,929        | 7,690         | 19            |
| <b>Total</b>                                 | <b>3,149</b> | <b>5,120</b> | <b>8,270</b> | <b>10</b>     | <b>8,190</b> | <b>12,695</b> | <b>20,886</b> | <b>24</b>     | <b>4,266</b> | <b>6,222</b> | <b>10,488</b> | <b>20</b>     |

#### 3.a) Mandatory training

Compliance topics were dealt with for the most part. During 2022, courses were provided in relation to: i) privacy, ii) conflict of interest management, iii) transparency, complaints and usury, iv) market abuse, v) internal dealing, vi) administrative liability of entities, vii) code of ethics and whistleblowing, viii) anti-money laundering and anti-terrorism and ix) data protection issues such as personal data processing, following the introduction of the GDPR, x) cyber security and the Business Continuity Plan topics.

At a Group level, approximately 5.531 hours were delivered in 2022 and around 5,296 hours in 2021, an increase of 4% over the previous year.

#### MANDATORY TRAINING HOURS DELIVERED BY BFF BANKING GROUP BROKEN DOWN BY GENDER AND PROFESSIONAL CATEGORY (IN HOURS)

| PROFESSIONAL CATEGORY                        | 12.31.2022   |              |              |               | 12.31.2021   |              |              |               | 12.31.2020   |              |              |               |
|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|
|  | Male         | Female       | Total        | Average hours | Male         | Female       | Total        | Average hours | Male         | Female       | Total        | Average hours |
| <i>Senior Executives/ Executives</i>         | 124          | 17           | 141          | 5             | 132          | 27           | 159          | 6             | 94           | 18           | 112          | 4             |
| <i>Managers/Middle Managers/Coordinators</i> | 443          | 279          | 723          | 5             | 533          | 377          | 910          | 6             | 268          | 178          | 446          | 4             |
| <i>Specialists/Professionals</i>             | 2,012        | 2,655        | 4,667        | 7             | 1,877        | 2,351        | 4,228        | 6             | 700          | 994          | 1,694        | 4             |
| <b>Total</b>                                 | <b>2,579</b> | <b>2,952</b> | <b>5,531</b> | <b>7</b>      | <b>2,541</b> | <b>2,755</b> | <b>5,296</b> | <b>6</b>      | <b>1,062</b> | <b>1,191</b> | <b>2,252</b> | <b>4</b>      |

### 3.b) Occupational health and safety

Training on occupational health and safety is provided through the “Company Safe Course”, which is held in all the Group’s subsidiaries. At a Group level, approximately 707 hours were delivered in 2022 and around 836 hours in 2021, a decrease of 15% over the previous year.

#### HEALTH AND SAFETY TRAINING HOURS DELIVERED BY BFF BANKING GROUP BROKEN DOWN BY GENDER AND PROFESSIONAL CATEGORY (IN HOURS)

| PROFESSIONAL CATEGORY                         | 12.31.2022 |            |            |               | 12.31.2021 |            |            |               | 12.31.2020 |            |            |               |
|---|------------|------------|------------|---------------|------------|------------|------------|---------------|------------|------------|------------|---------------|
|   | Male       | Female     | Total      | Average hours | Male       | Female     | Total      | Average hours | Male       | Female     | Total      | Average hours |
| <i>Senior Executives/Executives</i>           | 41         | 6          | 47         | 2             | 47         | 18         | 65         | 3             | 40         | 6          | 46         | 2             |
| <i>Managers/Middle Managers/ Coordinators</i> | 64         | 40         | 104        | 1             | 53         | 28         | 81         | 1             | 49         | 17         | 66         | 1             |
| <i>Specialists/Professionals</i>              | 385        | 171        | 556        | 1             | 305        | 386        | 690        | 1             | 106        | 192        | 298        | 1             |
| <b>Total</b>                                  | <b>490</b> | <b>217</b> | <b>707</b> | <b>1</b>      | <b>405</b> | <b>432</b> | <b>836</b> | <b>1</b>      | <b>195</b> | <b>215</b> | <b>410</b> | <b>1</b>      |

### 4. Soft Skills

Soft skills training covers a variety of topics, such as negotiation skills, time and stress management, effective communication and cross cultural integration.

At a Group level, approximately 1,542 hours were delivered in 2022 and 1,279 hours in 2021, an increase of 21% over the previous year.

#### HOURS OF TRAINING DELIVERED ON SOFT SKILLS BROKEN DOWN BY GENDER AND PROFESSIONAL CATEGORY (IN HOURS)

| PROFESSIONAL CATEGORY                        | 12.31.2022 |              |              |               | 12.31.2021 |            |              |               | 12.31.2020   |              |              |               |
|--|------------|--------------|--------------|---------------|------------|------------|--------------|---------------|--------------|--------------|--------------|---------------|
|  | Male       | Female       | Total        | Average hours | Male       | Female     | Total        | Average hours | Male         | Female       | Total        | Average hours |
| <i>Senior Executives/Executives</i>          | 5          | 0            | 5            | 0             | 20         | 0          | 20           | 1             | 632          | 141          | 773          | 31            |
| <i>Managers/Middle Managers/Coordinators</i> | 61         | 502          | 563          | 4             | 96         | 122        | 218          | 1             | 330          | 89           | 420          | 4             |
| <i>Specialists/Professionals</i>             | 253        | 721          | 974          | 1             | 436        | 605        | 1,041        | 2             | 750          | 2,096        | 2,846        | 7             |
| <b>Total</b>                                 | <b>319</b> | <b>1,223</b> | <b>1,542</b> | <b>2</b>      | <b>552</b> | <b>727</b> | <b>1,279</b> | <b>1</b>      | <b>1,712</b> | <b>2,326</b> | <b>4,038</b> | <b>8</b>      |

## The performance management process

BFF's incentive system, strictly linked to long-term sustainability, consists of several elements, available depending on the employee's role within the company structure, and it includes, but is not limited to:

- ▶ short-term incentive plans (MBO);
- ▶ long-term incentive plan, stock option plans.

The Performance Management process encompasses the set of activities, approaches and tools adopted by the Group to achieve its targets in an efficient and timely manner. It also involves the implementation of the Management by Objectives (MBO) scheme, the Group's annual short-term incentive.

BFF Group's Performance Management model is aligned and integrated with strategic objectives and has a multi-stakeholder approach, it spans four main areas: Financial view; Process view; People view; Customer view<sup>54</sup>.

Based on this model, a process has been developed that:

- ▶ has, as a common objective for all the company's staff - apart from the Control Functions, the CFO and the Human Resources & Organizational Development Function - the parameter of the EBTDA RA (Risk Adjusted), which clearly shows the strong link with profitability but also gives significant attention to risk, ensuring the Bank's sustainable growth in the long term;
- ▶ includes a diversity driver (both gender and nationality) for hiring to managerial positions among the personal objectives of the staff reporting directly to the Board of Directors. This facilitates more women or foreigners being appointed to key positions of the Group by requiring that at least 50% of the shortlists for posts becoming available during the year include women or people of a different nationality than that of the country for which the selection is being made;
- ▶ includes Customer Satisfaction as a non-financial quantitative indicator for the Bank's employees, this is a valid marker of the level of sustainability of the Group over time, as it measures the satisfaction of customers with the service offered.

Attention to sustainability parameters, which is therefore considered a key and strategic element for the medium-long term development of the Group, involves raising the awareness of staff of an increasingly inclusive and sustainable corporate culture aimed at attracting, developing and retaining talent.

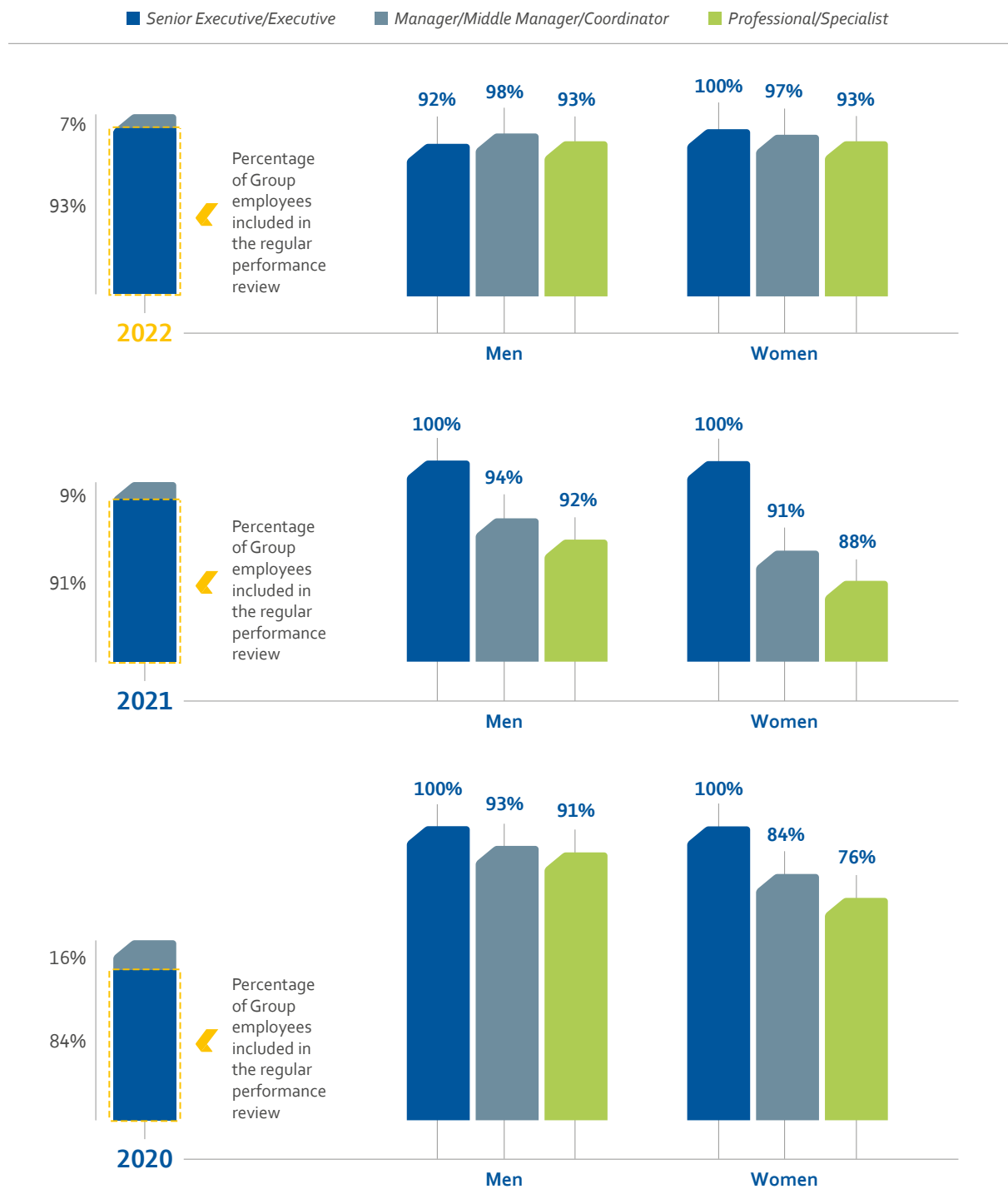
In this context, as part of its incentive policies, the bank has stock option plans that consist of the allocation of options that entitle the holder to receive ordinary shares of the Bank. The aim of this is to encourage the integration of staff, allowing them to share in the company's results, and raise their awareness of the creation of value for the Group and the shareholders, and thereby promoting the Bank's sustainability in the medium-long term.

These plans are disseminated to the corporate population defined as eligible and distributed on the basis of meritocracy criteria, regardless of professional rank, thus promoting a corporate culture aimed at constantly improving the Bank's performance in the long term. It should be noted that, following the extraordinary merger by incorporation of DEPObank into BFF in 2021, the Bank also extended the Remuneration Policy to the beneficiaries of a management by objectives plan of the former DEPObank.

As can be seen from the chart below, in 2022, 93% of employees - including non-eligible staff - received a regular review of their performance and professional development; the remaining 7% did not undergo any review process because they had been with the company for less than six months.

54) For further details, please refer to the "2022 Remuneration and Incentive Policy for members of the Strategic Supervision, Management and Control Bodies and the Personnel of the BFF Banking Group" available on the website <https://it.bff.com/>.

## PERCENTAGE OF EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE AND PROFESSIONAL DEVELOPMENT REVIEW 2022



## Group Initiatives in support of its employees

### Corporate Welfare

The Bank believes that the welfare of its employees is important for the achievement of the Group's objectives. In this regard, welfare plans have been developed in the various countries, consistent with the different needs of employees. Among the various schemes in place in Italy are:

- ▶ supplementary contributions to pension funds;
- ▶ meal vouchers;
- ▶ health coverage that can be extended to include family members;
- ▶ A flexible benefit to be used for a variety of needs, such as in relation to:
  - reimbursement of education expenses for the children of members of staff;
  - reimbursement of expenses incurred for care of children, the elderly and dependent persons, in respect of both home care and care facility fees;
  - deductions for the purchase of season tickets for local, regional and interregional public transport services;
  - provision of welfare ticket vouchers and vouchers for accessing services related to sport, culture, wellness, entertainment, travel, food and fuel at affiliated facilities.

The following schemes are in place in Portugal, Slovakia and Spain:

- ▶ meal vouchers;
- ▶ healthcare coverage, this package includes dental care, vaccinations and other tests.

Finally, extensive healthcare coverage is available in Poland, including both compulsory medical check-ups and additional check-ups. The package includes dental care, vaccinations and other tests.

During 2022, a Utility Bonus was disbursed to all colleagues with Specialist" grade in the Group, up to the maximum limit of €500, as a contribution for consumption related to household utilities such as water, electricity and natural gas. This initiative should be understood as support for colleagues in response to the rapid increase in utility bills experienced in late 2022.

### CRAL (Employees' Recreational Facility)

The contribution that the Bank makes every year to the "BFF Bank S.p.A. Staff Cultural, Recreational and Sports Club" (CRAL) is a further example of the commitment that BFF Bank has for the well-being of its employees.

This club organizes activities for its members, in keeping with the Bank's desire to stimulate and respond more effectively to the aspirations of its staff, and to provide a wider and more practical fulfillment of the needs of its employees. The activities are in a whole range of fields, including culture, sport, tourism, entertainment and leisure, and are intended to promote social and cultural formation through a healthy and profitable use of free time.

During 2022, the CRAL made a number of donations in favor of charitable associations operating throughout the country: to Associazione PEBA Onlus, which supports the removal of architectural barriers in public buildings, for the delivery of 60 panettoni to the parishes of Milan; Fondazione De Marchi, which fulfils the desires of children and young people with serious problems, and to Opera San Francesco, to give comfort to people in need. An emergency fundraiser for Ukraine was also carried out, in cooperation with BFF Bank SpA, to provide material support for the serious situation in the conflict.

## Town Hall Meetings, Group Conventions and Other Events

Continuous dialogue with employees is central to the company’s strategy. In order to promote a culture of transparency and exchange, BFF develops a dedicated Internal Communication plan against which it activates a series of initiatives, throughout the year aimed at ensuring moments of sharing, teamwork and coordination.

**Plenary meetings**, for example, involve all employees and are conducted on a quarterly basis to share achievements during the period and look together at future aspirations. Also during 2022, in continuity with the past, plenary meetings were held in **February, May, August and November**.

These are online sessions that give all employees the opportunity to speak, ask questions and discuss the main issues that arose during the reporting period and during the specific event. Sessions dedicated to questions and debate have an average duration of 40 -60 minutes.

For each plenary meeting, employees have the choice of connecting to the Italian or English language version. The two meetings are identical in their representation of data and strategy. They differ only in the question and discussion phase, which is entirely left to the needs of employees.

Since 2022, recordings of plenary meetings, including Q&A sessions, are accessible on the Group Intranet beginning from a few days after the meeting. The attendance rate at plenary meetings averages 87%.

| Dates     | Time  | Q&A | Event               | Attended* |
|-----------|-------|-----|---------------------|-----------|
| 13-Jan-22 | 9.30  | 24  | Plenary Meeting (a) | 511       |
| 13-Jan-22 | 11.30 | 22  | Town Hall INTL (a)  | 250       |
| 11-Feb-22 | 09.30 | 77  | Plenary Meeting     | 528       |
| 11-Feb-22 | 11.30 | 20  | Town Hall INTL      | 255       |
| 12-May-22 | 10.30 | 60  | Plenary Meeting     | 506       |
| 12-May-22 | 14.30 | 42  | Town Hall INTL      | 254       |
| 05-Aug-22 | 09.30 | 20  | Plenary Meeting     | 369       |
| 05-Aug-22 | 11.30 | 10  | Town Hall INTL      | 198       |
| 11-Nov-22 | 09.30 | 89  | Plenary Meeting     | 520       |
| 14-Nov-22 | 13.00 | 21  | Town Hall INTL      | 256       |

(a) Special HR Ed. for Purpose Survey

\* always lower than the number of actual employees, due to leave, holidays, etc.



As also reported in last year's Non-Financial Disclosure, the **Group Convention**, which is held on a biennial basis, will take place in Poland in 2023, aiming to foster exchange and collaboration among international teams.

In addition to the aforementioned activities, there are additional, smaller initiatives, often thanks to the initiative of employees, such as volunteer day in Bratislava, Slovakia, to participate in the largest event of its kind in Central Europe: Naše Mesto, which occurs simultaneously in multiple cities.

In June of last year, employees in the Bratislava office, working as a team, effectively contributed to the redevelopment of the city's parks, delighting all Group employees when they received the news and were able to view the images on the Group's intranet, which was completely renovated in 2022.

The same was also the case with participation in Madrid in the Women Charity Run ("*Carrera de la Mujer*"). Colleagues joined the more than 30,000 participants to actively support the fight against breast cancer and the socioeconomic problems affecting women worldwide, thereby contributing to further awareness among all Group colleagues as well.

Again in 2022, the Group preferred not to reinstate the recurring event dedicated to families, "Family Day". Should the spread of Covid-19 be maintained at current levels, events are expected to resume regularly from 2023.

However, BFF's participation in the 5th Iren Utility Cup, held in September 2022, was reaffirmed. This was a regatta organized by one of BFF's clients, Iren (an Italian multi-utility company active in the sectors of electricity, gas, thermal energy for district heating, integrated water services management, environmental services and technological services), with the purpose of encouraging healthy sports competition, teamwork and collaboration.

This year Team BFF made the whole Group especially proud, winning the most important challenge and bringing to safety two people who were shipwrecked when their boat hit a wave, sprung a leak and then sank: this experience is emblematic of the importance the Group places on people and teamwork.

All of the above-mentioned activities are part of the annual Internal Communication plan and are managed by the Communications and Institutional Relations Function, in collaboration with the Human Resources and Organizational Development Function. The objectives being to promote a shared culture.

## SURVEYS

### Casa BFF - Survey

Following the first Survey in November 2021, in the second half of 2022, as we neared the start of construction, work continued with employees in the Milan offices directly affected by future moves to the new headquarters through mini-surveys aimed at better defining service needs for a more satisfying employee experience.

## Workers' health and safety

BFF Group is aware of the importance of occupational health and safety and is committed, as set out in its Code of Ethics, to spreading a culture of safety to all personnel and to all those who, in whatsoever capacity, may be involved or have an interest in the Group's activities.

Since 2015, the Parent Company has had a Health and Safety Policy, through which it enshrines its commitment to a healthy and safe workplace.

Following the closure of the OHSAS 18001 certification, and in view of possible future developments, the Bank is keeping the management system active and monitored by an external consultant, in order to operate in compliance with the provisions of Italian Legislative Decree No. 81/2008 and UNI-INAIL and to lay the foundations for a possible ISO 45001 certification.

Thanks to the Management System adopted, BFF complies with the provisions of Legislative Decree No. 81/2008 and has in place a constant monitoring process. The monitoring and control process is entrusted to Facilities, the Manager of which has been appointed head of the Management System. At present, given the different approaches adopted by the countries with respect to Health and Safety issues, the policy and the system is only applicable in Italy.

As prescribed by internal regulations and specifically with reference to the "Health and Safety Management System Manual" and the "Procedure for Identifying Hazards, Analyzing Risks and Defining Control Measures" (updated on 03/23/2021), all company activities, technological systems and infrastructures are subject to periodic analysis in order to ensure better identification of the reference framework of potential risks, of possible health and safety hazards, both from a general standpoint and in relation to each identified work activity, and thus provide prompt recognition of the necessary mitigation measures by setting priorities for action.

The analysis is carried out, at least once a year, by the Employer and the Head of the Prevention and Protection Service with the collaboration of the Company Doctor, the Workers' Health and Safety Representative and the Function Managers. The determination of the magnitude of the risk and the value of the acceptable risk are established by the Bank's Prevention and Protection Service (Italian Legislative Decree No. 81/2008, Articles 31 and 33), to which identification of such factors is entrusted.

The results of data collection and assessment are formalized annually in a report prepared by the Employer in collaboration with the Protection and Prevention Service, called the "Risk Assessment Document" (one for each operating site).

**"Ensuring a working environment that provides an adequate level of health and safety for employees, with ad hoc policies and initiatives".**

This document is made available to all the staff involved through publication in the internal document repository. To certify its existence with a certain date, it is also transmitted via the bank's official electronic e-mail account.

In light of the Bank's usual activity, the risk related to video terminal operators has become a major focus of attention with regard to risk assessment.

It should be noted that the Bank is committed to the development and continuous improvement of the effectiveness of the company's Health and Safety Management System (HSMS), including by means of the following actions:

- ▶ Reporting the need to comply with mandatory requirements arising from national and/or local standards and legislative provisions.
- ▶ Definition and dissemination of the Health and Safety Policy.
- ▶ Definition of company objectives for health and safety and the relative programs and actions.
- ▶ Carrying out of periodic reviews of the HSMS.
- ▶ Making resources available.
- ▶ Participation in the Periodical Meetings pursuant to Article 35 of Legislative Decree 81/2008.

The objectives are generally defined on an annual basis, they are periodically monitored (during internal inspections), and re-examined (during the HSMS Review) and, if necessary, updated/modified. The person in charge of the area/process to which a given objective is assigned is responsible for checking the progress of the defined actions/programs and their development, promptly informing the Head of the Occupational Health and Safety Management System of any delays or difficulties, so that these can be remedied quickly. Within the organization, a system of mutual control between the Functions has been formally and substantially implemented, aimed at ensuring that OSH aspects are subject to frequent supervision by separate parties, which can be detailed as follows:

- ▶ the Employer;
- ▶ the Function Delegate (when appointed);
- ▶ the Head of the Prevention and Protection Service (and the Prevention and Protection Service Officer, when appointed);
- ▶ the Head of the Occupational Health and Safety Management System;
- ▶ the Supervisory Body pursuant to Legislative Decree No. 231/2001;
- ▶ the Compliance and Risk Management Company Functions.

The "Communication, Consultation and Participation Management Procedure" provides for the participation and consultation of workers to take place through the involvement of the Workers' Health and Safety Representative, who is consulted by the Head of the Prevention and Protection Service in the cases provided for under Italian Legislative Decree No. 81/2008. Consultation is subsequently documented in communications, minutes of meetings and a document distribution list.

The Workers' Health and Safety Representative is also consulted when Health and Safety Management System Documents (Risk Assessment Document, Procedures) are issued. A copy of the documents is given (with particular reference to the Risk Assessment Documents) to the Workers' Health and Safety Representative who reports on any eventual corrections or amendments he/she deems necessary.

All personal can contact the Employer's Delegate directly and this also guarantees worker consultation and involvement.

Anyone within BFF Bank can report potentially harmful situations or dangerous behaviors relating to Occupational Health and Safety to the Employer's Delegate.

Internal communication takes place using the company’s communication channels, including the dedicated channel through which reports are made to the Prevention and Protection Service and the Delegated Manager. The use of the Whistleblowing channel is available at all times for anonymous reporting of any wrongdoing.

Each report received by the Employer’s Delegate will receive a written response from the latter, if necessary, providing a description of any actions planned.

With particular reference to occupational medicine and health monitoring, the Employer shall designate a Company Doctor in possession of the qualifications and training and professional requirements pursuant to Article 38 of Italian Legislative Decree No. 81/2008, who works in conjunction with the Employer for the purposes of risk assessment.

The Company Doctor is responsible for the execution of a specific annual inspection of the work environments as well as for the planning and execution of health monitoring as per Article 41 of Italian Legislative Decree No. 81/2008 through health protocols defined according to the specific risks.

The Company Doctor implements, updates and maintains a health and risk file under his/her own responsibility;

It is also the duty of the Company Doctor to establish, update and maintain, under his/her responsibility, the health and risk files for each worker subject to health monitoring.

With specific reference to Poland, each employer (BFF Polska S.A. and BFF MEDFinance S.A.) is required to protect the life and health of its employees. To this end, it must ensure safe working conditions. The employer’s basic occupational health and safety duties are governed by Chapter X of the Labor Code and the relevant implementing acts.

Below are the documents and standards in force regarding Occupational Health and Safety:

|                          |                           |  |                                   |                        |                                    |  |                   |                   |
|--------------------------|---------------------------|--|-----------------------------------|------------------------|------------------------------------|--|-------------------|-------------------|
| Risk Assessment Document | Safe working instructions | Record of injuries at work and post-injury documentation | Register of occupational diseases | Lighting measurements; | Resistance to tactile measurements | Fire-fighting equipment gaging reports | Fire instructions | Evacuation report |
|--------------------------|---------------------------|--|-----------------------------------|------------------------|------------------------------------|--|-------------------|-------------------|

With specific reference to Spain, the company guarantees a safe working environment for employees by relying on the services of an external supplier (Prevencontrol), with the support of whom it promotes and takes care of every health and safety issue within the premises in accordance with legal requirements. However, no formal policies or procedures are in place with regard to this issue.

In 2022, there were three commuting injuries and 13 work-related injuries (in 2021 only 2 commuting injuries). In 2022 the injury rate was 10 (0 in 2021), and the hours worked by Group employees amounted to 1,294,123 (1,351,305 in 2021).

However, note that of these, 10 occurred in Spain where, however, current regulations assimilate Covid cases to a “work-related injury” and with days of absence from work.

## Covid-19 - Impact and Management

Even in the first half of 2022, the Covid-19 emergency continued to give rise to new, sudden challenges that tested the reaction capacity of many companies and brought to light the qualities of the most resilient ones. In the case of BFF, it can be said that in 2022 it also implemented a series of initiatives aimed at minimizing the impact of Covid-19 on ordinary day-to-day business activities, as well as reducing the risks of interruption or lowering of standards in the quality of services offered to customers.

An Emergency Safety Committee composed of all central staff functions was kept active. It is responsible for deciding on the actions required to combat the emergency and has met on a weekly basis since the beginning of the pandemic. The Committee continued to meet bi-weekly at the end of the emergency period to ensure that the situation was monitored and that action was taken promptly when needed.

Management through the Safety Committee made it possible to act ahead of time in all European countries where the Group is present, not only in Italy, where the pandemic first manifested itself.

The agreement with mobile telephone operators was updated and extended to the whole Group, in order to increase the data traffic available on company smartphones. Furthermore, employees were provided with USB modems with data traffic included to guarantee appropriate connections without impacting home internet connections, which were not always adequate.

In order to ensure that the remote connection of all employees did not trigger infrastructure slowdowns, the ICT team worked constantly in the background to optimize connections and operativity.

In order to raise the awareness of all personnel regarding information security topics:

- ▶ a fully digital annual course was launched on cyber security and the Business Continuity Plan, which all employees were required to take on the Group's new LMS platform, which is managed by the BFF Academy.
- ▶ Awareness raising campaigns on cyber attacks were carried out, both through sessions dedicated to Top Management and through the circulation of specific training pills on security awareness, in particular on the security of e-mail communications and phishing attacks. Lastly, the security infrastructure was further strengthened by replacing the antimalware and antispam programs. The selection process resulted in the choice, in both cases, of a market leader platform based on machine learning and artificial intelligence technologies: the solutions implemented reduce cyber security risks and further boost the company's protection, providing coverage from advanced attacks.

While these actions were being rolled out on the ICT front, the Human Resources & Organizational Development Function, with the support of the Facilities Management team, implemented a number of measures to manage the emergency.

Through ratification by the Safety Committee, with approval and/or endorsement by bodies such as the Board of Directors, the Board of Auditors, the Supervisory Body, as well as the new Covid-19 Committee, as the health emergency disappeared the protocol was gradually replaced by active safeguards and indications of behavior useful for preserving the alertness of the corporate population in containing the spread of the virus.

This protocol, which evolved over time as it was required to be adapted to new legislation in force, was adopted Group-wide, always taking into account the specific requirements of different local regulations. The Protocol, which, inter alia, outlined the rules for working in person in the office, has always been purposely more restrictive than governmental regulations: this was to further safeguard employee health by minimizing risk. In particular, as an exception to the remote working agreement, for most of 2022, even after the end of the emergency period, BFF guaranteed the possibility of working remotely for 5 out of 5 days for vulnerable individuals and parents of children under 14 years of age.

In line with the Protocol, the simultaneous presence of more than 50% of the company's staff was never permitted. Even if, following the introduction of new Prime Ministerial Decrees, the possibility of using public transport has been reinstated as of August 2021, the Bank has maintained the possibility of using parking lots within company grounds, or reimbursing costs where the use external parking facilities was required.

Until the end of the emergency period, an online booking system for office desks and parking spaces was also maintained, which can be used from a computer or through a smartphone app, making it possible to track and guarantee orderly flows consistent with the Protocol. The buildings were continuously sanitized, infrared temperature checks were required on entry and sanitizing gel dispensers were provided in potentially more critical areas, such as entrances, exits, near photocopiers and other shared instruments, in addition to all necessary instructions and signage were put up, in all countries, to continuously ensure responsible behavior. During the same period and in keeping with the entry into force of the Prime Ministerial Decree on the checking of Covid-19 "Green Passes" in the workplace, the Bank has provided for daily checks at the entrance in order to prevent access to staff who are not in possession of one, in this way better ensuring health of all workers on the company premises.

The adoption of this method has also further increased the tracking and checks on attendance.

People's health was BFF's main objective right from the very start. The Human Resources & Organizational Development Function always guaranteed a communication channel in every country with personnel who had come into direct/indirect contact with Covid-19, in order to provide all of the necessary support.

The process of monitoring infection trends on a weekly basis and the maintenance of the Safety Committee guaranteed extreme speed, flexibility and agility in Group decisions, indeed making it possible to adopt local solutions within an international framework.

Measures were immediately adopted to encourage prudent conduct, which the company combined with specific arrangements such as continuing to provide ticket restaurant, when applicable, even during the phase when staff were all remote working. The capacity to maintain their spending power gave employees some much-needed peace of mind during the highly uncertain situation created by the pandemic.

As of April 2022, in conjunction with the adoption of remote working, which requires simultaneous presence in the office for two days a week, the possibility for vulnerable individuals to work remotely 5 days out of 5 remained guaranteed for their greater protection. Similar action was taken for close contacts of people who had tested positive, with a more restrictive interpretation of the regulations and greater protection for everyone.

The response of BFF's personnel was one of great commitment and responsibility; there was a reduction of absenteeism, and everyone demonstrated a high degree of willingness to take on new working methods as quickly as possible, especially considering that working from home was not an arrangement previously present in the Group's culture or operations.

Investment in training turned out to be decisive.

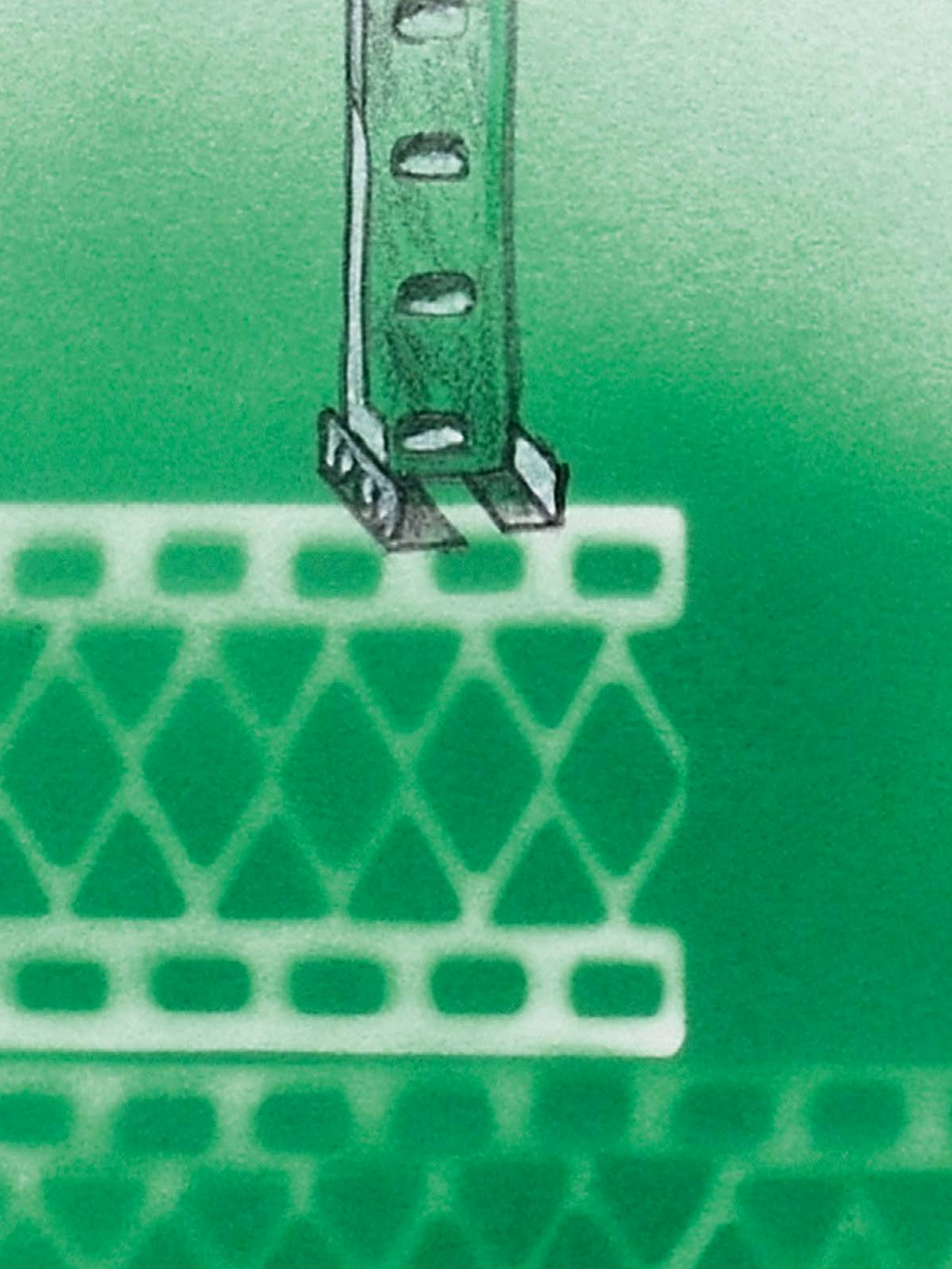
Mandatory training never stopped. Indeed, growth and development of personnel skills were further supported: also in this case, technology played a decisive role, allowing for the creation of virtual classrooms and blended learning.



## Respect for Human Rights

The Group has always had a strong focus on respect for human rights. Respect for personality and dignity is considered fundamental to the development of the work environment, as reported within the Group's Code of Ethics and the Diversity & Inclusion Policy. Therefore, in 2020, 2021 and 2022, no cases of violations of human rights were reported.

Furthermore, the Group prohibits engaging in practices that can be linked to child and forced labor, both within its own companies and across the supply chain.





08

Social Responsibility

## Social responsibility

Throughout its history, the Group has always promoted scientific research and cultural initiatives to discuss trending topics that inevitably affect public-private relationships. This has involved studies carried out with the help of experts in the sector, and training sessions for customers and professionals. It has also involved think-tank activities with associations and universities, and cultural and arts events for the benefit of the entire community.

In relation to 2022, two initiatives in particular are worthy of note:

- ▶ Redefinition of the strategic layout in line with the needs of the community
- ▶ Promotion of art as an engine of growth for business and society through a European tour of the *ART FACTOR - The Pop Legacy in Post- War Italian Art project*

**“Scientific research and the promotion of culture and arts as engines for the growth and development of our society”.**

## A new Strategic Plan for Fondazione Farmafactoring

Established in 2004 with the purpose of promoting and enhancing the cultural and scientific research activities previously initiated within the Bank, aimed mainly at analyzing the management, structures and governance models of health systems in Italy and Europe, and government authorities in general, during 2022, with the appointment of the new Board of Directors, it realized the need to reorient strategic choices to respond in an agile and more effective way to the new needs of the Bank.

To this end, the Foundation developed a **new purpose**: *"To be a driver of sustainable and inclusive transformation in individual and community welfare and protection systems"*.

The purpose, validated by intense stakeholder engagement activity, meets a new need: **to work in an integrated manner in the areas of health, social security and financial inclusion**, to facilitate transformation also thanks to possible international scale-ups.

Through the **Strategic Plan 2023-2027**, the Foundation aims to:

- ▶ Promote equitable access to care and contribute to the sustainability of the health system
- ▶ Accelerate informed access to integrated welfare systems
- ▶ Facilitate the financial inclusion of the vulnerable

The value proposition will no longer be characterized by scientific research alone, but by the willingness and ability to facilitate cultural change at national and international levels through advocacy, systematization and dissemination of research, agile experimentation and literacy programs, the activation of public-private collaborations, and the initiation of pilot projects to test policies to support vulnerable categories of people.

Again in 2022, BFF contributed to the Foundation's activities with a donation of €520,000 (in line with previous years) as well as additional funding of €85,000 for projects, making a total contribution of €605,000.

## Italian art in Europe: “ART FACTOR – The Pop Legacy in Post-War Italian Art”

Art and culture are important driving forces for the development of companies and society. This concept is behind the project **ART FACTOR – The Pop Legacy in Post-War Italian Art**, initially embodied in the publication in English of the book of the same title published by *Skira editore Milan Genève Paris* in April 2021, then followed by a website entirely dedicated to the collection, and which culminated in a traveling exhibition in Europe.

Thanks to this initiative, the Collection, which is on permanent display at the BFF offices in Rome and Milan, was presented in three of the European countries in which the Group operates: Slovakia, Poland, and Greece, at the cities of Bratislava, Warsaw, and Athens, respectively.

In 2022, the exhibitions were viewed by more than 2,500 visitors, over 1,500 in Bratislava, about 900 in Warsaw, and 145 in Athens, respectively (still running as of December 31, 2022, open until February 13, 2023). Noteworthy is the interest received among schools, several of which visited the exhibition in Warsaw (SWPS and ASP institutes) and Athens (Italian School of Athens, Artistic School of Athens and Keratsiniou Gymnasium).

In addition, a virtual tour was created for each exhibition and is available on the [art-factor.eu](http://art-factor.eu) website since the end of the exhibition period. As of 12/31/2022, the virtual tours were taken by more than 800 visitors in total.

The project will continue throughout 2023 and will end the following year in “Casa BFF”, the Group’s new headquarters in Milan, where a museum area dedicated to permanently displaying the works is planned.

## Supporting culture: Institute of the Italian Encyclopedia founded by Giovanni Treccani S.P.A.

BFF’s commitment to supporting culture was further confirmed by its entry, in December 2022, into the shareholding structure of the Istituto della Enciclopedia Italiana founded by Giovanni Treccani S.P.A., through the subscription of a 1.25% stake, as part of the capital increase approved by the Company.

The decision to become a shareholder of Treccani, alongside other prestigious public and private exponents of the country’s cultural and economic fabric allows BFF to enrich its social and sustainability policies by lacing itself alongside one of Italy’s major centers of cultural production and dissemination.



## Studies and Research - BFF Insights is born

In July 2022, BFF also announced the creation of **BFF Insights**, the Group's new research area, which will continue and strengthen the research and analysis that has always distinguished BFF's relationship with its customers and stakeholders.

These include analysis on the **performance of Italian** open-ended and negotiated **pension funds** and the related compilation of the BFF Indices - for the Custodian's clients and those in the savings and pension industry, previously carried out within the Custodian.

Continuing with one of the successful initiatives implemented in recent years, during 2022 BFF continued the publication of the quarterly study – *Macro perspectives on Spain and its regional governments' finances* – which details the macroeconomic trends that have an impact on the central government and the Autonomous Communities. It is directed not only at those companies that are founded and operate in Spain but also for foreign businesses that may need to obtain more detailed knowledge of the Spanish market.

Likewise, a new edition, the fourth, of the Healthcare Report was also published: "*European public health: a single system for citizens' health after the experience of the COVID-19*" pandemic, commissioned from Fondazione Farmafactoring and conducted by Professor Vincenzo Atella and Dr. Joanna Kopinska<sup>55</sup>.

Again thanks to the work with Fondazione Farmafactoring, the collaboration with **Ca Foscari University of Venice** continued in 2022, making possible an annual update of a textual database created in previous years and accessible to the public on the procedures addressing conservatorship and recovery of Italian municipalities. Over time, new functionalities have been added to this platform through the periodical collection of the relevant documentation available at the Central Directorate for Local Finance of the Ministry of the Interior, also integrated with other information published online.

The work undertaken with the Ca' Foscari University of Venice Foundation involves specialized professionals in the fields of statistics, public accounting, financial and banking organization and, last but not least, in the legal area.

<sup>55</sup> **Vincenzo Atella** is professor of economics at the University of Rome Tor Vergata and director of the Department of Economics and Finance. He is adjunct associate of the Center for Health Policy at Stanford University, where he has been a visiting professor several times, former scientific director of the Farmafactoring Foundation and former president of the Italian Association of Health Economics (AIES). He has coordinated several European projects and received financial support from the European Science Foundation. His research activity focuses on applied economics, with an emphasis on the health care sector. The results of his research have been published in several international journals and books. **Joanna Kopinska** is an assistant professor (RTDB) of Economics at Sapienza University of Rome and a fellow of the Center for Economic and International Studies at the University of Rome Tor Vergata, where she also received her Ph.D. in Economic Theory and Institutions. Her research interests focus on health economics, labor economics, public economics and economic demography. Her most relevant research has been published in Journal of Health Economics, Demography, Labor Economics, Health Policy and elsewhere.

## Collaboration with trade associations

In 2022, relations with relevant Associations in all countries where the Group operates were further strengthened.

In many of them, BFF is present as an exponent of the association bodies, with the intention of interpreting trends and improving the operating environment in which businesses, banks, and public bodies operate, enriching the joint action of communication and sharing for greater knowledge and efficiency of the relevant sector for the benefit of the widest possible audience.

| Association Name   |
|--|
| <b>Italy</b>   |
| ABI  |
| AGICI - Corporate Finance  |
| ASSBB - Association for the Development of Bank and Stock Exchange Studies |
| AMCHAM - American Chamber of Commerce in Italy                             |
| Assifact - Italian Factoring Association                                   |
| Italian Payment Services Providers Association                             |
| Assoprevidenza   |
| Assonime   |
| Assosim  |
| French Chamber of Commerce in Italy  |
| German-Italian Chamber of Commerce   |
| Spanish Chamber of Commerce  |
| EPC - European Payments Council  |
| PriBanks   |
| <b>Croatia</b>   |
| Italian Chamber of Commerce in Croatia                                     |
| <b>France</b>  |
| AFTE - Association Française des Trésoriers d'Entreprise                   |
| <b>Greece</b>  |
| HFA - Hellenic Factors Association   |
| AMCHAM - American-Hellenic Chamber of Commerce                             |
| <b>Poland</b>  |
| PFZ - Polish Factors Association   |
| AMCHAM - American Chamber of Commerce in Poland                            |
| PFSz - Polish Hospitals Federation   |
| ZPB - Polish Bank Association  |
| PZPB - Polish Association of Construction Industry Employers               |

(CONT'D)

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**Association Name**

**Portugal**

ALF - Associação Portuguesa de Leasing, Factoring and Renting

AMCHAM - American Chamber of Commerce in Portugal

*Câmara de Comércio e Indústria Luso-Alemã*

CCILE - Câmara de Comércio Luso-Espanhola

CCILF - Chambre de Commerce et d'Industrie Luso-Française

HCP - Health Cluster Portugal

**Czech Republic**

Asociace Výrobců a Dodavatelů Zdravotnických Potřeb - Medical Devices Suppliers Association

**Slovakia**

AMCHAM - American Chamber of Commerce in Slovakia

**Spain**

AEF - Asociación Española de Factoring

AEB - Asociación Española de Banca

AMCHAM - American Chamber of Commerce in Spain

ASSET - Asociación Española de Financieros de Empresa

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## Events: a tool for sharing knowledge and expertise

For the Group, each event represents an important tool of transparency, sharing and dialogue on relevant topics for our customers and stakeholders. They are useful for improving existing practices and maintaining our bridging and facilitator role in commercial relations between the public and private spheres, not only through our services, therefore directly by acquiring and managing trade receivables due from public agencies, but also and especially by facilitating understanding and contributing when possible to greater system efficiency.

Major events were organized or sponsored during the year in many countries where the Group operates. These include the collaboration with the Rzeczpospolita newspaper in Poland, with which a new edition, the seventh, of the so-called "Hospital Ranking" was produced. This is a unique ranking in the country, which rewards high quality medical care and economic performance. It is an opportunity for constructive debate about best practice and solutions that can help further improve the Polish healthcare system.

317 hospitals participated, compared with 296 in 2021.

Also in 2022, the initiative featured institutional partners, including the Federation of Polish Hospitals and the Polish National Association of Employers of Provincial Hospitals, and honorary sponsorship from the Patients' Ombudsman.

Again in Poland, BFF took part for the second year a row in the Karpacz Economic Forum, the largest conference in Central and Eastern Europe held with the aim of promoting debate on the development of political and economic cooperation between EU Member States and non-EU countries.

A variety of similar initiatives have also been carried out in other countries where the Group operates; in Italy, for example, BFF participated in Il Salone dei Pagamenti as the main sponsor.

Promoted by ABI and organized by ABIEventi, Il Salone dei Pagamenti is the annual event to attend in the banking and digital payments sectors in Italy. The new trends in payment services and financial innovation, and the evolution of the Italian and European market were the key themes of the 2021 event. The event, aimed at banks, payment institutions, IMELs, institutions, companies, and the government authorities featured BFF with CEO Massimiliano Belingheri speaking at the opening plenary, and a workshop on the future of global payments, titled "The transformations of payment services: what challenges and opportunities for PSPs?"

The Bank also participated in the 12th Il Salone del Risparmio, organized by Assogestioni. This is the annual benchmark event for the world of asset management, bringing together all industry players, institutions, academia and the media, as well as savers, on specially dedicated days.

Dedicated mainly to pension funds, in June 2022 a hybrid event - both in-person and via streaming - was held in collaboration with Class CNBC, already a partner of Il Salone del Risparmio, and was useful for better framing the role of the Custodian Bank.

Also in this area, the Bank was also at the side of its clients on the occasion of the 20th Anniversary of the Concrete Fund, the 10th Anniversary of the PerseoSirio Fund and on an equal amount of occasions of sharing and discussion. There was no shortage, for example, of contributions through events organized, throughout

the year by Pri.Banks or other associations of which the Bank is a member.

On the occasion of the 51st National Convention of Young Entrepreneurs of Confindustria, BFF sponsored the "Talentis" Program dedicated to Italian startups, with an award dedicated to the startup with the greatest growth potential.

And there were many other moments for the exchange of ideas at local and international events, in Greece with the Dellphi Economic Forum, in Portugal at the European Private Hospital Awards and the III Iberian Summit on Private hospitalization, in France with the sponsorship of SantExpo, the main annual conference dedicated to the health sector, or participation in the Assises des Delais de Paiment, and many more.

Local and European institutions are often involved in these events, as well as representatives of trade associations or Chambers of Commerce, both Italian and foreign, of which the Group is often a member, again with the aim of achieving a broad scope of dialogue with customers and stakeholders.

## Charitable initiatives

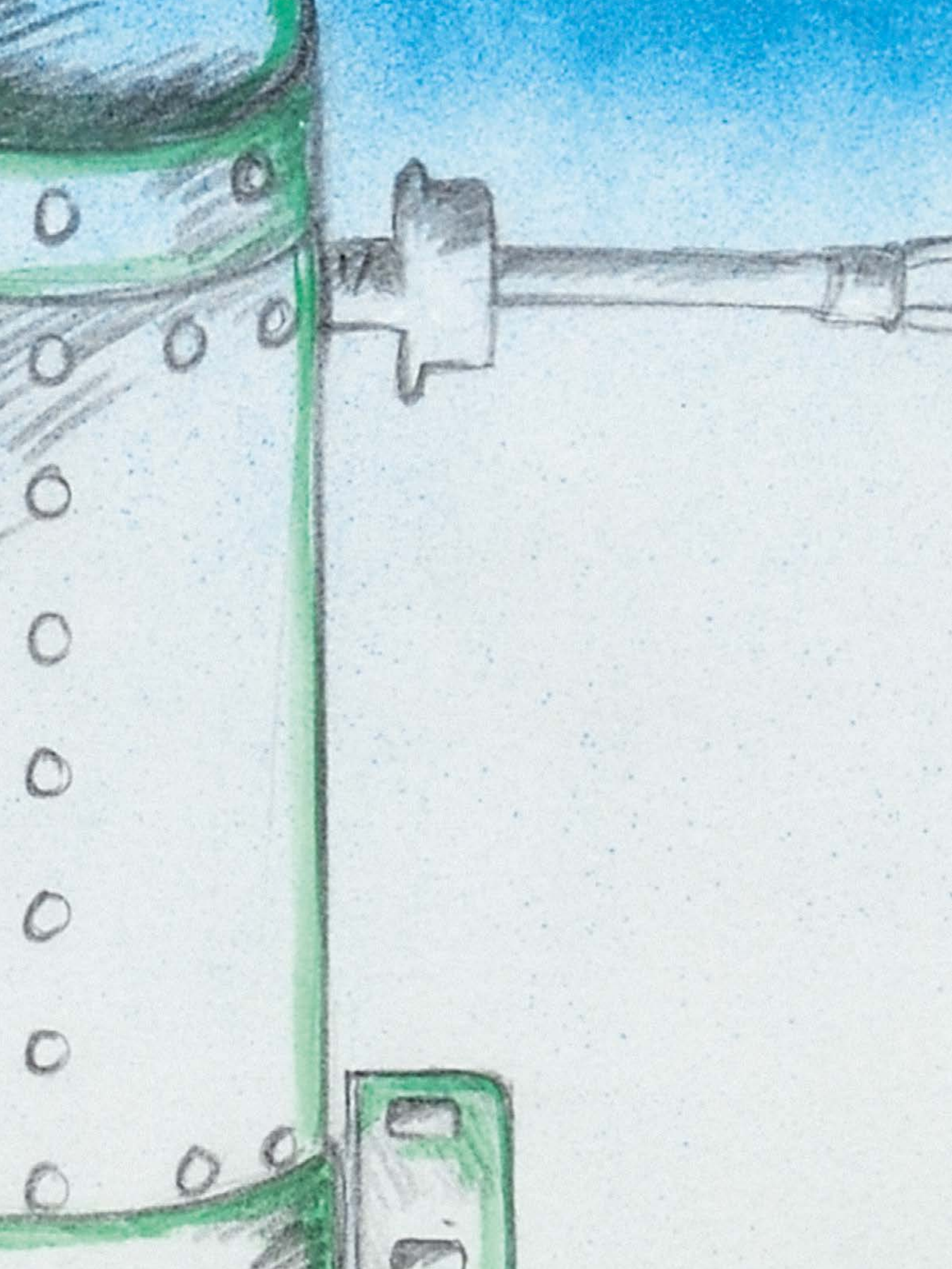
Following the Russia/Ukraine conflict, BFF felt it necessary to support charitable initiatives for Ukraine and its people.

Donations were therefore made to major associations in Poland and Slovakia, with programs to support the emergency in Ukraine.

Action was also taken to donate a fully equipped ambulance at the disposal of one of the Group's companies, MedFinance, to the Poland-Ukraine Association, which was delivered to Mariupol in April.

In response to the request of all employees, who expressed their desire for greater involvement in charitable initiatives in support of Ukraine and its people, a special bank account was also opened for internal fund raising, which was matched by BFF, and in partnership with Fondazione Fiera Milano and Fondazione Progetto Arca donated to provide concrete help for Ukrainian refugees currently in Poland.

Other charitable initiatives were organized, including the decision to provide a free deposit bank service for donations to a number of specific campaigns, including the Italian Red Cross, Save The Children, Soleterre, AVSI Foundation and UNHCR.







# 09

## Responsible Supply Chain Management

## Responsible supply chain management

The Group's supplies are mainly attributable to the procurement required for the Bank's core business.

According to the Group's Code of Ethics, relations with suppliers - managed by each Organizational Unit to the extent as lying within their competence, within the limits of the expenses allocated when defining the annual budget - occur in compliance with the principles of lawfulness, fairness and impartiality, and in compliance with internal procedures and delegated powers.

The risks associated with the management of a responsible supply chain are mitigated by the Group by ensuring that the Code of Ethics and the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001 is signed by suppliers, as well as by defining specific clauses within the contract. With specific reference to contracts entered into with suppliers that are not related to the Group's core business, a process is in place for the selection of suppliers enjoying a stable market position. The signing of contracts is governed by specific delegations of powers.

Beginning in 2021 the Bank adopted a Supplier Portal in order to manage the Register of Suppliers in a well-organized manner.

This Supplier Portal allows the Bank to oversee supplier relations closely throughout the entire procurement management process, from the initial supplier qualification phase to the final performance evaluation.

The BFF Supplier Portal includes an initial registration phase in which candidates are asked to read and accept the BFF Code of Ethics and Privacy Policy. The Portal makes it possible to manage suppliers according to product categories, by administering, during registration phase, specific questionnaires useful for the correct registration of counterparts in the Supplier Register. Also during the registration phase, the portal provides suppliers with a set of documents that, in order to obtain qualification, they will have to sign and upload in the dedicated section within the portal: BFF General Terms and Conditions of Supply, Disclosure on specific risks and prevention and emergency measures, Self-certification of possession of technical and professional suitability requirements, Statement for acknowledgment and acceptance of the Code of Ethics.

Suppliers are also required to enter the following documentation in the portal: Chamber of Commerce Visura, Single Document of Tax Compliance, Anti-Mafia Self-Certification and Financial Statement Document (where possible). All documentation is subject to verification and subsequent validation or rejection by the competent BFF unit.

The validity of all documents uploaded is monitored by the Portal, which provides for the automatic sending of notifications (e-mails) to suppliers when expiry dates are approaching or when reminders are necessary after deadlines have expired.

Approval for inclusion on the Supplier Portal does not, however, automatically entitle the supplier to take part in bids for tender or in individual procedures for the awarding of goods or services contracts for the category under which it has received approval.

Suppliers are selected exclusively on the basis of the assessment of professional skills, financial and market aspects, giving priority to counterparts that can guarantee the best value for money. In particular, situations of conflict of interest must be carefully assessed and selection based on criteria of transparency and objectivity must be guaranteed. All suppliers may rest assured that the Group will:

- ▶ implement clear and transparent selection procedures ensuring equal information and equal access to the offer;
- ▶ provide conditions of fair competition in the conduct of negotiations, including by preventing and countering any form of conflict of interest and the pursuit of interests other than those pursued by the Group;
- ▶ adopt all necessary measures to guarantee lawfulness and fairness in payments, with special reference to payments due to entities other than those that sell goods or provide services, or due to foreign entities, or to be settled on cash current accounts open at foreign banks;
- ▶ maintain a constant and meaningful dialogue to identify areas for improvement, with specific reference to transparency and compliance with contractual terms, and to encourage greater social and environmental responsibility throughout the supply chain.

All suppliers are required to comply with the laws, regulations and professional ethics of the Group. In the event that a supplier engages in conduct contrary to the above criteria, the Group shall have the right to take measures that may go as far as contract termination and temporary or definitive exclusion of further business relations, in addition to seeking compensation for any damages suffered.

BFF Group entities (subsidiaries and Branches) all rely on a specific procurement procedure, where the selection and evaluation of suppliers and the required authorization processes are described.

BFF Group's suppliers can be divided into two categories:

- ▶ suppliers with whom contracts are entered into in respect of activities directly related to the business, such as contracts with IT suppliers, auditing and consulting services, suppliers offering access to financial information regarding customers and suppliers, insurance contracts;
- ▶ suppliers with whom contracts are entered into in respect of activities indirectly related to the business, such as cleaning service, communication services, organization of events for customers or employees.

In managing relations with suppliers, in order to minimize any negative impact on health and safety deriving from the interaction of its own activities with those of external suppliers, the Parent Company implements

**“Evaluate and select suppliers based on environmental and social sustainability criteria.”**

various measures according to the work and/or services agreed upon. More specifically, the Bank makes available to the supplier adequate information on the risks present in the workplace where it will be operating and cooperates in the implementation of measures for the prevention of and protection against occupational risks that impact the activity performed under the contract.

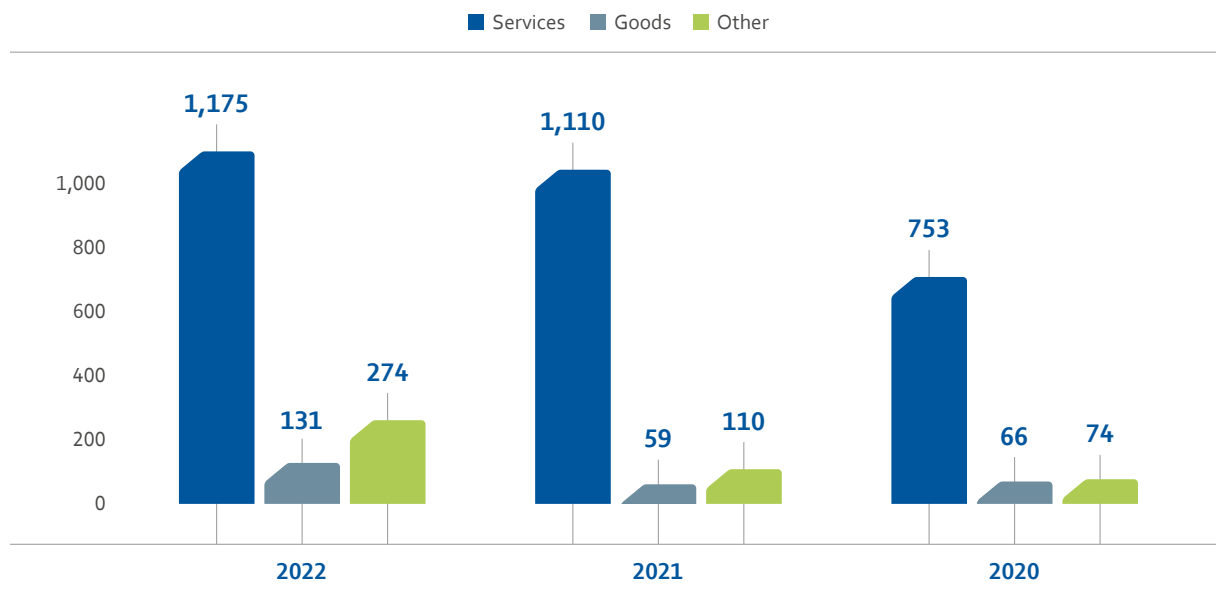
Furthermore, with the exception of the simple supply of materials, activities of an intellectual nature and activities with a duration of less than 5 man-days, the Bank must draw up a specific Single Document on the Assessment of Risk from Interferences, to be attached to the contract and/or works contract.

The Single Document on the Assessment of Risk from Interferences is valid for the length of the contract, pursuant to Article 26, and is automatically renewed in the event of extension and/or new works pertaining to the supplier’s activity and/or in any case updated in the event of changes that may have an impact on current and/or new interferences.

These types of suppliers are further categorized according to the service being offered, such as the supply of services or goods. As shown in the table below, suppliers providing both services and goods are grouped under “Other”.

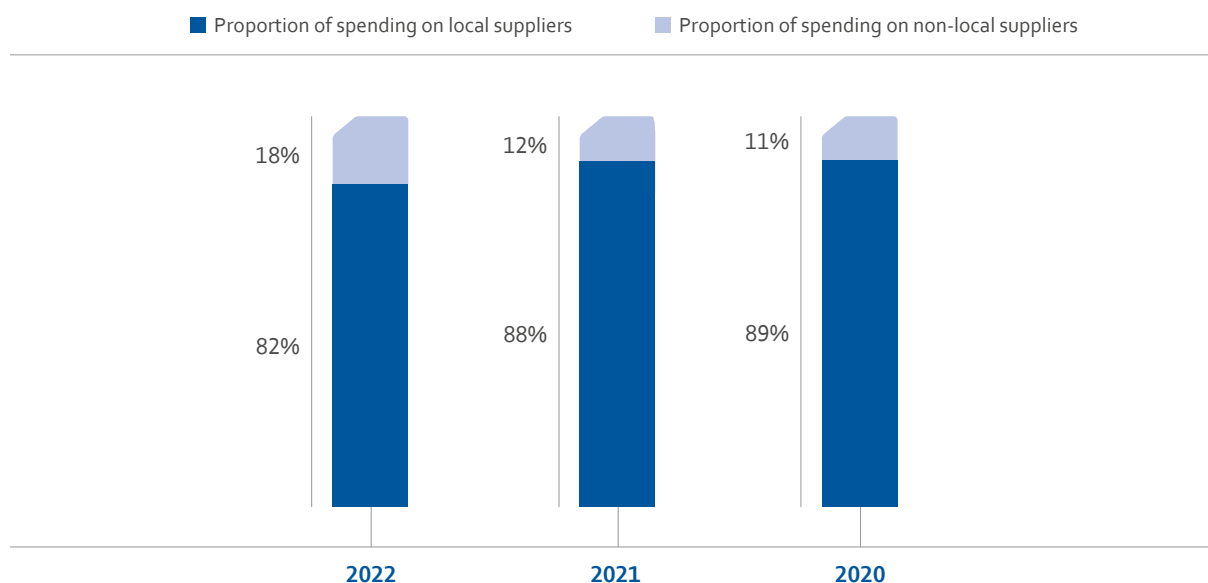
In 2022, the Group entered into contracts with a total of 1,580 suppliers (1,279 in 2021), of which 1,175 for the supply of services (1,110 in 2021), 131 for the supply of goods (59 in 2021) and 274 suppliers for a combination of goods and services (164 more than in 2021).

### GROUP SUPPLIERS BY TYPE



The Group considers as “local” all those suppliers of goods and services that operate in the area of reference.

## PERCENTAGE OF GROUP-WIDE SPENDING ON LOCAL SUPPLIERS



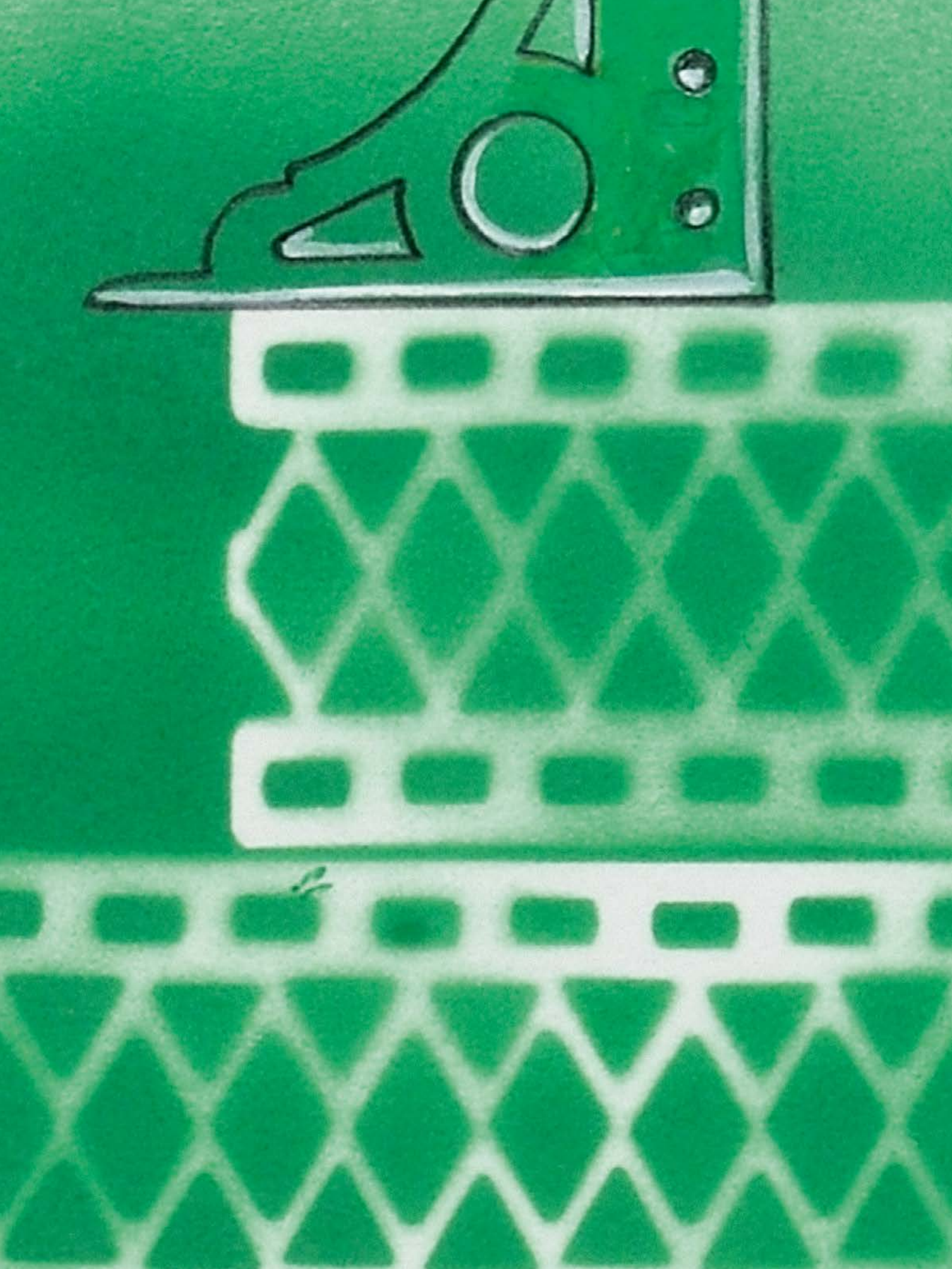
In 2022, 82% of BFF Group’s suppliers consisted of local suppliers, as can be seen from the table below<sup>56</sup>.

## PROPORTION OF SPENDING ON LOCAL SUPPLIERS

| COUNTRY            | 12.31.2022 | 12.31.2021 | 12.31.2020 |
|--------------------|------------|------------|------------|
| Italy              | 79%        | 90%        | 94%        |
| Spain              | 96%        | 94%        | 88%        |
| Portugal           | 99%        | 95%        | 84%        |
| Poland             | 99%        | 99%        | 100%       |
| Slovakia           | 99%        | 96%        | 84%        |
| Czech Republic     | 82%        | 97%        | 95%        |
| Greece             | 95%        | 98%        | 84%        |
| <b>Group Total</b> | <b>82%</b> | <b>88%</b> | <b>89%</b> |

<sup>56</sup> It should be noted that, following a refinement in the calculation methodology, the data for Slovakia and the Czech Republic for 2021 and 2020 have been modified in order to be comparable with what has been calculated with regard to 2022.









10

Environmental  
Responsibility

## Environmental responsibility

In line with industry trends, responsible management of environmental impacts is also relevant to the business in which BFF engages. Although the Group is not exposed to significant environmental risks, it monitors certain indicators relating to its environmental impact with respect to the use of resources, namely, paper, electricity, gas and water for office use, and consumption linked to travel, such as business trips, and car fleet. As of 2021, a new document is in force governing the adoption and management within the company's fleet of cars of models with a low environmental impact, such as hybrid and/or electric cars, and the company is committed to continuously checking market offers and adapting its own offer to employees accordingly. No diesel cars are included in the Car List.

The Group does not have a formal policy in place with regard to environmental issues, but it is committed to managing resources through the promotion of initiatives designed to reduce consumption, such as increasing the efficiency of the lighting system and initiatives aimed at reducing the use of paper. In this context, in its company intranet - which is available to the entire Group - the Bank has created a new "Sustainability" section entirely dedicated to ESG topics (available in English and Italian) with the goal of spreading a culture which is attentive and sensitive to the use of resources. More specifically, some of the elements that have been made available in that section include: i) a tool for monitoring personal printer use over time, to obtain greater awareness of one's corresponding negative impact on the environment (consumption of CO<sub>2</sub>, use of natural resources and energy) and help the Group limit paper use as much as possible and ii) an area dedicated to sharing awareness messages and spreading best practices, which each employee can freely suggest to all colleagues.

**"Identifying and monitoring the main direct and indirect impacts on the environment due to business operations, office energy consumption and business trips".**

The Bank's asset management procedure "Waste Management and Disposal" also provides for the disposal of laptops and telephones through donations to third parties. In this regard, and with specific reference to the choice of suppliers with whom it collaborates for waste management and disposal, the Bank, in line with its Code of Ethics, ensures constant and constructive dialogue with all suppliers. This is done in order to identify areas for improvement in the relationship, with particular reference to transparency and compliance with contractual conditions, and to promote greater social and environmental responsibility along the service supply chain. Priority is therefore given to suppliers who promote virtuous and careful initiatives and attitudes to reduce their own environmental footprint, those who offer products and services on the market that can reduce possible environmental damage, and those who, where possible, certify compliance with requirements that ensure environmentally aware and low impact management for the disposal of special waste. Urban and special waste must be recovered or disposed of without endangering human health and without using processes or methods that could harm the environment.

Continuing in the implementation of sustainable policies is the selection of the Group's offices – after the move to offices with a reduced environmental impact already completed in 2019 in Rome, Italy and in Lodz, Poland (a building which received the **LEED Gold Core & Shell** certification) – a new office was opened in Madrid at Paseo de la Castellana 81. The building hosting the new offices, located in the capital's financial district, received the **LEED Platin Core & Shell** certification due to its extremely high sustainability standards, Gold WELL Building Standard as the first in Spain and fifth in Europe in the Core & Shell category and 5/5 stars in the DIGA certification for accessibility and respect for diversity.

During December, the bank moved 180 employees to its new headquarters located at 91 Monte Rosa Street, newly built offices managed by the company Regus, hence leaving behind the building at 6 Moses Bianchi Street where the facilities dated back to the 1990s.

As disclosed in the previous Consolidated Non-Financial Disclosure, in 2021 BFF signed an agreement to purchase and develop an area of more than 3,000 m<sup>2</sup> owned by Fondazione Fiera Milano. The area is located in front of Pavilions 3 and 4 of FieraMilanoCity in the Portello district. The development involves the construction of a new building of around 9,000 m<sup>2</sup> (7,350 m<sup>2</sup> gross floor area) to serve as the Bank's new headquarters.

The building will be completed by the first half of 2024 and will accommodate the more than 500 employees currently working in Milan. The new headquarters, which will be called "Casa BFF" (BFF House), is part of a gradual process, already underway, of renewal of the Group's workplaces.

The aim of the new project, designed by architects Paolo Brescia and Tommaso Principi of OBR, is to create a LEED Platinum and WELL Gold certified building which is people-centered, integrated with the city, that gives the area a sense of community. The building is characterized by the feature referred to as 'Flying Carpet of Energy', a regular geometric shape on the roof that is clearly recognizable in the map of the city seen from above. With more than 2,400 m<sup>2</sup> of photovoltaic panels, it will produce about 360 megawatts, becoming the poster child for BFF's environmental and sustainability values and generating energy from renewable sources to meet about 65% of the building's needs.

The project's unerring focus on open spaces is also reflected in the open area by the subway system, which will be transformed into an Agora; a shared space that will become a super-urban place of aggregation, celebrating a renewed sense of urbanism. The "Flying Carpet of Energy" both defines the pronaos, through which the building is accessed and which marks out the large panoramic terrace, and also offers shelter to the Agora, a place to be used by everyone.

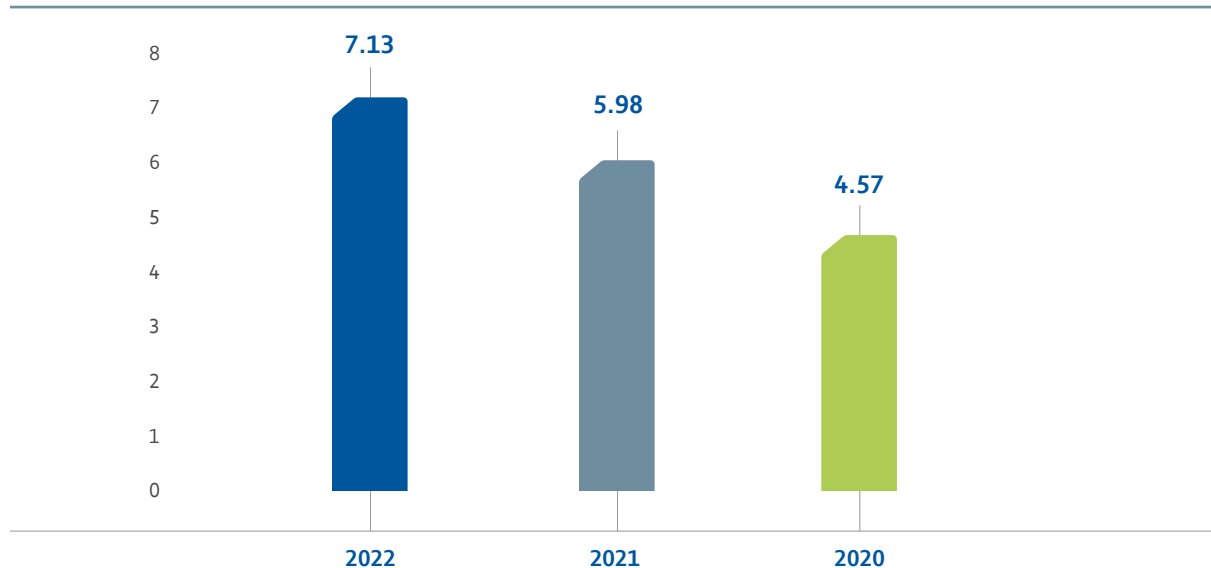




## Resource Management

The use of paper group-wide is limited to office activities and customer communications.

### PAPER CONSUMPTION (T)



It should be noted that, compared to consumption in 2022, the tons of paper<sup>57</sup> used have increased by about 19%; this is in view of the return to full capacity of all resources in the offices; however, it is reiterated that paper use is strongly linked to the reporting needs of the Transaction Services business.

It is worth pointing out that current paper consumption, when compared to 2019 (pre-Covid) consumption, turns out to be approximately 37% lower (11.34 t in 2019 vs. 7.13 t in 2022).

The activities carried out by the Group do not involve the significant use of water and the generation of related spills and significant impacts.

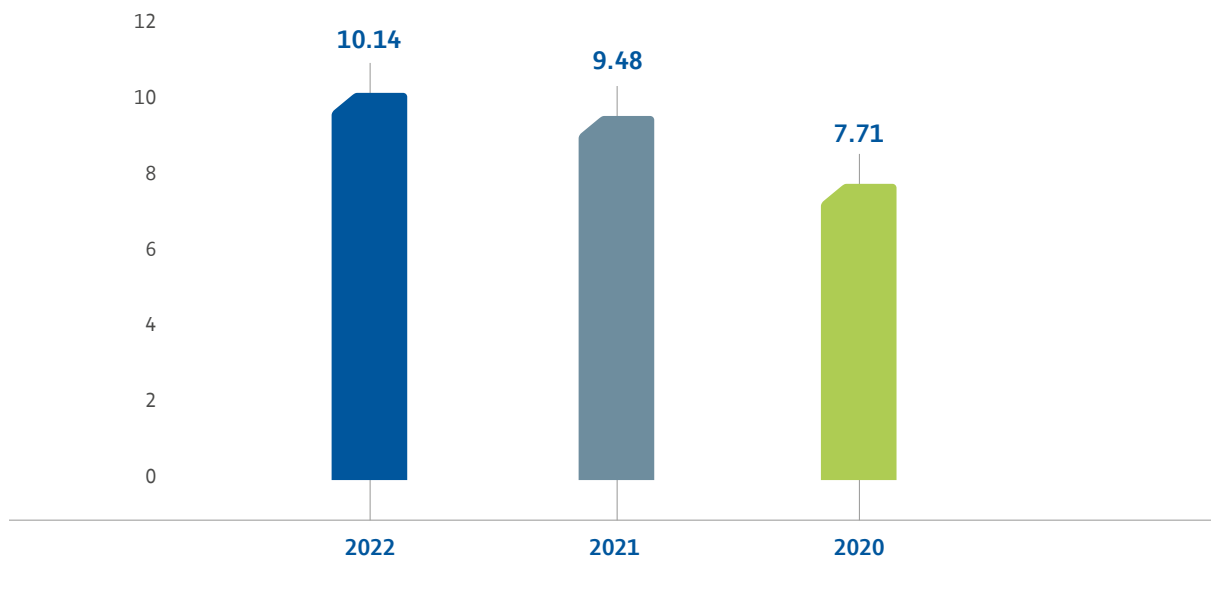
The water is used for office purposes only. In this regard, it should be noted that the Group does not set specific targets for water consumption, given the limited impact that our type of business generates by its very nature. In 2022, the Group drew a total of 10.14 ML of water<sup>58</sup> from the waterworks, of which 9.16 ML in Italy and 0.98 ML in the other countries. Please also note that for 2022, only 3.78 ML was drawn from areas subject to water stress (the Rome and Madrid offices)<sup>59</sup>. The use of water in the Group is limited only to civil uses and the only source of water withdrawal is municipal. The sustainable use of water resources, especially in areas subject to water stress, is highly incentivized. It should be noted that the 7% increase in the quantity (ML) of water withdrawn is attributable to the full return of all resources to the offices, the years 2020 and 2021 having been characterized by the Covid pandemic. In fact, it should also be noted that per capita water withdrawal over the three-year period averaged around 0.01 ML per person.

57) The figures relating to paper consumption were calculated based on operating costs and suppliers' invoices. The figures relating to paper consumption in Italy were estimated based on the quantity of reams (Navigator 80, five 500-sheet A4-format reams) ordered, multiplied by the average weight of one ream.

58) With regard to the Milan-based office located in Via Mosè Bianchi, water consumption was calculated using estimates on the basis of thousandths occupied, while for the Spanish office it was calculated on the basis of the average cost per m<sup>3</sup>.

59) To identify areas with water stress, the World Resources Institute's Aqueduct Water Risk Atlas was used in accordance with the GRI Standard guidelines.

## WATER WITHDRAWAL (ML)



## Consumption and Emissions

With regard to energy, the Group uses natural gas and thermal energy for heating, and draws electricity from the grid.

With reference to the the Madrid and Lodz offices, in 2022 the Group consumed 8,470 GJ of electricity, of which 551 GJ from certified renewable sources (guaranteed by certificates of origin).

As regards natural gas, a consumption level of 4,789 GJ was recorded in Italy and Spain. It should be noted that since 2022 it has also been possible to report information about gas use for Spain as an account only since this year the building’s owners has been able to provide more timely data for each tenant. Finally, it should be noted that the use of diesel fuel, again aimed at office heating, amounted to 3,879 l in Spain. In the Polish offices, thermal energy consumption stood at 501.60 GJ.

With reference to the other countries of Central and Eastern Europe, heating is provided through district technologies using fan coils. The following table shows the Group’s natural gas and electricity consumption for 2022, 2021 and 2020:



#### NATURAL GAS CONSUMPTION IN GJ PER COUNTRY (BUILDING)

| COUNTRY                | 12.31.2022   | 12.31.2021   | 12.31.2020   |
|------------------------|--------------|--------------|--------------|
| Italy                  | 4,638        | 3,786        | 1,732        |
| Spain                  | 161          |              |              |
| <b>Total BFF Group</b> | <b>4,798</b> | <b>3,786</b> | <b>1,732</b> |

#### ELECTRICITY DRAWN FROM THE GRID IN GJ (GIGAJOULES) PER COUNTRY (BUILDING) (\*)

| COUNTRY                | 12.31.2022      | 12.31.2021   | 12.31.2020   |
|------------------------|-----------------|--------------|--------------|
| Italy                  | 7,197           | 7060         | 1901         |
| Spain                  | 404             | 193          | 162          |
| Portugal               | 25              | 26           | 50           |
| Poland                 | 745.47          | 196          | 243          |
| Slovakia               | -               | 10           | 23           |
| Czech Rep.             | 12.5            | 5            | 5            |
| Greece                 | 85.47           | 83           |              |
| <b>Total BFF Group</b> | <b>8,469.24</b> | <b>7,573</b> | <b>2,384</b> |

#### TOTAL ELECTRICITY CONSUMED IN GJ PER COUNTRY (BUILDING) (\*)

| COUNTRY                | 12.31.2022    | 12.31.2021    | 12.31.2020   |
|------------------------|---------------|---------------|--------------|
| Italy                  | 11,835        | 10,504        | 3,633        |
| Spain                  | 704           | 193           | 162          |
| Portugal               | 25            | 26            | 50           |
| Poland                 | 745           | 510           | 590          |
| Slovakia               | -             | 10            | 23           |
| Czech Rep.             | 12            | 5             | 5            |
| Greece                 | 85            | 83            |              |
| <b>Total BFF Group</b> | <b>13,406</b> | <b>11,331</b> | <b>4,463</b> |

The Group's total energy consumption amounts to 13,406 GJ which corresponds to approximately 16 GJ of energy consumed per employee.

(\*) With regard to Slovakia's electricity consumption in 2022, the disclosure is not provided due to the unavailability of the data.

With regard to Scope 1 emissions<sup>60</sup>, direct emissions, in 2022 the Bank emitted 257 tons of CO<sub>2</sub> from the consumption of natural gas for office heating purposes, 35% more as compared to the previous year. Scope 1 emissions of 257 tCO<sub>2</sub>e correspond to 0.31 of tCO<sub>2</sub>e per employee.

The increase in tCO<sub>2</sub>e emitted is attributable to the return to full capacity of all resources in the offices, as well as the share of consumption accounted for by Spain

#### EMISSIONS FROM NATURAL GAS IN TCO<sub>2</sub>E BY COUNTRY (BUILDING)

| COUNTRY                | 12.31.2022 | 12.31.2021 | 12.31.2020 |
|------------------------|------------|------------|------------|
| Italy                  | 237        | 190        | 87         |
| Spain                  | 20         | -          | -          |
| <b>Total BFF Group</b> | <b>257</b> | <b>190</b> | <b>87</b>  |

#### EMISSIONS FROM ELECTRICITY DRAWN FROM THE GRID IN TCO<sub>2</sub>E<sup>(\*)</sup>

| COUNTRY                | 12.31.2022 | 12.31.2021 | 12.31.2020 |
|------------------------|------------|------------|------------|
| Italy                  | 630        | 618        | 149        |
| Spain                  | 24         | 11         | 11         |
| Portugal               | 2          | 2          | 5          |
| Poland                 | 52         | 41         | 69         |
| Slovakia               | -          | 1          | 1          |
| Czech Rep.             | 2          | 1          | 1          |
| Greece                 | 10         | 10         |            |
| <b>Total BFF Group</b> | <b>719</b> | <b>683</b> | <b>235</b> |

With regard to Scope 2<sup>61</sup> emissions, indirect emissions linked to electricity consumption calculated using the Location-Based method, which takes into account the national energy mix, in 2022 the Group emitted a total of approximately 719 tons of CO<sub>2</sub>, corresponding to 0.85 t CO<sub>2</sub>e per employee, a slight increase compared to 2021.

60 For the purposes of calculating direct emissions (Scope 1), the emission factors indicated in the "Guidelines on the application in banks of the GRI (Global Reporting Initiative) Environment Indicators" disseminated by the Italian Banking Association (ABI) and processed by the Italian Greenhouse Gas Inventory 1990 -2015 - National Inventory Report 2017 - Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA) were used.

(\*) With regard to Slovakia's electricity consumption in 2022, the disclosure is not provided due to the unavailability of the data.

61 For the calculation of CO<sub>2</sub> emissions relating to Scope 2 - Location Based, deriving from electricity consumption, the Enerdata emission factors published by Terna were used (2019 factors for data relating to 2021). UK Government GHG Conversion Factors for Company Reporting defined by the UK Department for Environmental and Rural Affairs (DEFRA) were used to calculate emissions from thermal energy consumption. Note that Scope 2 emissions are calculated in tCO<sub>2</sub>, as opposed to Scope 1 emissions, which are calculated in tCO<sub>2</sub>e.

The Group's Scope 3<sup>62</sup> emissions, other indirect emissions, derived mainly from business trips by air and rail by Group employees. More specifically, air and rail trips by Group employees produced around 34.4 tons of CO<sub>2</sub> in 2022, corresponding to 0.04 tCO<sub>2</sub>e per employee, approximately 30 tons of CO<sub>2</sub> in 2021.

In the course of 2022, and following up on the target set when the previous edition of the Consolidated Non-financial Disclosure was published, as regards the reduction of emissions in light of the introduction of the new internal procedure for the allocation of cars with reduced environmental impact, BFF began to pay special attention to the issue of emissions in mobility. The applicability of the procedure led during 2022 to a 25% reduction of gasoline/diesel cars, replaced with hybrid cars, for which a 9% reduction in vehicle emissions was estimated compared to 2021. Continuing on this path, BFF expects in 2023 to reduce its vehicle emissions from the Company car fleet by 19%<sup>63</sup> compared to 2021. To corroborate this focus, it is, in addition, considering the adoption of a tool to enable timely monitoring of vehicle emissions.

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62 For the calculation of Scope 3 emissions, the emission factors from the EPA Center for Corporate Climate Leadership - Emission Factors for Greenhouse Gas Inventories, Last Modified on: April 1, 2021 were used. Note that Scope 3 emissions are calculated in tCO<sub>2</sub>e, as opposed to Scope 1 emissions, which are calculated in tCO<sub>2</sub>.

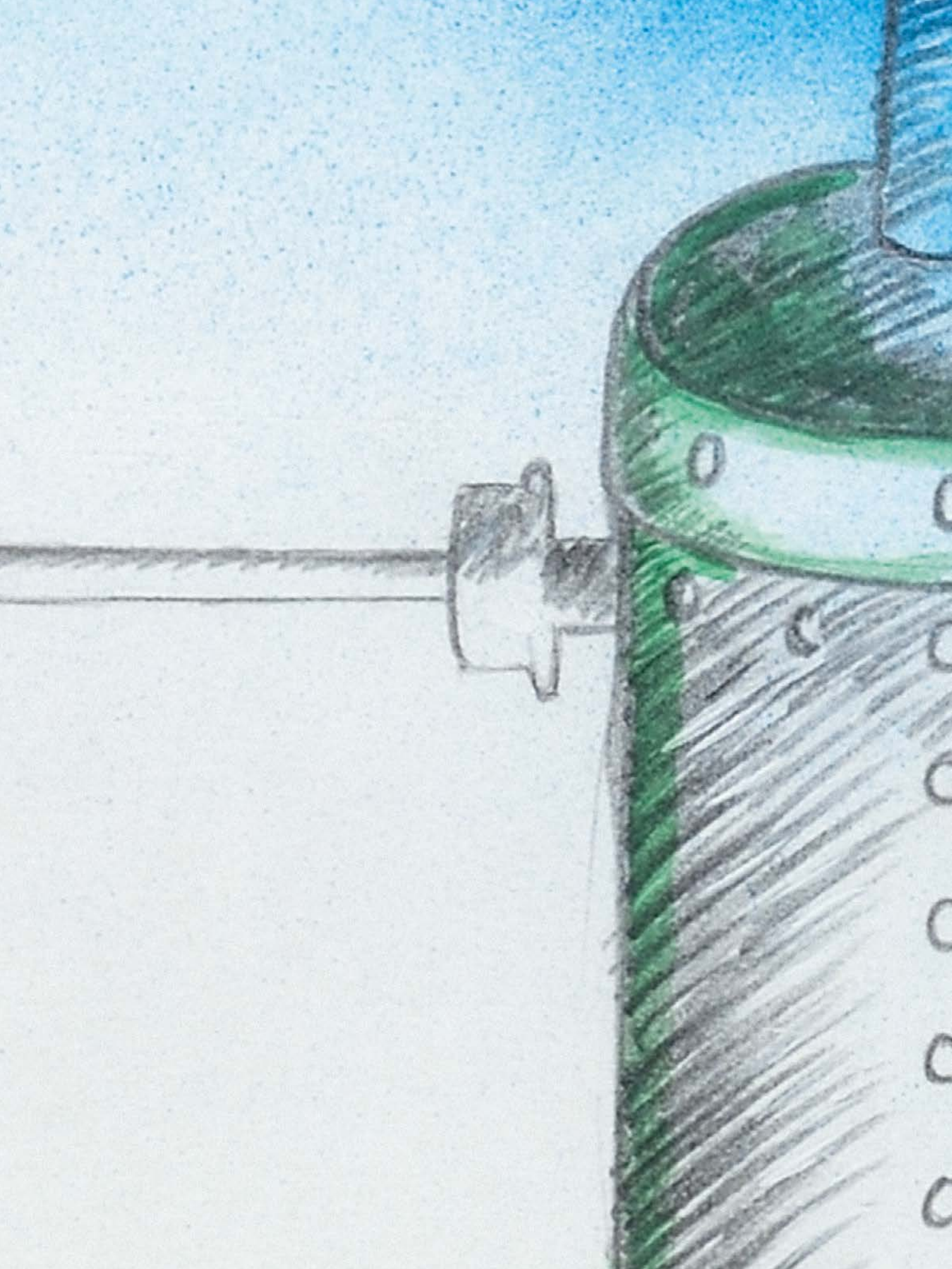
63 Achievement of this goal is subject to the automakers' compliance with car delivery schedules.

## Reconciliation table between material topics and related impacts identified through the SDGs

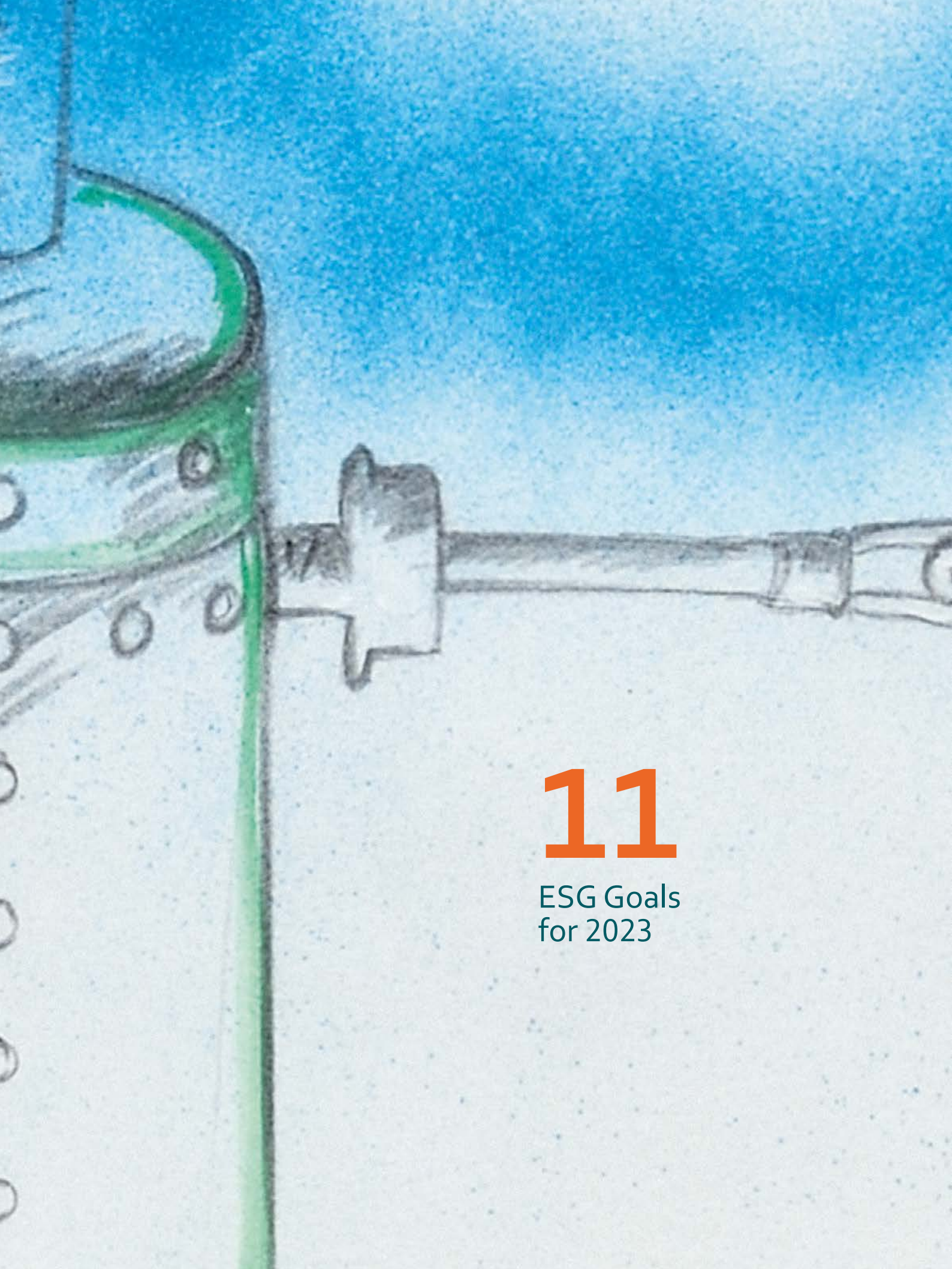
| Material topics   | Current or potential negative impacts identified from the UN SDGs  |
|---|--|
| <b>ECONOMIC PERFORMANCE</b>   | <ul style="list-style-type: none"> <li>▶ Change in the value of assets and capital strength of the Group for investors</li> <li>▶ Increased instability and uncertainty in the banking and financial system</li> <li>▶ Change in value distributed to stakeholders, including business partners, suppliers and employees of the Group</li> </ul>   |
| <b>SUPPLY CHAIN</b>   | <ul style="list-style-type: none"> <li>▶ Supporting corporate, production, and business practices that are harmful to the community and value chain, such as disregarding workers' rights and workplace safety</li> <li>▶ Sourcing from unsustainable activities in terms of waste generation, pollution, and use of raw materials and natural resources</li> <li>▶ Change in costs incurred by the Group, with implications for value creation and distribution</li> </ul>        |
| <b>BUSINESS ETHICS AND FIGHTING CORRUPTION</b>                        | <ul style="list-style-type: none"> <li>▶ Promotion of unfair business practices in the Group and among business partners</li> </ul>  |
| <b>GOVERNANCE AND DECISION-MAKING PROCESSES</b>                       | <ul style="list-style-type: none"> <li>▶ Lack of allocation of roles and responsibilities for carrying out business activities and especially sustainability initiatives</li> <li>▶ Ineffective implementation of Group strategies and processes from failure to integrate sustainability factors into internal regulations</li> </ul>   |
| <b>CLIMATE CHANGE AND THE TRANSITION TO A SUSTAINABLE ECONOMY</b>     | <ul style="list-style-type: none"> <li>▶ Adoption of emission-intensive energy supplies and mobility practices</li> <li>▶ Increase in emissions related to the Group's operations</li> <li>▶ Contribution to the Increase in temperature anomaly compared to preindustrial levels</li> <li>▶ Increased frequency of extreme weather events, and the Group's vulnerability to them</li> <li>▶ Promotion of a disorderly and delayed climate and environmental transition</li> </ul> |
| <b>OCCUPATIONAL HEALTH AND SAFETY</b>                                 | <ul style="list-style-type: none"> <li>▶ Increased hazards faced by employees and non-employees of the Group</li> <li>▶ Increased frequency of workplace accidents</li> </ul>  |
| <b>DIVERSITY, INCLUSION, EQUALITY OF OPPORTUNITY AND REMUNERATION</b> | <ul style="list-style-type: none"> <li>▶ Increased frequency of incidents of discrimination</li> <li>▶ Increasing gender inequality from the perspective of remuneration, responsibility, and opportunities for professional growth</li> <li>▶ Reduced employee motivation and engagement and increased outgoing turnover</li> <li>▶ Transmission of the Group's values and corporate culture with reference to workplace management</li> </ul>                                    |
| <b>HUMAN RIGHTS</b>   | <ul style="list-style-type: none"> <li>▶ Increased incidents of human rights violations in the Group's operations or value chain, with particular reference to suppliers and business partners</li> <li>▶ Violation or adoption of practices detrimental to international convictions related to human and labor rights, beginning with modern slavery</li> </ul>  |

(CONT'D)

| Material topics   | Current or potential negative impacts identified from the UN SDGs   |
|---|---|
| ENERGY  | <ul style="list-style-type: none"> <li>▶ Change in the Group's energy consumption and resulting pollutant and climate-changing emissions</li> <li>▶ Operation through energy inefficient locations, vehicles and devices</li> <li>▶ Increased costs associated with energy supplies, with consequent impacts on the Group's economic performance</li> </ul>   |
| HUMAN RESOURCES MANAGEMENT  | <ul style="list-style-type: none"> <li>▶ Loss, reduction or failure to upgrade key competencies for the Group's operations and business</li> <li>▶ Failure to promote employees' personal and professional growth</li> <li>▶ Reduced employee satisfaction in the workplace and increased outgoing turnover</li> </ul>  |
| PROTECTION OF LABOR AND WORKERS' RIGHTS   | <ul style="list-style-type: none"> <li>▶ Adoption of business practices detrimental to workers' rights</li> <li>▶ Conflict and lack of dialogue with employer and worker associations</li> <li>▶ Improvement in work-life balance and in overall work environment in the Group</li> </ul>   |
| LOCAL COMMUNITIES   | <ul style="list-style-type: none"> <li>▶ Reduction and/or mismanagement of the supply chain for the target realities in which the Group operates</li> <li>▶ Strengthening or weakening of dialogue with local communities, based on the effective promotion of positive impact initiatives</li> </ul>   |
| INNOVATION AND TECHNOLOGY   | <ul style="list-style-type: none"> <li>▶ Obsolescence of Group management and technology, affecting efficiency and effectiveness in operations and business</li> <li>▶ Failure of the Group's activities and services to respond to evolving customer needs, with particular reference to changes in the regulatory and market environment and the integration of sustainability factors</li> <li>▶ Inadequate service offerings and solutions in terms of data security, accessibility, effectiveness and cost efficiency</li> </ul> |
| CUSTOMER SATISFACTION AND TRANSPARENCY OF INFORMATION ABOUT PRODUCTS AND SERVICES | <ul style="list-style-type: none"> <li>▶ Erosion of customer trust for the Group's services and business</li> <li>▶ Marketing and distribution of services inappropriate to customer needs</li> <li>▶ Promotion or adoption of opaque business practices in terms of customer disclosures, commercial communications and reporting</li> </ul>   |
| PRIVACY AND DATA SECURITY   | <ul style="list-style-type: none"> <li>▶ Loss or theft of customer, employee and business partner data, resulting in reputational damage and damage to customer confidence</li> <li>▶ Business interruption related to loss, damage, or malfunction of critical IT infrastructure or databases</li> </ul>   |
| MATERIALS   | <ul style="list-style-type: none"> <li>▶ Waste of raw materials and inefficient use of Group supplies and utilities</li> </ul>  |







# 11

ESG Goals  
for 2023

## ESG Goals for 2023

Key:  100%    75%    50%    25%    0%

| TOPIC                       | %                                   | GOALS  | CNFD         |
|-----------------------------|-------------------------------------|--|--------------|
| STRATEGY                    | <input checked="" type="checkbox"/> | Integration of ESG factors within the Group's strategy   | 2023         |
|                             | <input type="checkbox"/>            | Evaluation of the adoption of a Group CSR Policy   | 2023         |
| FINANCIAL MARKET GOVERNANCE | <input checked="" type="checkbox"/> | Set up a sustainability management working group.<br>This goal was postponed until 2022.   | 2022         |
|                             | <input type="checkbox"/>            | Delivery of specific ESG-related training sessions for the Board of Directors  | 2023         |
|                             | <input checked="" type="checkbox"/> | Obtaining a CORErating - ESG.<br>This objective has been rescheduled for the second quarter of 2022.<br>During 2021, various initiatives were carried out to identify areas of improvement with a view to embarking on the road towards obtaining an ESG solicited rating. | 2022         |
|                             | <input checked="" type="checkbox"/> | Continuously improving communication with ESG rating agencies<br>Work on this goal was launched in 2020.<br>It is an ongoing goal.   | 2022<br>2023 |
|                             | <input checked="" type="checkbox"/> | Adopting a consistent, transparent communications strategy with the rating agencies compliant with the ESG initiatives that the Group is undertaking.<br>Ongoing objective   | 2022<br>2023 |
|                             | <input checked="" type="checkbox"/> | Integration in the 2022 remuneration policy of the ambition of pay equity (gender neutrality and equal opportunity).<br>Recurring target (5-year ambition).  | 2022<br>2023 |
|                             | <input checked="" type="checkbox"/> | Evaluate the possibility of adopting a Diversity, Equity and Inclusion Policy in order to support equal opportunity.   | 2022         |

(CONT'D)

| TOPIC  | %                                   | GOALS   | CNFD                 |
|--|-------------------------------------|---|----------------------|
| QUALITY OF SERVICE AND TRUST-BASED RELATIONS | <input checked="" type="checkbox"/> | Increasing and carrying out customer listening activities on a regular basis by also administering the Survey in other countries where the Group operates.<br>In 2020, the scope was expanded to customers present in multiple countries.<br>In 2021, the scope was expanded to Poland and Greece.<br>In 2022, the scope was also expanded to the Transaction Services business | 2020<br>2021<br>2022 |
|  | <input checked="" type="checkbox"/> | Guaranteeing beneficial initiatives to support local communities  | 2021<br>2022         |
|  | <input checked="" type="checkbox"/> | Ongoing objective   |                      |
|  | <input checked="" type="checkbox"/> | Further development of Foundation activities on foreign scope, in line with the Foundation's strategic plan   | 2022                 |
| ENVIRONMENTAL RESPONSIBILITY                 | <input type="checkbox"/>            | Maintenance of low levels of paper consumption.<br>Recurring objective.   | 2022<br>2023         |
|  | <input type="checkbox"/>            | Evaluation of the adoption of an Environmental Policy   | 2023                 |
|  | <input type="checkbox"/>            | Evaluation of the adoption of a mobile emission tracking tool   | 2023                 |
|  | <input checked="" type="checkbox"/> | Start employee awareness raising activities on energy saving, waste sorting and the reuse of materials.<br>Created special section in company intranet with a focus on environmental awareness and attention to waste.  | 2021<br>2022         |
|  | <input type="checkbox"/>            | Reduce emissions also following the introduction of the new internal procedure for providing company cars with a reduced environmental impact.  | 2023                 |
|  | <input type="checkbox"/>            | Relocate the headquarters to a "green" building.  | 2024                 |

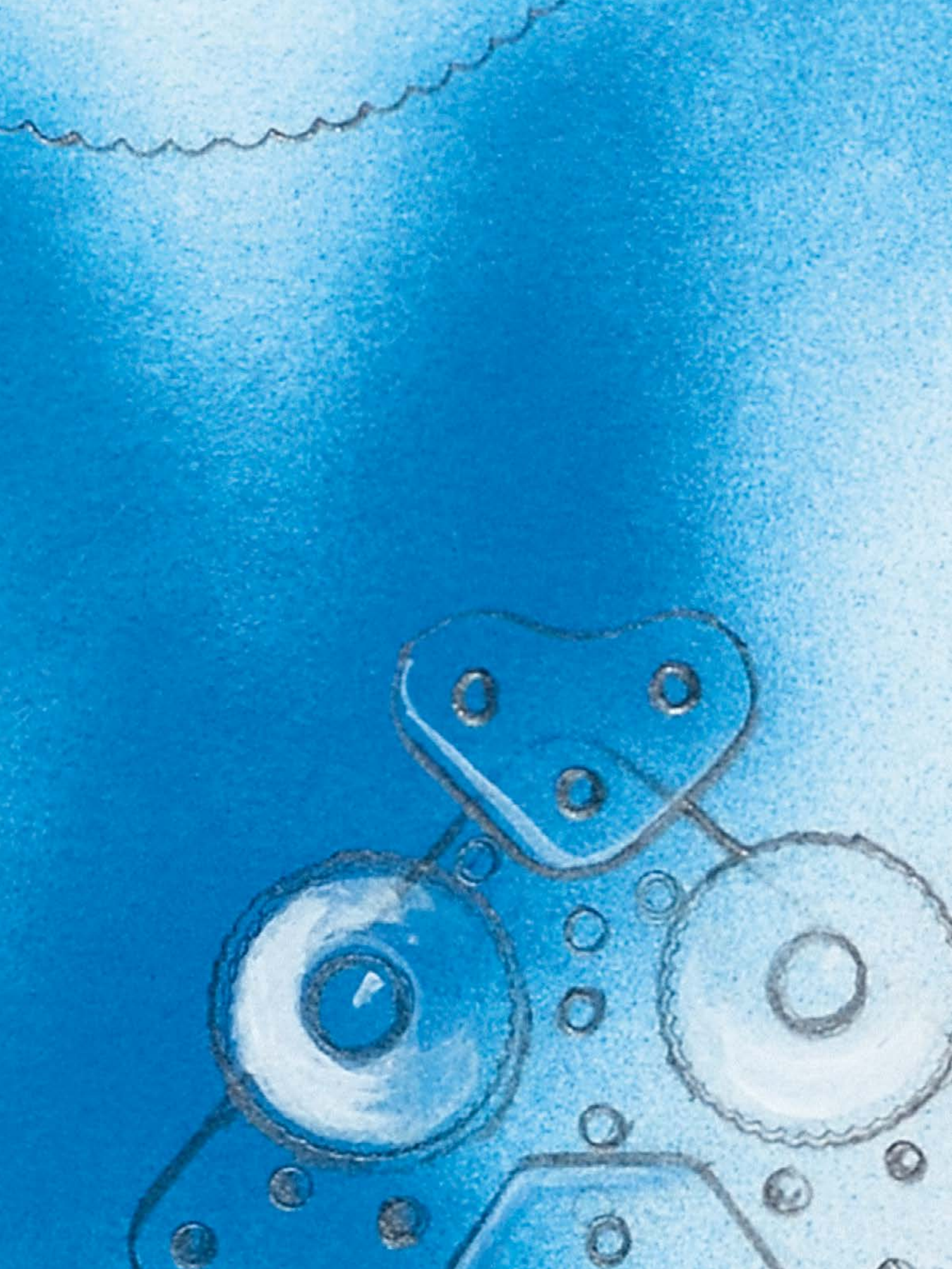




12

GRI Content Index





## GRI content index

|                                 |   |
|---------------------------------|---|
| Statement of Use                | BFF Bank SpA has submitted a report in accordance with GRI Standards for the period 01/01/2022 - 12/31/2022 |
| Use of GRI 1                    | GRI 1 - Foundation - 2021 version   |
| Relevant GRI industry standards | N/A - will await the publication of the specific industry standard  |

| GRI STANDARD/OTHER SOURCE Disclosure   | Location   | Omission* | SDGs  |
|--|--|-----------|-------|
| <b>GENERAL DISCLOSURES</b>   |  |           |       |
| <b>GRI 2 -General Disclosures - 2021 version</b>                                 |  |           |       |
| 2-1 Organizational details   | Pag. 10, 16-17   |           |       |
| 2-2 Entities included in the organization’s sustainability reporting             | Pag. 10  |           |       |
| 2-3 Reporting period, frequency and contact point                                | Pag. 10  |           |       |
| 2-4 Restatements of information  | Pag. 11  |           |       |
| 2-5 External assurance   | Pag. 11, 176-181   |           |       |
| 2-6 Activities, value chain and other business relationships                     | Pag. 14-23, 149-153  |           |       |
| 2-7 Employees  | Pag. 106-111   |           | 8     |
| 2-8 Workers who are not employees  | Pag. 106-111   |           | 8     |
| 2-9 Governance structure and composition   | Pag. 32-37   |           | 5; 16 |
| 2-10 Nomination and selection of the highest governance body                     | Pag. 32  |           | 5; 16 |
| 2-11 Chair of the highest governance body  | Pag. 35  |           | 16    |
| 2-12 Role of the highest governance body in overseeing the management of impacts | Pag. 39-40   |           | 16    |
| 2-13 Delegation of responsibility for managing impacts                           | Pag. 39-40   |           |       |
| 2-14 Role of the highest governance body in sustainability reporting             | Pag. 39-40   |           | 16    |
| 2-15 Conflicts of interest   | Pag. 31  |           |       |
| 2-16 Communication of critical concerns  | Pag. 73  |           |       |
| 2-17 Collective knowledge of the highest governance body                         | Pag. 31  |           | 16    |
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| 2-19 Remuneration policies   | Pag. 104-105, 114-116  |           | 5     |
| 2-20 Process to determine remuneration   | Pag. 104-105, 114-116  |           | 5     |
| 2-21 Annual total compensation ratio   | Pag. 116   |           |       |
| 2-22 Statement on sustainable development  | Pag. 6-9   |           |       |
| 2-23 Policy commitments  | Pag. 43-45<br>The policies the Group adopts are specified in correspondence with the treatment of each material topic.                         |           |       |
| 2-24 Embedding policy commitment   | Pag. 43-45   |           |       |
| 2-25 Processes to remediate negative impacts                                     | Pag. 41-45<br>The processes that the Group adopts are specified in correspondence with the treatment of each material topic                    |           |       |
| 2-26 Mechanisms for seeking advice and raising concerns                          | Pag. 72-73, 134  |           |       |
| 2-27 Compliance with laws and regulations  | During 2022 BFF Bank S.p.A. received no significant fines or non-monetary penalties for non-compliance with environmental laws and regulations |           |       |

(CONT'D)

(\*) Requirements omitted, reason for omission, explanation



| GRI STANDARD/OTHER SOURCE Disclosure                                   | Location            | Omission* | SDGs  |
|--|---------------------|-----------|-------|
| 2-28 Membership associations   | Pag. 144-145        |           | 17    |
| 2-29 Approach to stakeholder engagement                                | Pag. 47-57          |           |       |
| 2-30 Collective bargaining agreements                                  | Pag. 111            |           |       |
| <b>MATERIAL TOPICS</b>   |                     |           |       |
| <b>GRI 3 - General Disclosures - 2021 version</b>                      |                     |           |       |
| 3-1 Process to determine material topics                               | Pag. 47-57          |           |       |
| 3-2 List of material topics  | Pag. 56             |           |       |
| <b>ECONOMIC PERFORMANCE</b>  |                     |           |       |
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| <b>GRI 207: Tax 2019</b>   |                     |           |       |
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| 207-3 Stakeholder engagement and management of concerns related to tax | Pag. 80-83          |           | 10    |
| 207-4 Country-by-country reporting                                     | Pag. 80-83          |           | 10    |
| <b>CLIMATE CHANGE AND THE TRANSITION TO A SUSTAINABLE ECONOMY</b>      |                     |           |       |
| <b>Materials</b>   |                     |           |       |
| <b>GRI 3: Material topics 2021</b>                                     |                     |           |       |
| 3-3 Management of material topics                                      | Pag. 47-57, 155-163 |           |       |
| <b>GRI 301: Materials 2016</b>   |                     |           |       |
| 301-1 Materials used by weight or volume                               | Pag. 158-159        |           | 8; 12 |
| <b>Water and effluents</b>   |                     |           |       |
| <b>GRI 3: Material topics 2021</b>                                     |                     |           |       |
| 3-3 Management of material topics                                      | Pag. 47-57, 155-163 |           |       |
| <b>GRI 303: Water and effluents 2018</b>                               |                     |           |       |
| 303-1 Interactions with water as a shared resource                     | Pag. 159-160        |           | 6; 12 |
| 303-2 Management of water discharge-related impacts                    | Pag. 159-160        |           | 6; 14 |
| 303-3 Water withdrawal   | Pag. 159-160        |           | 6; 14 |
| <b>Emissions</b>   |                     |           |       |
| <b>GRI 3: Material topics 2021</b>                                     |                     |           |       |
| 3-3 Management of material topics                                      | Pag. 47-57, 155-163 |           |       |
| <b>GRI 305: Emissions 2016</b>   |                     |           |       |
| 305-1 Direct (Scope 1) GHG emissions                                   | Pag. 160-163        |           | 7; 13 |
| 305-2 Energy indirect (Scope 2) GHG emissions                          | Pag. 160-163        |           | 7; 13 |
| 305-3 Other indirect (Scope 3) GHG emissions                           | Pag. 160-163        |           | 7; 13 |
| 305-4 GHG emissions intensity  | Pag. 160-163        |           | 7; 13 |

(CONT'D)

(\*) Requirements omitted, reason for omission, explanation

| GRI STANDARD/OTHER SOURCE Disclosure  | Location            | Omission* | SDGs   |
|---|---------------------|-----------|--------|
| <b>ENERGY</b>   |                     |           |        |
| <b>GRI 3: Material topics 2021</b>  |                     |           |        |
| 3-3 Management of material topics   | Pag. 47-57, 155-163 |           |        |
| <b>GRI 302: Energy 2016</b>   |                     |           |        |
| 302-1 Energy consumption within the organization  | Pag. 161            |           | 7; 13  |
| <b>BUSINESS ETHICS AND FIGHTING CORRUPTION</b>  |                     |           |        |
| <b>GRI 3: Material topics 2021</b>  |                     |           |        |
| 3-3 Management of material topics   | Pag. 47-57, 72-78   |           |        |
| <b>GRI 205: Anti-corruption 2016</b>  |                     |           |        |
| 205 -1 Operations assessed for risks related to corruption  | Pag. 72-78          |           | 10; 16 |
| 205-2 Communication and training about anti-corruption policies and procedures                                      | Pag. 72-78          |           | 10; 16 |
| 205-3 Confirmed incidents of corruption and actions taken   | Pag. 72-78          |           | 10; 16 |
| <b>GRI 206: Anti-competitive behavior 2016</b>  |                     |           |        |
| 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices                               | Pag. 73             |           | 10; 16 |
| <b>SUPPLY CHAIN</b>   |                     |           |        |
| <b>GRI 3: Material topics 2021</b>  |                     |           |        |
| 3-3 Management of material topics   | Pag. 47-57, 149-153 |           |        |
| <b>GRI 204: Purchasing practices</b>  |                     |           |        |
| 204-1 Proportion of spending on local suppliers   | Pag. 152-153        |           | 11; 12 |
| <b>OCCUPATIONAL HEALTH AND SAFETY</b>   |                     |           |        |
| <b>GRI 3: Material topics 2021</b>  |                     |           |        |
| 3-3 Management of material topics   | Pag. 47-57, 132-136 |           |        |
| <b>GRI 403: Occupational health and safety 2016</b>   |                     |           |        |
| 403-1 Occupational health and safety management system  | Pag. 132-136        |           | 3; 8   |
| 403-2 Hazard identification, risk assessment, and incident investigation  | Pag. 132-136        |           | 3; 8   |
| 403-3 Occupational health services  | Pag. 132-136        |           | 3; 8   |
| 403-4 Worker participation, consultation, and communication on occupational health and safety                       | Pag. 132-136        |           | 3; 8   |
| 403-5 Worker training on occupational health and safety   | Pag. 126            |           | 3; 8   |
| 403-6 Promotion of worker health  | Pag. 132-136        |           | 3; 8   |
| 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Pag. 132-136        |           | 3; 8   |
| 403-9 Work-related injuries   | Pag. 134            |           | 3; 8   |
| <b>DIVERSITY, INCLUSION, EQUALITY OF OPPORTUNITY AND REMUNERATION</b>   |                     |           |        |
| <b>GRI 3: Material topics 2021</b>  |                     |           |        |
| 3-3 Management of material topics   | Pag. 47-57, 106-119 |           |        |
| <b>GRI 405: Diversity and equal opportunity 2016</b>  |                     |           |        |
| 405-1 Diversity of governance bodies and employees  | Pag. 111            |           | 5; 10  |
| 405-2 Ratio of basic salary and remuneration of women to men  | Pag. 115            |           | 5; 10  |
| <b>GRI 406: Non-discrimination 2016</b>   |                     |           |        |
| 406-1 Incidents of discrimination and corrective actions taken  | Pag. 113            |           | 5; 8   |

(CONT'D)

(\*) Requirements omitted, reason for omission, explanation

| GRI STANDARD/OTHER SOURCE Disclosure   | Location            | Omission* | SDGs      |
|--|---------------------|-----------|-----------|
| <b>PRIVACY AND DATA SECURITY</b>   |                     |           |           |
| <b>GRI 3: Material topics 2021</b>   |                     |           |           |
| 3-3 Management of material topics  | Pag. 47-57, 95-101  |           |           |
| <b>GRI 418: Customer privacy 2016</b>  |                     |           |           |
| 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Pag. 95-96          |           | 9; 10; 16 |
| <b>HUMAN RESOURCES MANAGEMENT</b>  |                     |           |           |
| <b>Employment</b>  |                     |           |           |
| <b>GRI 3: Material topics 2021</b>   |                     |           |           |
| 3-3 Management of material topics  | Pag. 47-57, 103-119 |           |           |
| <b>GRI 401: Employment 2016</b>  |                     |           |           |
| 401-1 New employee hires and employee turnover   | Pag. 117-119        |           | 8; 10     |
| <b>GRI 402: Labor/management relations 2016</b>  |                     |           |           |
| 402-1 Minimum notice periods regarding operational changes   | Pag. 112            |           | 8; 10     |
| <b>Training</b>  |                     |           |           |
| <b>GRI 3: Material topics 2021</b>   |                     |           |           |
| 3-3 Management of material topics  | Pag. 47-57, 120-131 |           |           |
| <b>GRI 404: Training and education 2016</b>  |                     |           |           |
| 404-1 Average hours of training per year per employee  | Pag. 120-126        |           | 4; 8      |
| 404-3 Percentage of employees receiving regular performance and career development reviews         | Pag. 126-128        |           | 8         |
| <b>CUSTOMER SATISFACTION AND TRANSPARENCY OF INFORMATION ABOUT PRODUCTS AND SERVICES</b>           |                     |           |           |
| <b>GRI 3: Material topics 2021</b>   |                     |           |           |
| 3-3 Management of material topics  | Pag. 47-57, 85-101  |           |           |
| <b>GRI 417: Marketing and labeling 2016</b>  |                     |           |           |
| 417-3 Incidents of non-compliance concerning marketing communications                              | Pag. 94             |           | 8; 9      |
| <b>GOVERNANCE AND DECISION-MAKING PROCESSES</b>  |                     |           |           |
| <b>GRI 3: Material topics 2021</b>   |                     |           |           |
| 3-3 Management of material topics  | Pag. 47-57, 29-45   |           |           |
| <b>HUMAN RIGHTS</b>  |                     |           |           |
| <b>GRI 3: Material topics 2021</b>   |                     |           |           |
| 3-3 Management of material topics  | Pag. 47-57, 137     |           |           |
| <b>PROTECTION OF WORK AND WORKERS' RIGHTS</b>  |                     |           |           |
| <b>GRI 3: Material topics 2021</b>   |                     |           |           |
| 3-3 Management of material topics  | Pag. 47-57, 111     |           |           |
| <b>TECHNOLOGICAL INNOVATION</b>  |                     |           |           |
| <b>GRI 3: Material topics 2021</b>   |                     |           |           |
| 3-3 Management of material topics  | Pag. 47-57, 97-101  |           |           |

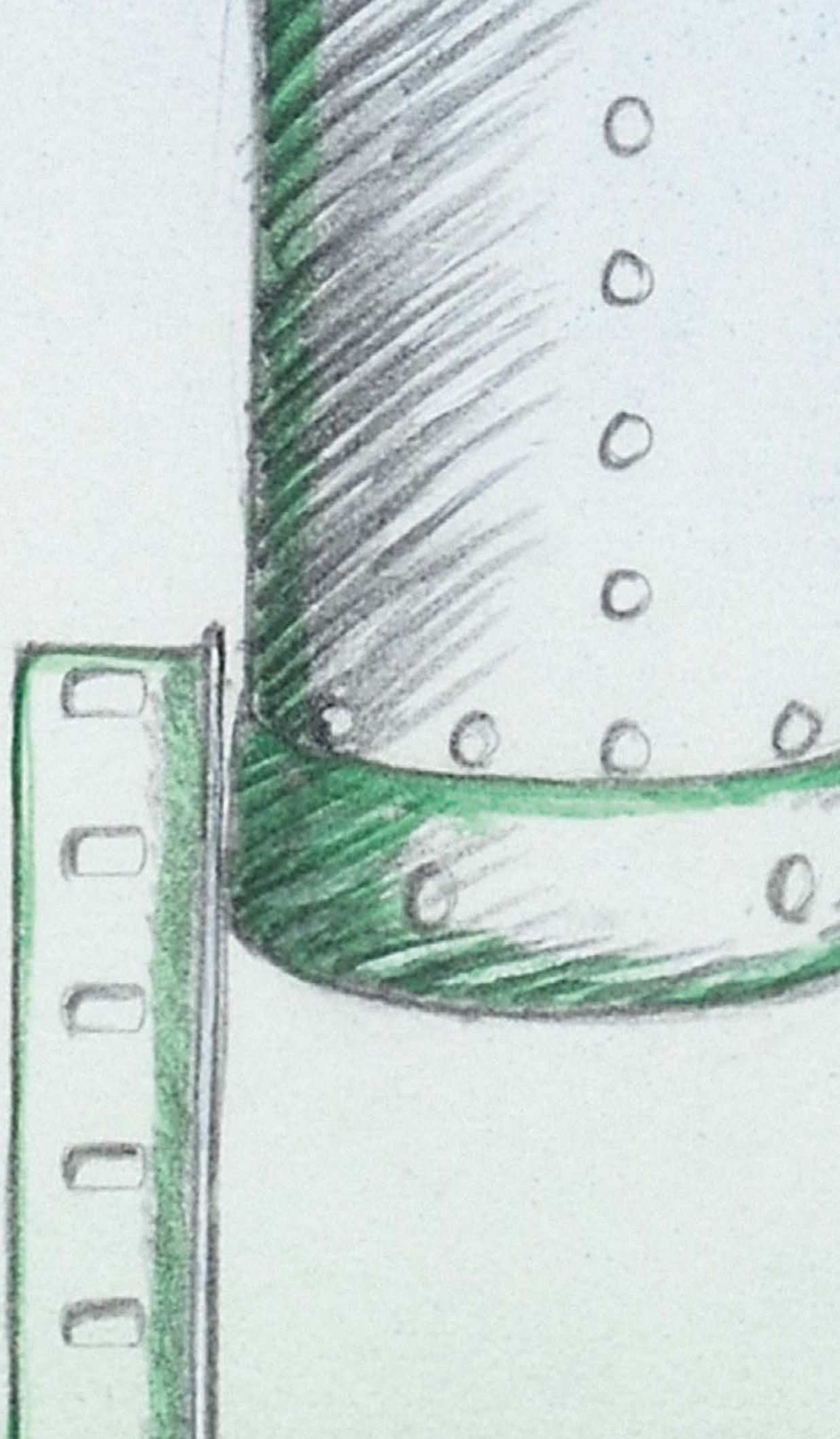
(\*) Requirements omitted, reason for omission, explanation



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Report of the Independent Auditors











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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

## **Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018**

*To the board of directors of BFF Bank S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2022 consolidated non-financial statement of the BFF Banking Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 8 March 2023 (the "NFS").

Our procedures did not cover the information set out in the "EU Regulation 2020/852 - EU Taxonomy Disclosure" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

### **Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of BFF Bank S.p.A. (the "parent") for the NFS**

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

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**BFF Banking Group**  
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31 December 2022

### **Auditors' independence and quality control**

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditors' responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
  - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
  - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
  - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.



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Specifically, we held interviews and discussions with the parent's management personnel and personnel of BFF Polska S.A. and BFF Finance Iberia S.A.U.. We also performed limited procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent level
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we held meetings with the management of the parent, BFF Polska S.A. and BFF Finance Iberia S.A.U., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 consolidated non-financial statement of the BFF Banking Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in the "EU Regulation 2020/852 - EU Taxonomy Disclosure" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 23 March 2023

KPMG S.p.A.

(signed on the original)

Roberto Spiller  
 Director of Audit

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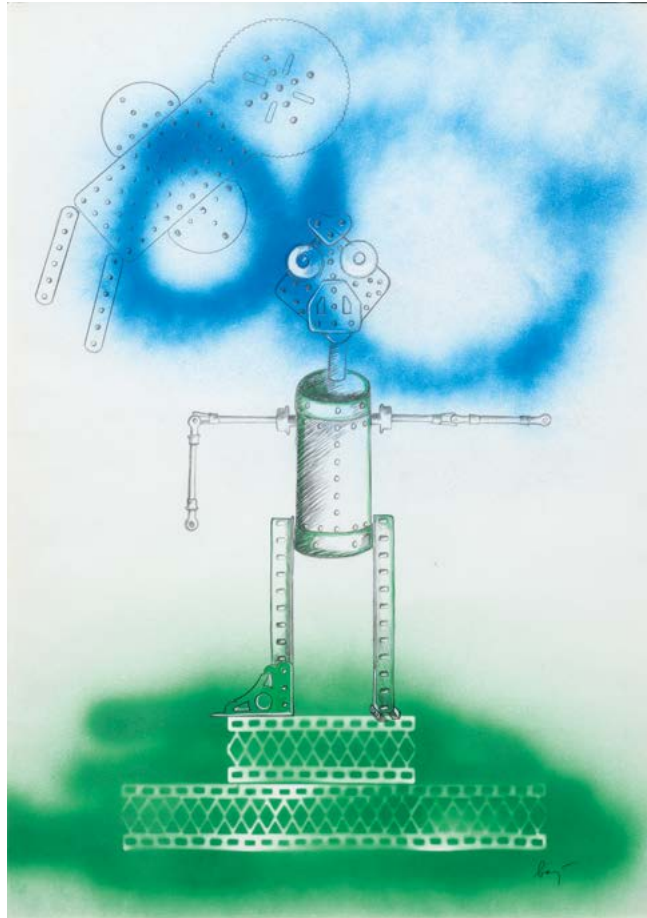
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