

The works depicted in these pages were created by the artist Enrico Baj and are part of the 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 travelling exhibit throughout Europe, which will end in 2023.

www.art-factor.eu

BFF Bank S.p.A.

Parent company 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. 0796011015

Consolidated
Non-Financial Disclosure

2021



Italian Legislative Decree 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 the third edition of the Consolidated Non-Financial Disclosure (hereinafter also referred as the “NFD” or “Disclosure”) pursuant to Article 4 of Italian Legislative Decree 254 of December 30, 2016.

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Letter to Stakeholders



Salvatore Messina

2021 saw all of the BFF Group working assiduously alongside institutions, businesses, and social and cultural entities to build a recovery while still having to live alongside the emergency situation caused by the pandemic.

In this context we asked ourselves, even more than we did in the past, how our corporate activity could be beneficial and supportive to everyone. In other words it was even more important than ever before to think about sustainability. This is something which BFF takes very seriously, not least because we have operations in nine European countries.

The report we are now presenting bears witness to the steps we have taken over the last months of which we are particularly proud because they were taken while facing the challenging scenario of the COVID-19 pandemic which still continues to have a serious impact on us.

The protection and safety of the people working for BFF continues to be a key area of concern for us. In 2021 we continued to implement measures to prevent the spread of infection to ensure the best possible working conditions for staff, both in the office and for those working from home. This was done with the help of the Emergency Safety Committee and through the implementation of the Corporate Policy on COVID-19.

Throughout period we maintained our operational standards and the quality of customer service.

Our commitment to all our stakeholders is to create sustainable long-term wealth, based on the values that we have identified for the Group; the importance of people, the principle of integrity that drives us to act with honesty and transparency, and the excellence of the services provided to customers. On this foundation we generated, in 2021, a total economic value of €387 million, 84% of which will be redistributed to our stakeholders.

Our corporate culture of sustainability starts from the care and respect we have for people, and in this regard we want to set an increasingly positive example for others in our industry.

BFF is distinguished by a high degree of geographical and cultural diversity, and in March 2021, following the acquisition of DEPObank, our workforce grew significantly to almost 1,000 employees, of whom 55% are women.

Respect for each and every individual, protection of diversity and equal opportunities, and the promotion of merit and professional growth are the values at the heart of BFF's approach to its staff.

We work each and every day to ensure we have a continuous dialogue with our staff, essential to find solutions that contribute to a better quality of life and the best possible engagement during the time dedicated to work. Undertaking internal surveys, which had a high level of participation, was one of the ways that we achieved this during the last year.

BFF has been committed to providing training for staff for many years. In recent months the BFF Academy has continued its activities. It is a highly valued facility established to ensure the development and up-dating of the skills of all BFF employees. In 2021 more than 30,000 hours of training were given to staff at every level from new recruits to senior staff.

BFF has adopted the conventional corporate governance model of administration and control. The establishment of a Supervisory Board and specialized committees, responsible for preparing proposals, and providing support and strategic supervision, is part of our corporate governance. 2021 saw the appointment of a new Board of Directors which was elected in March with over 70% of the votes. It was the first time in the bank's history that the list of candidates was presented by the out-going Board. This was done following a rigorous self-assessment procedure during which the best composition in terms of professional experience, gender, international profile, and independence was defined.

The Company has continued implementing its policy of relocating to low-energy and high-inclusiveness locations with the aim of contributing to greater environmental sustainability. This work started in 2019 in Poland. In the second quarter of 2021 new offices were opened in Madrid in a building with high standards of sustainability and a high quality working environment. We also plan to move to a new location in Slovakia in order to achieve lower energy consumption. Then we plan to renovate our main headquarters in Milan so that it can accommodate around 600 employees, bringing it up to the highest standards of environmental sustainability and employee well-being.

We understand that our expertise can benefit the wider community and we have become involved in working groups and collaborations with universities and associations. We have put at their disposal our skills in research and in producing assessments and guidelines aimed at achieving ESG objectives in the areas that we work in.

Examples of this are our membership of the "ESG for Factoring" Working Group set up by Assifact in the first half of 2021, and our membership of SDA Bocconi School of Management's Network of Cergas Associated Companies, and our collaboration with Mefop (a company founded by the Ministry of the Economy and Finance for the development of the pension fund market).

In the Asset Management field we work with clients who are increasingly demanding as regards requirements for sustainable portfolios. This is why, in the first half of 2021, we launched a monthly reporting service analysing portfolios from an ESG perspective.

The publication of specific studies by the Farmafactoring Foundation continues. In 2021 this included the publication of the third edition of the Healthcare Report, an analysis comparing nine healthcare systems in the EU. This was a particularly useful study in the wake of the crisis caused by the COVID pandemic.

Finally, for our Group increasing the prosperity of society also involves sharing the assets that have been part of our history for a long time; assets which have a value that can be recognised and appreciated by everyone.

The contemporary art collection that has been owned by our Foundation for a long time is an example of this. A new exhibition has been created from the collection and this year it will tour the capital cities of some of the European countries in which BFF operates. The project is called "*ART FACTOR - The Pop Legacy in Post-War Italian Art*".

Having the opportunity to share such an important artistic heritage with the public is a source of pride for us. We find it a source of inspiration that encourages us to imitate the artists' creative drive and their desire to innovate and pursue new goals. As a Group we are committed to pursuing this vision and we want to encourage the people to whom we have made this exhibition accessible to do likewise.

In this document we have provided detailed information on these and other initiatives we are undertaking in Italy and Europe to do our part in creating an ever more sustainable society and economy.

Respect for people, reasonable use of resources, care for our information assets and effective supervision of governance are fundamental elements of our commitment to look after the environment in which we operate and give back some of the wealth that we generate.

We are determined to pursue this course of action by constantly setting ourselves new goals that will enable BFF to produce sustainable growth and have a positive impact on the world around us.

Salvatore Messina

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

Methodological Note

The Consolidated Non-Financial Disclosure (hereafter called referred to as “**Disclosure**” or “**NFD**”) of the BFF Group (hereinafter also referred to as “**BFF**” or the “**Bank**”), drawn up in accordance with Article 4 of Italian Legislative Decree 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 has been prepared in accordance with the GRI-Sustainability Reporting Standards: Core Option as published by the Global Reporting Initiative. 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 matters reported on herein have been determined to be material as a consequence of a Materiality Analysis process which is described on page 44; the validity of which was reconfirmed in 2021. 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 NFD 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 30, 2021. The indicators for FY 2020 and 2019 are also provided for the purpose of comparing information and identifying trends in sustainability performance, as was done in last Consolidated Non-Financial Statement published (that of 2020).

The reporting scope of this Disclosure and the indicators monitored refer to the Parent Company BFF Bank S.p.A., and its fully-consolidated subsidiaries as at December 31, 2021:

- ▶ 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”).

It should be noted that the companies Komunalny Fundusz Inwestycyjng Zamknięty, MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjng Zamknięty, Kancelaria Prawnicza Karnowski i Wspólnik sp.k. e 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.

Please note that on March 1, 2021 Banca Farmafactoring S.p.A. completed the closing of the acquisition transaction and subsequent merger by incorporation of DEPObank and therefore the latter is included in the reporting scope with effect from the date of acquisition. 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”).

Any omissions in the scope have been duly noted in this document and reported in the “GRI Content Index” chapter.

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 purposes of calculating direct emissions (Scope 1¹) the emission factors indicated in the “Guidelines on the application in banks of the Global Reporting Initiative” issued by the Italian Banking Association (ABI) and data from the Italian Greenhouse Inventory 1990 – 2015 National Inventory Report 2017 produced by the Italian Institute for Environmental Protection and Research (ISPRA) were used;
- ▶ for the calculation of CO₂ emissions regarding Scope 2² - 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. Please note that Scope 2 emissions are calculated in tCO₂, whereas Scope 1 emissions are calculated in tCO₂e;
- ▶ for the calculation of Scope 3³ 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. Please note that the Scope 3 missions are calculated in tCO₂, whereas the Scope 1 emissions are calculated in tCO₂e.

The “limited assurance engagement examination” of the 2021 Consolidated Non-Financial Disclosure was entrusted to KPMG S.p.A., the Group's independent auditors. Their report is available from page 160 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.

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- 1) Scope 1 emissions are defined as direct greenhouse gases emissions from sources owned or controlled by the company, e.g., from combustion in facilities that it owns or has under its control, from boilers, furnaces or vehicles etc., that it owns, or emissions from chemical processing in facilities that it owns or has under its control.
 - 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 generating the electricity that is 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 Public Administrations. 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.

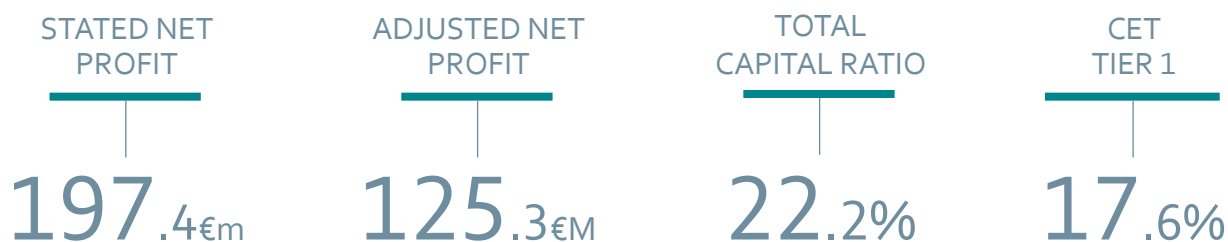
It is precisely the geographical diversification has ensured further growth and has made a significant contribution to the Group's ever-increasing expanding business.

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. DEPObank, on the other hand, became part of a solid profitable listed international group with high standards of execution and operational efficiency.

The Group is a leader in Italy in the area of Securities Services and bank payment services following the merger with DEPObank in March 2021. We serve over 400 customers including investment funds, banks, payment and e-money institutions, large corporations and Public Administrations.

In 2021 the Group recorded a Net Accounting Profit of € 197.4m, including 76.9 million Euro of *badwill* following the completion of the PPA*. Adjusted net income totalled € 125.3 million**, with a Group Common Equity Tier 1 ("CET1") ratio at 12/31/2021 of 17.6% and a Total Capital Ratio of 22.2%.

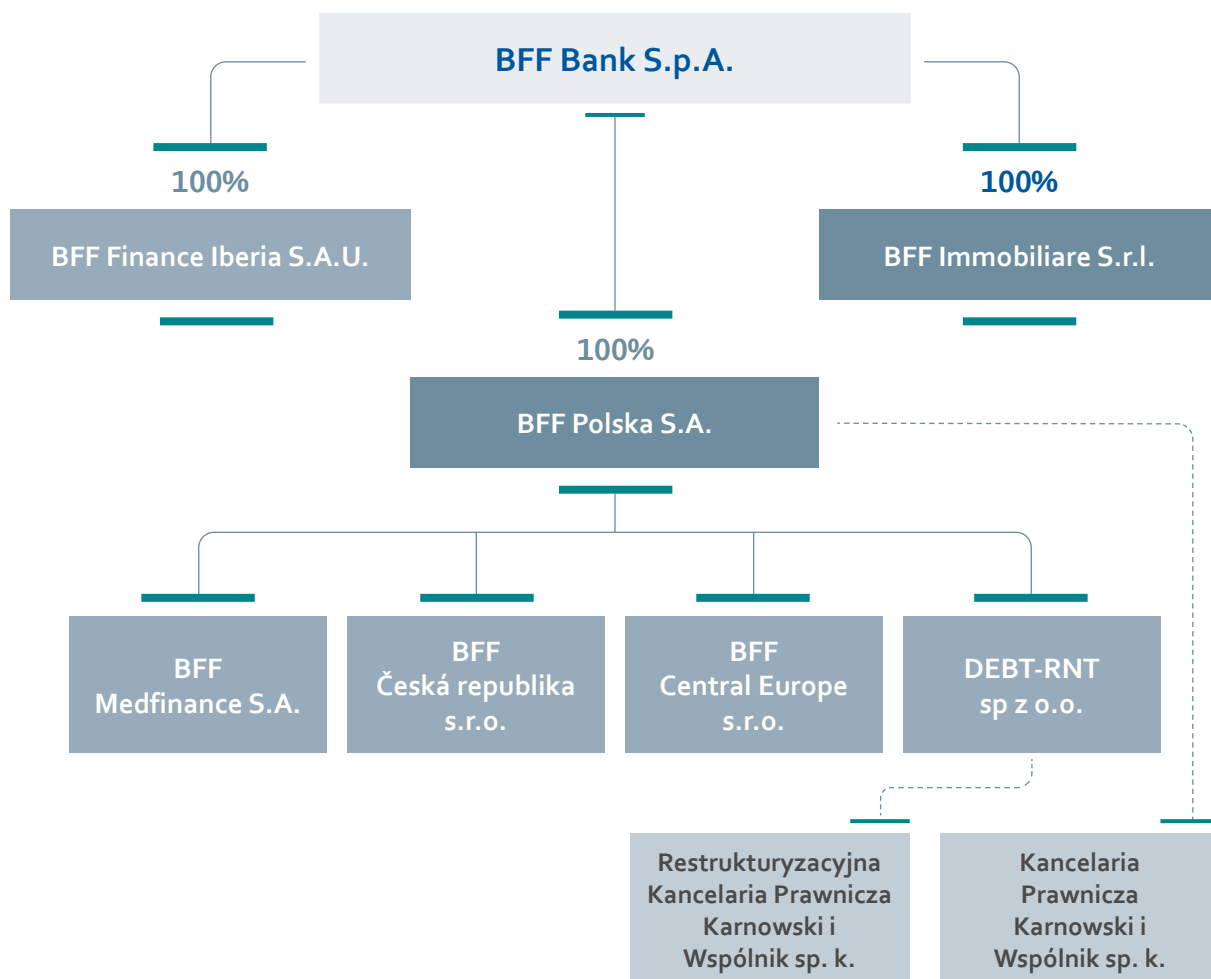


(*) The Purchase Price Allocation ("PPA") has been completed and the badwill resulting from the acquisition of DEPObank is €76.9m

(**) Including DEPObank from January 1, 2021.



Group Structure^(*)



(*)The Group Structure shown is current as of the date of preparation of this document. In this regard it should be noted that the company BFF Immobiliare S.r.l., which is 100% owned by BFF Bank S.p.A., was established on January 19, 2022. The establishment of the company is preparatory to the completion of the Casa BFF operation which involves the purchase of a plot of land for construction of a building. This building will be the new BFF Group headquarters housing all the Bank's employees in the Milan who are currently spread over three different buildings. Please note that the structure shown does not correspond to the reporting scope of the 2021 NFD. 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	Type of relationship ⁽¹⁾	Participation rate		Voting Rights % ⁽²⁾
			Held by	Holding %	
FULLY CONSOLIDATED COMPANIES					
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%

The voting rights for the companies at 7 and 8 above refer to the voting rights at the General Meeting of Investors.

The companies detailed at 9 and 10 above are limited partnerships and are not consolidated as their total assets are immaterial.

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.

Key:

(1) Type of relationship:

1 = having the majority of voting rights at the 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.

The History of the Group

1985-2009

BFF is born

Founded by a group of **pharmaceutical companies** in response to their need to manage and collect receivables from the healthcare system, BFF immediately became a **leader in the market**.

2010-2013

Resilient during the crisis, the internationalisation process begins

The expansion into **new European countries begins** (with operations in **Spain** in 2010).

BFF products and services are offered to **all suppliers to public entities** (National Health System and Public Administration), always meeting the needs of its customers.

2014-2020

Transformation into a bank, listing and European leadership

BFF becomes a **Bank** (2013), it is listed on the **Italian Stock Exchange** (2017) and operations grow in **Central and Eastern Europe** following an important acquisition in Poland (2016).

It also offers services in **Portugal, Greece, Croatia and France**.

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

2021

Leader in specialized finance

BFF is the only pan-European platform, with **operations in nine countries**, specialized in the management and non-recourse purchase of receivables due from Public Administrations and National Health Services.

The merger with DEPObank extends the scope of activity and expertise to **Securities Services and banking payment services**.



Business Model and Strategy

Business Model

The Group has operations in Italy, Croatia, France, Greece, Spain and Portugal, offering non-recourse factoring services to Public Administrations and credit managers. It also has operations in Poland, the Czech Republic and Slovakia, providing a wide range of diversified financial services, aimed at providing access to credit, as well as liquidity and solvency support to the private system of companies that interact with the Public Administration.

As well as providing the Factoring & Lending services mentioned above and following the merger with DEPObank in March 2021 the Group is now 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.

FACTORING & LENDING

- ▶ **The optimisation of liquidity** and the management of working capital of private businesses who supply Public Administrations.
- ▶ **Planning and maintenance of a target collection time**, irrespective of the actual payment times of the Public Administrations.
- ▶ **Improvement in financial statement ratios**, thanks to the possibility of definitively deconsolidating exposure to public agencies.
- ▶ **Reduction in operating costs**, thanks to revolving agreements for the assignment of receivables and an integrated business model that combines non-recourse factoring and credit management services to guarantee the best possible performance of 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** providing a better and more efficient management of country risk and the exposure of multinationals in the nine European countries where the Group operates.

During 2021 the Bank implemented the strategy outlined in the March "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 net 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, even in times of crisis, the BFF Group has demonstrated a capacity for rapid adaptation to a situation of emergency and disruption, such as that experienced over the last two years.

Moreover, 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. In this regard, the renewal of the Board of Directors in March 2021 provided a further opportunity to assure ourselves of the stability and excellence of our corporate governance model which is aligned with international best practice.

SECURITIES SERVICES

PAYMENTS

- ▶ **The structural reduction of costs** for the customer thanks to outsourced services that ensure constant adaptation to, and compliance with, the regulatory framework without the financial burden that this usually involves.
- ▶ A single interlocutor – "**one stop shop**" – for all back office services providing better **cost efficiency and management**.
- ▶ **Rapid, customised solutions** thanks to quick flexible management of customers' requirements.

- ▶ **Operational simplification for PSPs*** thanks to a single interbank account, which can be monitored in real time, giving access all Italian and European payment services at the same time.

*Payment Services Providers

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 practice for corporate governance.

Vision

Be a leader in speciality finance, leveraging on our leadership position in financial services to the suppliers of the Public Administrations.

Values

The core values of the Group, as set out in the Code of Ethics, can be summarised as follows:



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 Strategy⁴

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

The Group's objectives for 2023 are detailed in the five-year strategic plan that was approved by the BFF Board of Directors on May 29, 2019 ("BFF 2023" or the "Plan"), and they were confirmed following the updating of the 2021-2023 finance section of the business plan after the closing of the Operation with DEPObank which took place on March 1, 2021 and the approval of the combined Budget by the Board of Directors on March 3, 2021. The objectives are to:

- ▶ 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;
- ▶ continue to optimise the cost of funding, leveraging what has already been achieved in terms of synergies resulting from the acquisition of DEPObank;
- ▶ 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 2021. An example of this is the acquisition of DEPObank which was managed remotely. The actions taken on inclusion and diversity, which the Group continues to undertake, are another example. These actions provide us with new and different perspectives, ensuring that our development is in line with the best practice in the sector.

4) For further details on the Group's strategy please refer to the document "BFF 2023 Strategy" available at: <https://investor.bffgroup.com/en/presentations-and-conference-call-audios>





02

Governance and Risk Management

Governance

BFF has adopted a traditional governance and control model based on two corporate bodies appointed during the Shareholders' Meeting:

- ▶ the Board of Directors is the entity entrusted with the strategic supervision of the company, and
- ▶ the Board of Statutory Auditors is the entity entrusted with control functions.

Corporate governance also requires the Board of Directors to appoint a Chief Executive Officer from among its members to whom the management of the company is entrusted.

The Bank complies (in the manner reported in the "2020 Report on Corporate Governance and Ownership Structure") with the Corporate Governance Code (formerly the Self-Regulatory Code of Conduct) for listed companies, as defined by the Corporate Governance Committee established by 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, 2021⁵ (the "Corporate Governance Code").

The Board of Directors of the Bank also resolved to establish a **Supervisory Body** pursuant to Italian Legislative Decree 231/2001. Furthermore in compliance with the Provisions on Corporate Governance contained in the Bank of Italy's Circular No. 285 of December 17, 2013, as amended (the "**Supervisory Provisions for Banks**"), and in line with the provisions of the Corporate Governance Code, the Board of Directors decided to establish the following internal board committees for the discharge of fact-finding, proposal and advisory tasks for the Board of Directors and, to a limited extent as regards the Remuneration Committee, for the Chief Executive Officer⁶:

- ▶ 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. They are all appointed by the Board of Directors.

Since 2020 the Board of Directors has assigned to the Control and Risks Committee the following Environment, Social and Governance (ESG) responsibilities:

- ▶ fact-finding, proposal and advisory functions and, more generally, support to the Board of Directors on issues concerning sustainability (with regard to ESG parameters) and, in particular, those regarding the NFD, from when its preparation becomes compulsory for the Company;
- ▶ the periodic review of updates on the performance of sustainability-related actions and, from when its preparation becomes compulsory for the Company, the ensuing impacts on the NFD.

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

6) For more information please refer to sections 6.0, 7.2, 8.2 and 9.2 of the 2021 Report on Corporate Governance and Ownership Structure, available at: <https://investor.bff.com/en/shareholders-meeting-documentation>

The Board of Directors also set up the Related Party Transactions Committee (the “**RPT Committee**”), composed of three independent directors, 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 could compromise the objectivity and impartiality of decisions relating to transactions with those 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.

KPMG S.p.A. were retained as independent auditors.

In its capacity as the Parent Company of the BFF Group, the Bank discharges management and coordination duties as well exercising sole control over the subsidiaries BFF Finance Iberia and BFF Polska⁷. 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.

7) 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.

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 business⁸.

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 Bye-laws, and by the Board of Director’s Regulations 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 management⁹.

Currently the diversity policy is applied only to the Parent Company¹⁰.

The current Board of Directors has nine members (4 women and 5 men), of whom one holds an executive position and 6 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, 4 have been in office for 1 year, and the remaining has been in office for 15, 11, 8, 5, and 3 years, respectively.

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

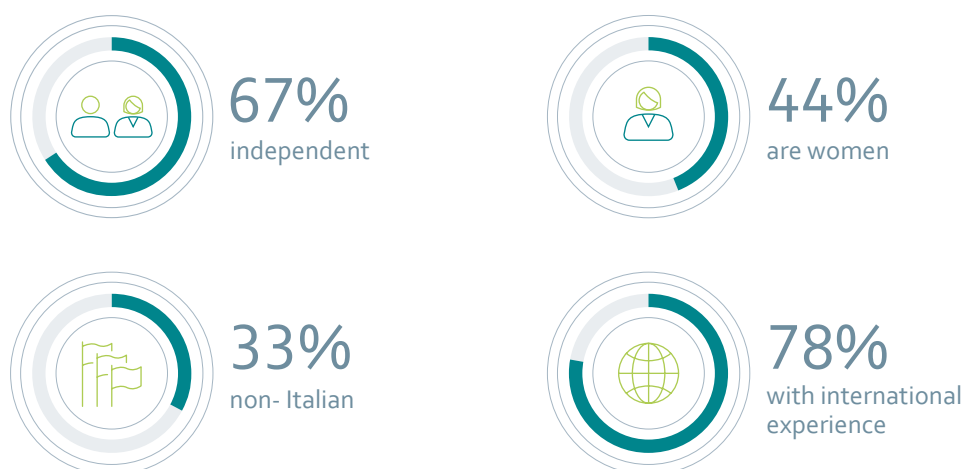
9) For more information please refer to section 9 of the 2021 Report on Corporate Governance and Ownership Structure, available at: <https://investor.bff.com/en/shareholders-meeting-documentation>

10) For more information please refer to sections 4.3 and 7 of the 2021 Report on Corporate Governance and Ownership Structure, available at: <https://investor.bff.com/en/shareholders-meeting-documentation>

COMPOSITION OF THE BOARD OF DIRECTORS¹¹

BFF S.p.A.	UoM	12/31/2021			12/31/2020			12/31/2019		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
30-50	no.	1	1	2	1	2	3	1	2	3
50-60	no.	2	2	4	2	1	3	2	1	3
>60	no.	1	2	3	1	2	3	1	2	3
Total	no.	4	5	9	4	5	9	4	5	9

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



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

The Board of Statutory Auditors, consisting of 3 auditors (one woman and two men), 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 2021 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.

11) 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.

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 ¹²

BFF S.p.A.	UoM	12/31/2021			12/31/2020			12/31/2019		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
30-50	no.	1	0	1	1	0	1	1	0	1
50-60	no.	0	2	2	0	0	0	0	0	0
>60	no.	0	0	0	1	1	2	1	1	2
Total	no.	1	2	3	2	1	3	2	1	3

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

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 themselves¹³.

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.

During 2021 the Internal Audit Function carried out the testing activities that were set out in the Group's multi-year 2019-2021 Audit Plan, which is updated annually. They carried out follow-up activities and reported on the results of the testing done on a quarterly basis to the Bank's governance and control bodies and they also performed independent checks on BFF Finance Iberia and BFF Polska and its Subsidiaries.

In accordance with prudential supervisory provisions, each year BFF, as Parent Company, prepares the "ICAAP/ILAAP Report" on the internal procedures for determining the adequacy of capital and the adequacy of liquidity risk and 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, concentration risk, interest rate risk, excessive leverage risk, country risk, strategic and business risk, reputational risk, cyber risk, residual risk, money laundering and terrorist financing risk, conduct risk, securitisation risk, transfer risk and base risk.

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 this regard, although the Risk Management Function has not considered specific risk factors related to climate change in the Group's risk framework for 2021, it has specific projects planned for 2022 aimed at assessing these factors in the risk management processes.

13) For more information on the Internal Control and Risk Management System, please refer to section 9 of the 2021 Report on Corporate Governance and Ownership Structure, available at: <https://investor.bff.com/en/shareholders-meeting-documentation>

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 that are associated with Group's non-financial activities, and the relevant procedures for managing them.

CORRELATION TABLE UNDER ITALIAN LEGISLATIVE DECREE NO. 254/16, BFF GROUP ISSUES, RISKS AND MANAGEMENT METHODS

Areas covered by Italian Legislative Decree No. 254/16 ANTI-CORRUPTION

Material issues	NFD Section	Risks identified	Risk management methods
ETHICS AND INTEGRITY	ETHICS AND INTEGRITY	Risks related to corruption, risks of sanctions arising from the occurrence of incidents of corruption, risks related to money laundering and the financing of terrorism.	<p>Corruption risks are managed and mitigated by:</p> <ul style="list-style-type: none"> - adopting the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001; - the Code of Ethics; - the Whistleblowing Policy; - the BFF Group Anti-Corruption Policy; - delivering training and awareness-raising activities for employees; - dedicated control measures in accordance with the regulations in force. <p><i>For further information about how this issue is managed please refer to the "Ethics and Integrity" chapter.</i></p>

Areas covered by Italian Legislative Decree No. 254/16 ISSUES CONCERNING STAFF AND RESPECT FOR HUMAN RIGHTS

Material issues	NFD 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" chapter.</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 candidates for the position that is vacant.	<p>The Group manages and mitigates this risk through:</p> <ul style="list-style-type: none"> - the implementation of an internal coverage project consisting of succession plans; - specific training activities; - the Remuneration Policy; - the corporate welfare system. <p><i>For further information about how this issue is managed please refer to the "Accountability to People" chapter.</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"> - Risk Assessment Document in accordance with Italian Legislative Decree 81/08 and related activities for the mitigation of the risks that have been identified; - Health and Safety Management System Policy in compliance with the requirements of the Standard OHSAS 18001. <p><i>For further information about how this issue is managed in the countries where the Group operates please refer to the "Workers' Health and Safety" chapter.</i></p>

CONT'D

CORRELATION TABLE UNDER ITALIAN LEGISLATIVE DECREE NO. 254/16, BFF GROUP ISSUES, RISKS AND MANAGEMENT METHODS

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

Material issues	NFD 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"> - compliance with current legislation in relation to child and forced labour; - the Whistleblowing policy; - 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). <p><i>For further information about how this issue is managed please refer to the "Ethics and Integrity", "Accountability to People" and "Responsible Supply Chain Management" sections.</i></p>

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

Material issues	NFD 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 please refer to the "Environmental Responsibility" chapter.</i></p>

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

Material issues	NFD 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"> - having the Board of Directors select and approve research projects and grant scholarships on topics of scientific relevance; - ensuring the establishment of a Scientific Committee which also includes authoritative academic individuals to oversee research projects entrusted to prestigious universities; - completion of self-assessment questionnaires. <p><i>For further information about how this issue is managed please refer to the "Social Responsibility" chapter.</i></p>

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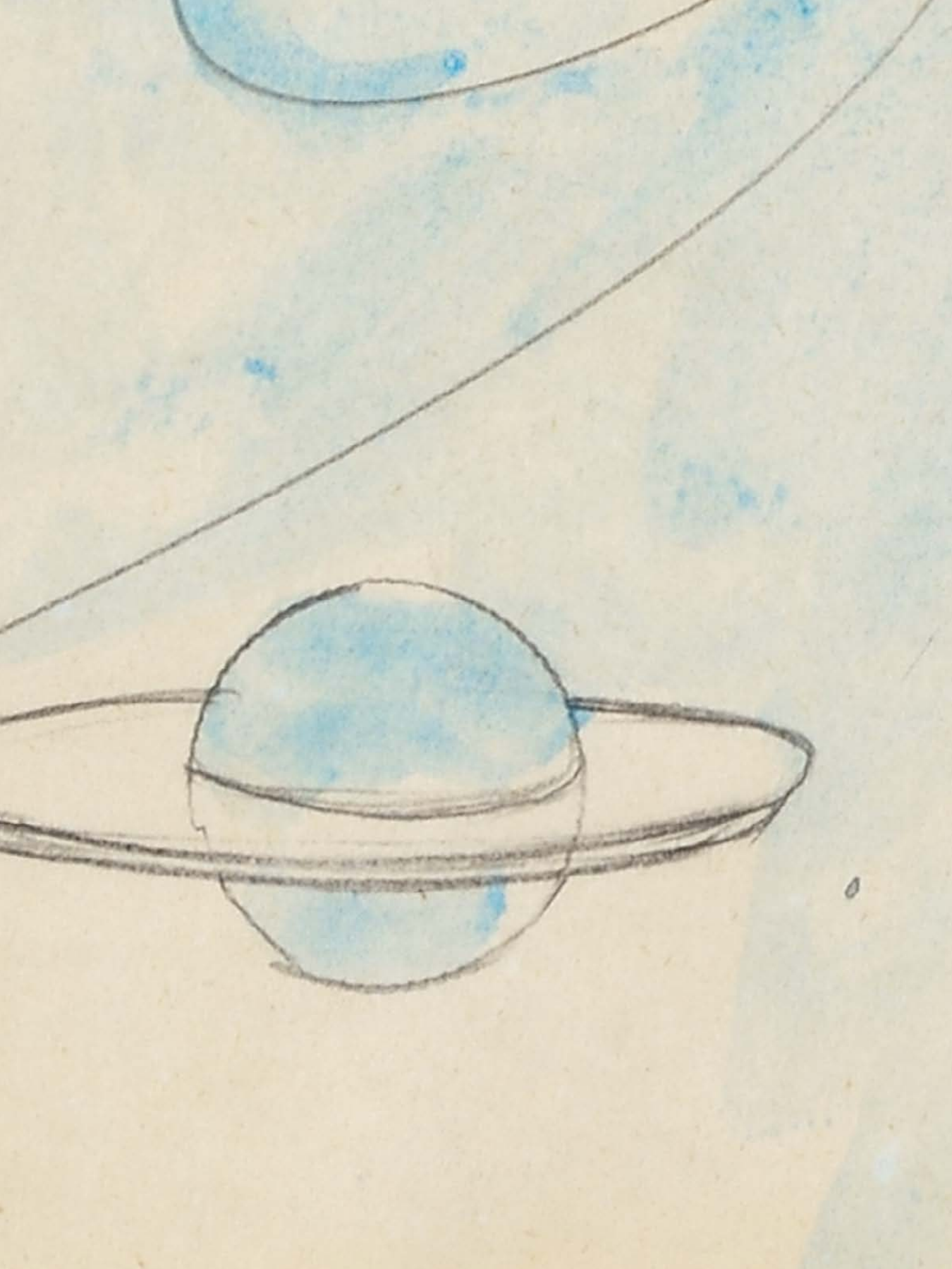
CORRELATION TABLE UNDER ITALIAN LEGISLATIVE DECREE NO. 254/16, BFF GROUP ISSUES, RISKS AND MANAGEMENT METHODS

Areas covered by Italian Legislative Decree No. 254/16			
SOCIAL ISSUES			
Material issues	NFD 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"> - inclusion of specific clauses within contracts; - the Code of Ethics; - the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001; - ensuring compliance with the regulations of listed companies. <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"> - deploying assignor and debtor assessment mechanisms; - implementing action plans based on the results of Customer Satisfaction surveys. <p><i>For further information about how this issue is managed please refer to the "Quality of Service and Trust-based Relations" chapter.</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"> - the Group Privacy Policy in accordance with the provisions of the GDPR - EU Regulation 2016/679; - updating the Personal Data Processing Notice form and, where necessary, the consent form; - the procedures regarding the destruction of documents. <p><i>For further information about how this issue is managed please refer to the "Quality of Service and Trust-based Relations" chapter.</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 provisions of the law, and the corporate privacy and security policies the Parent Company requires that an annual risk analysis of the company's ICT systems is conducted to assess, taking into account the regulatory, organizational and system changes as well as technological advances, the level of residual risk for the company's data and assets.</p> <p>The purpose of risk analysis activities is, most notably, to identify and consider possible events that could lead to disruption of business processes. These events are identified using the risk scenarios defined in Bank of Italy Circular No. 285.</p> <p><i>For further information about how this issue is managed please refer to the "Cyber Security and Technological Innovation" chapter.</i></p>



03

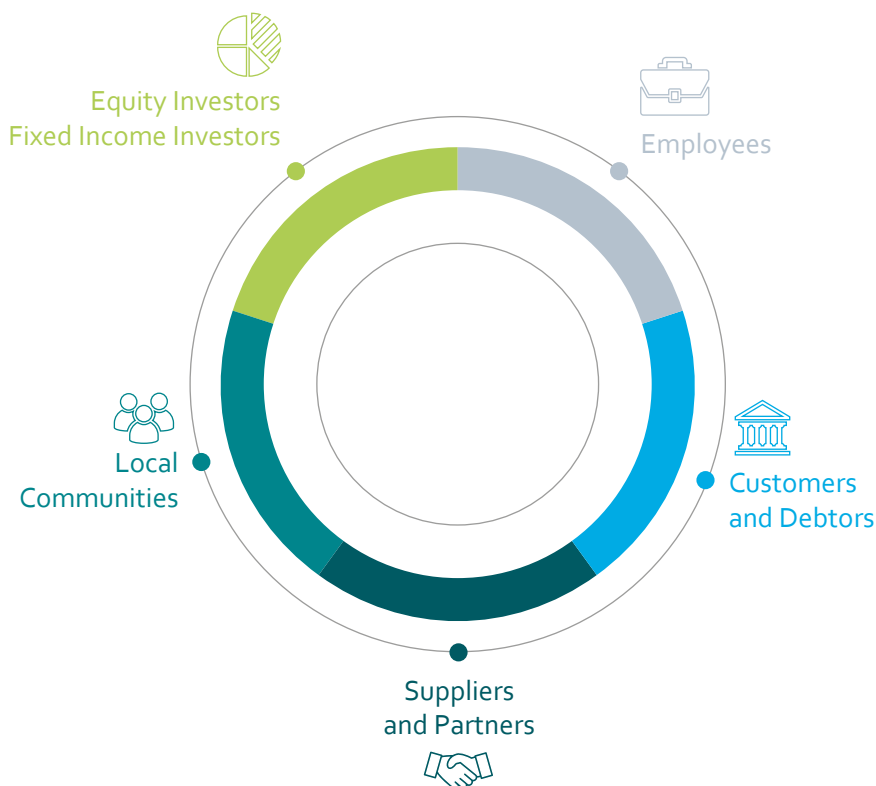
Stakeholders and Materiality



Main 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 dialogue with stakeholders in their capacity as representatives of interests whose opinions or decisions, attitudes or behaviours 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.

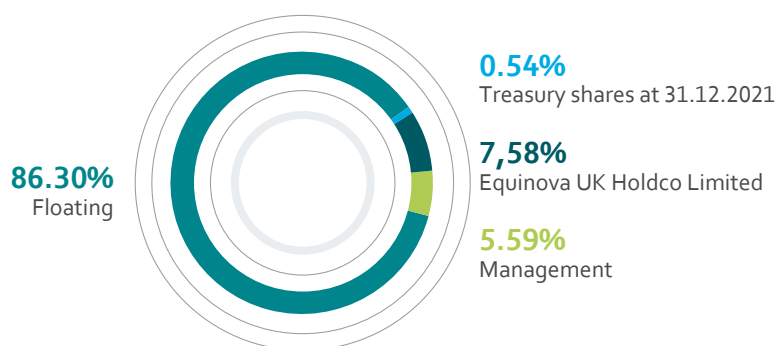
In light of the above the Group has identified the main stakeholders by engaging the Working Group to undertake targeted interviews and also a benchmark analysis of industry peers and competitors, following the GRI Standards guidelines, the requirements set out in Italian Legislative Decree No. 254/2016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



STAKEHOLDERS	METHODS OF ENGAGEMENT
Equity Investors Fixed Income Investors	<p>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 analyse 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.</p>
Employees	<p>The Group constantly consults and engages with its employees during various consultation and feedback events held throughout the year and at least once every quarter. 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.</p>
Customers and Debtors	<p>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.</p>
Suppliers and Partners	<p>Suppliers and Partners are engaged by the Group through participation in events organized or promoted by the Company at a local level.</p>
Local Communities	<p>The Group is always attentive to the communities where it operates, listening indirectly to their concerns through its employees. Whenever possible, the Group undertakes initiatives aimed at encouraging constructive dialogue through scientific research as well as through cultural initiatives, as shown by the engagement of the Farmafactoring Foundation which has been active in this area since its creation in 2004.</p>

Regarding the stakeholder category “Equity Investors”, it should be noted that in 2021, BFF was one of the few public companies in Italy with a free float of around 86.3%, this is partly due to the withdrawal of the former major shareholder Centerbridge. The capital held by BFF's Chief Executive Officer and other Top Management is approximately 5.59%¹⁴. The remaining capital (7.58%) is held by the shareholder Equinova UK HOLDCO LIMITED.

TOTAL NUMBER OF SHARES ISSUED AT DECEMBER 31, 2021: 185,312,690



Source: Forms 120A - 120B - 120D and Internal Dealing communications.
Percentage is calculated based on the total number of shares issued at 12/31/2021.

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 on the management of important privileged information; *iii*) equal treatment: all communications must

14) As at 31/12/2021 the Chief Executive Officer and his Closely Related Persons (Bray Cross Ltd. and Scalve S.à.r.l.) held 10.17 million BFF shares, for a quota equal to 5.49% of the share capital. The remaining quota of the management refers to the BFF shares held by the 4 Vice Presidents in office at that date and by their respective Closely Related Persons.

be managed in full respect of equal treatment in order to protect against discrimination, ensuring equal conditions between Shareholders in the same position.

During 2021 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 during which the financial results for the period were presented, these were held in on February 10, 2021 and May 10, 2021 and August 6, 2021 and November 12, 2021 . Participation was open to all, subject to prior registration;
- ▶ 4 non-deal equity roadshows, that is meetings for equity investors not related to specific transactions, with video conferences held over a period of 3-6 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, Jefferies and Exane BNP Paribas);
- ▶ 10 equity conferences (for equity investors), organized by leading market operators, brokers and investment banks; Borsa Italiana, Banca IMI, Morgan Stanley, Jefferies, UniCredit & Kepler Cheuvreux, UBS, Mediobanca, Bank of America, J.P. Morgan, and Exane BNP Paribas;
- ▶ 1 "Investors Day", a day/meeting dedicated to investors, via webcast on March 15, 2021, ten days after the acquisition and merger of DEPObank S.p.A. into BFF. The meeting was called to present to the market the newly merged group and the financial targets to 2023 and on that occasion the "BFF 2023" presentation prepared by the IR Function was also illustrated;
- ▶ 1 additional one-day equity roadshow on April 7, 2021;
- ▶ 2 "fireside chats"¹⁵; one was organized and moderated by Morgan Stanley on September 8, 2021 and a second in which BFF's Group CEO took part on November 16, 2021 was organized and moderated by Exane BNP Paribas as part of their 4th European Mid Cap CEOs Conference;
- ▶ 1 debt conference (aimed at bondholders) organized by UniCredit S.p.A., on November 24, 2021 which was attended by the Bank's CFO and the Head of IR. For this conference, the IR Function prepared an ad-hoc presentation which is available in the section *Investors > PR & Presentations > Presentations & Audio*.

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

- ▶ 33 one-to-one (not group) audio/video conferencing on Microsoft Teams, Zoom, or other similar platforms;
- ▶ 3 in-person meetings (with Artisan Partners in BFF's Milan offices on June 8, 2021, with Discovery Capital Management in the Lisbon branch on September 27, 2021, and with Generali Insurance AM and Alicanto Capital SGR in BFF's Milan offices on November 19, 2021).

15) A less formal and more intimate form of dialogue, which takes the form of an interview with questions and answers (so-called Q&A section), some questions are agreed in advance with the moderator, and some are invited from the audience.

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) corresponding, again by e-mail, providing clarification on specific issues;
- c) preparing and publishing ad hoc 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;
- d) sending the Rebuttal Letter on the reports and recommendations of the Proxy Advisors;
- e) holding 4 one-to-one video conferences on Microsoft Teams in March 2021, followed by emails with further clarification and explanations.

It is worth noting that during 2021, specifically regarding the objective outlined in the previous Consolidated Non-Financial Statement concerning the launch of the process to achieve a solicited rating, the Bank selected the relevant ratings for BFF, thus initiating a gap analysis aimed at identifying areas for improvement in the selected ratings.

Accordingly, starting from the assessments carried out by the rating companies, the gaps, that is the areas that negatively affect the ratings received, have been identified.

These gaps were discussed with the relevant functions in order to corroborate the findings of the rating providers and to agree improvements that the Group could undertake in the short, medium and long term.

SHAREHOLDER PARTICIPATION

Shareholders' Meeting - MARCH 25, 2021

282 shareholders attended representing, either on their own, 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 2, 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

Shareholders' Meeting - MARCH 28, 2019

168 shareholders attended representing, either on their own behalf or by proxy, 115,706,026 shares



71.65%

of the share capital with voting rights, of which 32% pertaining to BFF Luxembourg

RELATIONS WITH INVESTORS



~250

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

~180

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

~261

Investors met during roadshows and conferences in **2019**

Materiality Analysis of the BFF Group

For the purposes of preparing the 2021 Consolidated Non-Financial Disclosure, the Group undertook a materiality analysis process to identify the sustainability issues deemed as most relevant to its business. Material issues are those that can reasonably be considered as important in reflecting the organization's economic, environmental and social impacts, or that can affect stakeholders' decisions. Following a survey of the issues considered as relevant by the main players of the sector in which the Group operates, a range of potentially material issues was identified.

Subsequently, these issues were evaluated by Top Management who assigned a priority to each of them.

This evaluation process required a questionnaire to be completed so that a priority could be assigned to each topic based on significance. Specifically, Top Management was required to evaluate the issues as regards both the relevance to the Group and the relevance of each issue to stakeholders.

The analysis of this evaluation made it possible to create the BFF Group's materiality matrix.

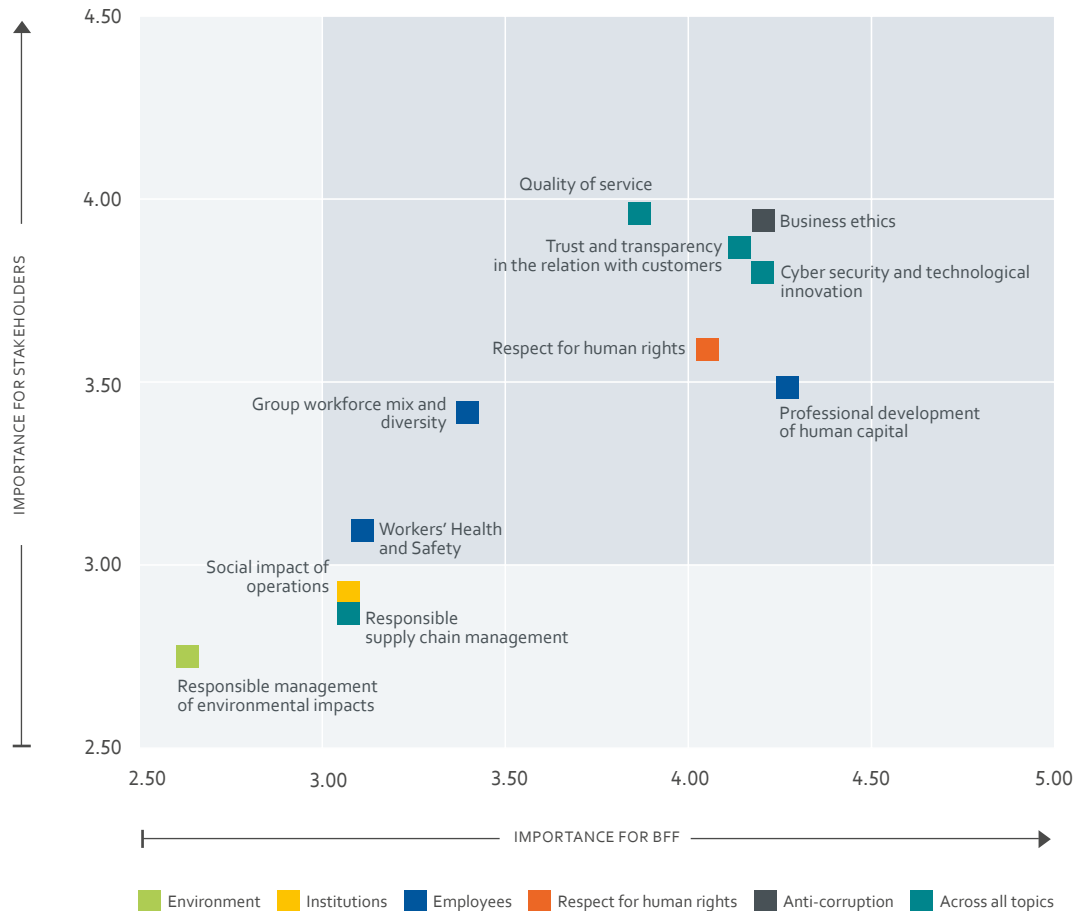
From 2020 onwards in order to further verify the results of the analysis carried out by the Top Management in creating the materiality matrix specific questions were included in the annual customer satisfaction survey to establish if there was consistency between the key matrix topics and the perception that Group customers have of them. This is a good use of the survey and confirms the importance that the Group attributes to good customer relations. Our objective for the future is to progressively involve an increasingly broad audience in order to ensure that the matrix is efficient and consistent.

The matrix, made up of two Cartesian axes where the x-axis indicates the importance of the issue for the Group, and the y-axis the importance for the stakeholders, establishes the relevance in terms of current and potential impacts that each issue has on the Group's ability to generate value in the long term. In order to construct the materiality matrix, the validity of the material issues in 2021 was verified.

The issues shown in the highlighted cluster are those that are deemed material. The following issues are excluded from that cluster: "Social impact of operations", "Responsible supply chain management" and "Responsible management of environmental impacts". Although they are not particularly relevant to the type of business of the Group, these issues will be reported on in this document as they are of interest to investors and are expressly referred to in Italian Legislative Decree No. 254/16. In line with the GRI Standards guidelines, the entire document was prepared based on the relevance of the issues within the matrix.

At the beginning of each chapter, the subject matter being disclosed is shown, followed by its description. The purpose of the recommended GRI Standards indicators is to provide further insight into the above issues, from both a qualitative and quantitative perspective.

MATERIALITY MATRIX



ETHICS AND INTEGRITY

- Business ethics



RESPONSIBLE SUPPLY CHAIN MANAGEMENT

- Responsible supply chain management



SOCIAL RESPONSIBILITY

- Social impact of operations



ACCOUNTABILITY TO PEOPLE

- Group workforce mix and diversity
- Professional development of human capital
- Workers' Health and Safety
- Respect for human rights



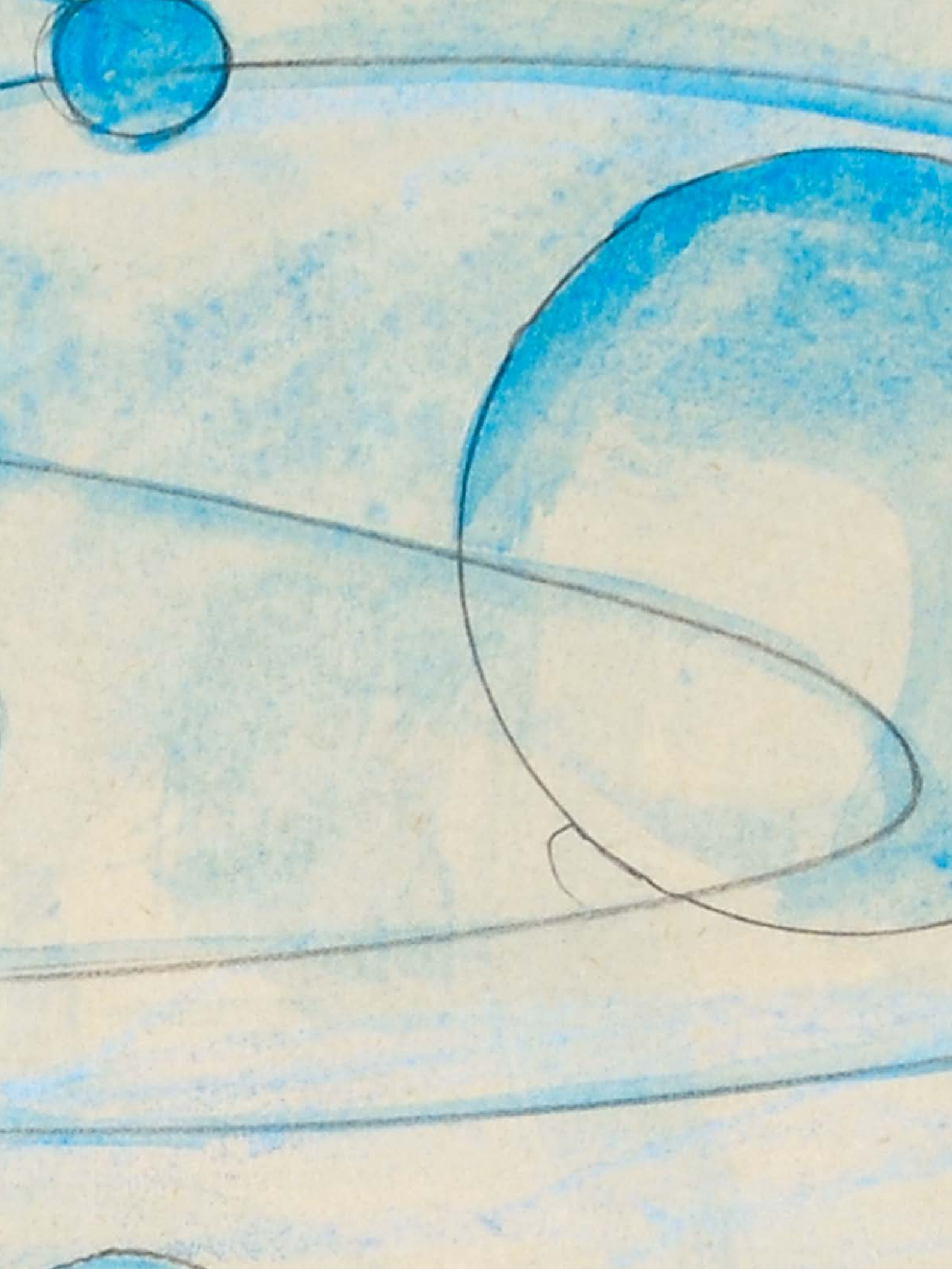
QUALITY OF SERVICE AND TRUST-BASED RELATIONS

- Quality of service
- Trust and transparency in relations with customers
- Cyber security and technological innovation



ENVIRONMENTAL RESPONSIBILITY

- Responsible management of environmental impacts





04

Sustainable
Performance

Financial Stability

During this year of transition BFF has continued to deliver a good set of results. BFF achieved record profits from its M&A activities and transactions; this demonstrates the benefits of diversification and discipline in execution.

BFF continues to enjoy a recovery in Factoring & Lending activity, which, along with the securities portfolio, will also benefit from the upward trend in interest rates.

BFF has taken on board suggestions from its shareholders and has moved to paying dividends twice a year, further strengthening the unique combination of a high-growth, high profitability business with a low risk profile and excellent prospects for the future.

2021 Highlights¹⁶

SOLID CAPITAL POSITION

Solid capital position (CET1 ratio at 17.6% and Total Capital Ratio at 22.2%), with €155m of capital above the 15% target TC ratio. CET1 ratio of 23.4% including dividends accrued in 2021.

ZERO COST OF RISK

Zero Cost of Risk, and Net Non-performing Loans equal to 0.2% of Loans, excluding Italian municipalities in financial difficulties.

GROWTH IN DIVIDENDS

€125m in dividends accrued in 2021 bring the cumulative distribution to shareholders to ~€300m from October 2021.

FOCUS ON ALM ACTIVITIES

Continued focus on ALM activities to maximise funding synergies, limit excess liquidity, reduce deposits, restore size and increase the duration of HTC securities portfolio. Mark-to-market impact of HTC ex-DEPObank securities portfolio of €(27.3)m in 2021.

NEW HEADQUARTERS

The development of the new corporate headquarters has started with >€2m in synergies expected from the first half of 2024.

16) For further details on the highlights please refer to the FY2021 Results; available at: <https://investor.bff.com/presentations-and-conference-call-audios>

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 2021 totals €387 million, 84% of which was redistributed to its stakeholders. The remaining 16% was retained by the Group.

This is made up of the profits not allocated to dividends, the amounts relating to prepaid and deferred taxes and the amounts relating to depreciation for the year, for a total amount of approximately 60.9 million Euro.

(amounts shown in €)

	2021	2020	2019
A. Total Economic Value Created	387,503,368	234,048,788	221,665,328
190 b) Other administrative expenses	97,131,985	45,060,913	39,426,625
net of indirect taxes and duties	(16,006,833)	(5,335,055)	(5,000,537)
net of donations	(589,251)	(667,236)	(575,424)
Economic Value Distributed to Suppliers	80,535,901	39,058,621	33,850,664
190 a) Personnel costs	71,245,242	41,352,616	40,098,036
Economic Value Distributed to Employees and Associates (pre-tax)	71,245,242	41,352,616	40,098,036
Interest expense on our PCA bonds	12,384,643	18,401,710	15,370,229
<i>cf proposed profit distribution submitted to the shareholders' meeting on March 31, 2022</i>	125,280,399	97,632,021	70,874,784
Economic Value Distributed to Fixed Income Investors and Equity Investors	137,665,042	116,033,732	86,245,013
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)	20,606,296	24,017,599	25,592,243
190 b) Other administrative expenses (indirect taxes and duties)	16,006,833	5,335,055	5,000,537
Economic Value Distributed to central and local PA	36,613,129	29,352,654	30,592,780
190 b) Other administrative expenses (entertainment expenses and donations)	589,251	667,236	575,424
Economic Value Distributed to Community	589,251	667,236	575,424
B. Total Economic Value Distributed	326,648,564	226,464,859	191,361,917
C. Total Economic Value Retained	60,854,804	7,583,929	30,303,411

EU Regulation 2020/852 - EU Taxonomy Disclosure

Introduction to European Taxonomy

Within the framework of the development of the EU Action Plan on Sustainable Finance, EU Regulation 2020/852 on the establishment of the so-called EU Taxonomy was published in June 2020. European Taxonomy (hereinafter also referred to as the Taxonomy) is a classification system whose purpose is to identify environmentally sustainable economic activities. It was created with the aim of increasing the development of sustainable investments, and to facilitate the achievement of the objectives set by the European Green Deal.

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

EU Regulation 2020/852 established six environmental and climate objectives for the identification of environmentally sustainable economic activities: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

During 2021 delegated acts on climate change mitigation and adaptation targets were published which detailed the technical evaluation criteria to use to be able to define an activity as eligible (hereinafter also admissible) or aligned pursuant to European Taxonomy.

Specifically, an activity is considered eligible if it can be identified in the descriptions of activities presented in the delegated acts on climate change objectives. While an activity is considered aligned, and therefore environmentally sustainable, when it:

- ▶ contributes substantially to the achievement of one or more of the environmental objectives;
- ▶ does not significantly harm any of the environmental objectives;
- ▶ is carried out in compliance with the minimum safeguards laid down;
- ▶ complies with the technical screening criteria that have been established by the European Commission.

With reference to the above mentioned, the Commission has set two deadlines for the disclosure obligations of financial companies.

Starting on January 1, 2022, for the financial year 2021, credit institutions subject to the Non-Financial Reporting Directive (NFRD) must report on their holdings of eligible and non-eligible assets in the EU Taxonomy (so-called Taxonomy eligibility).

Specifically:

- ▶ 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 starting from the 2023 financial year.

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:

- ▶ *Green Asset Ratio (GAR)*
 - *Loan & Advances Green Asset Ratio (L&A GAR);*
 - *Equity Holding Green Asset Ratio (EH GAR);*
- ▶ *Financial Guarantees (FinGuar) KPI;*
- ▶ *Asset under Management (AuM) KPI;*
- ▶ *Fee & Commissions (F&C) KPI (from 2025 financial year);*
- ▶ *Trading Book KPI (from 2025 financial year).*

This information will therefore be submitted in accordance with the deadlines set by the Regulator.

The Main Results

As indicated in Annex V of Delegated Regulation No. 2178/2021, 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 EU Regulation 2013/575.

In preparing this document, the BFF Group has included data and information using precise data¹⁷ wherever possible. However, in view of the operational difficulty and/or the impossibility of collecting reliable data during the current year, the use of precise data is limited to the presentation of the following items:

- ▶ exposures to 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 34/2020¹⁸;
- ▶ specialized financing.

While for general purpose exposures to corporate borrowers, estimation and proxy methodologies have been adopted (see Methodological Note for more details).

The Group's main results for the financial year 2021 are presented below.

	Value	% (of total activity)
Total assets (gross book value)¹⁹	10,283,428,354.00	100%
Exposures to central governments, central banks, supranational issuers;	5,660,940,934.98	55.05%
Derivative exposures	4,099,354.00	0.04%
- of which trading	4,086,256.00	0.04%
- of which coverage	13,098.00	0.00%
Trading Book (excluding derivatives)	8,560.00	0.00%
On-demand interbank loans	194,134,116.00	1.89%
Exposures to entities not subject to NFRD requirements	10,119,610,059.50	98.41%
- of which outside the EU	132,636,350.73	1.29%
Exposures to entities not subject to NFRD requirements	163,818,294.50	1.59%

17) EU Regulation 2021/2178 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2178>

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

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

Entities not subject to NFRD requirements include:

- ▶ exposures to central governments, central banks, supranational issuers (€5.7 billion);
- ▶ exposures to European and non-European "corporate" counterparts that do not prepare non-financial disclosures in accordance with Directive 2014/26 (see Methodological Note in paragraph 4 for more details).

	Value	% (of total activity)	% (of activity covered ²⁰)
Eligible	69,771,089.26	0.68%	1.51%
- of which financing for renovation of buildings	19,260,156.00	0.19%	0.42%
- of which loans collateralized by commercial real estate	166,927.91	0.00%	0.00%
- of which loans, advances, debt securities and equity to financial and non-financial corporate	47,375,681.20	0.46%	1.02%
- of which specialized financing ²¹	2,968,324.15	0.03%	0.06%
Non Eligible	10,213,657,264.74	99.32%	98.49%

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 (around 55%), and therefore have a significant impact on eligibility rates;
- ▶ the portfolios analysed include significant exposure to counterparts that are considered ineligible because they are related to:
 - public counterparts falling into the category "local/provincial/regional government" (e.g. Municipalities, healthcare institutions, ...);
 - 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;
- ▶ eligible 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 motor vehicles²².

20) Covered assets are defined as total assets excluding exposures to central governments, central banks and supranational issuers. Covered assets will constitute the scope of analysis (denominator) used from 2023 onwards for alignment disclosures (e.g. Green Asset Ratio).

21) Exposures which possess the following characteristics:

- (a) the exposure is to an entity which was created specifically to finance or operate physical assets or is an economically comparable exposure;
- (b) the contractual arrangements give the lender a substantial degree of control over the assets and the income that they generate;
- (c) the primary source of repayment of the obligation is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.

Source: https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-report-eligible-activities-assets-faq_en.pdf

22) Case studies are limited to the financing for retailers.

Methodology Applied

This section provides the BFF Group's disclosure on the eligibility of economic activities in accordance with European Taxonomy and aims to provide an explanation of the process used to identify eligible activities in accordance with EU Regulation 2020/852, and the methods used to calculate the indicators.

1. Scope of the report and data sources

As provided for in Annex V of Delegated Regulation No. 21784/2021, the BFF Group has carried out an analysis based on the scope of prudential consolidation, in accordance with the relevant legislation, considering the gross book value of the assets on the balance sheet as at 12/31/2021.

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) 2021/451²³.

2. Method of defining Total Assets

The calculation of the eligibility ratio for the exposures on the balance sheet is based on the gross book value of the following accounting categories of financial assets, including loans and advances, debt securities, equity investments and recovered collateral:

- ▶ financial assets measured at amortised cost;
- ▶ financial assets at fair value recognised in other parts of the profit and loss statement;
- ▶ investments in subsidiaries;
- ▶ joint ventures and associated companies;
- ▶ 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 guarantees 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 buildings²⁴.

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

24) 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.

3. 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 725: Central banking authorities of EU countries that are not members of the Euro area.

4. 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 counterpart within the scope of analysis identified. In particular, for the purposes of the analysis, a counterpart was considered to be an "institution subject to NFRD obligations" if it:

- ▶ had published, even on a voluntary basis, non-financial information pursuant to Directive 2014/26;
- ▶ is a subsidiary of a Group that publishes non-financial information in accordance with Directive 2014/26.

In addition, with regard to Italian counterparts, verifications were carried out on the basis of Consob's list of entities that have published the Non-Financial Statement²⁵.

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 could be found, were considered as 'entities not subject to NFRD obligations'.

5. 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 related to Italian Decree Law 18/2020 and Italian Decree Law 34/2020 (related to the so-called "EcoBonus" and "SuperBonus110%");
- ▶ proxies for loans, advances, debt securities and equity to financial and non-financial corporates. In this case, eligibility was verified by tracing the sectoral codes back to the NACE codes defined in Taxonomy;
- ▶ with regard to specialized financing, the eligibility of the project and/or the assets financed was checked directly.

Finally, given the impossibility of recovering data and information on the Group's proprietary investments in funds and/or funds of funds, these exposures have been conservatively considered as "non-eligible" under the EU taxonomy.

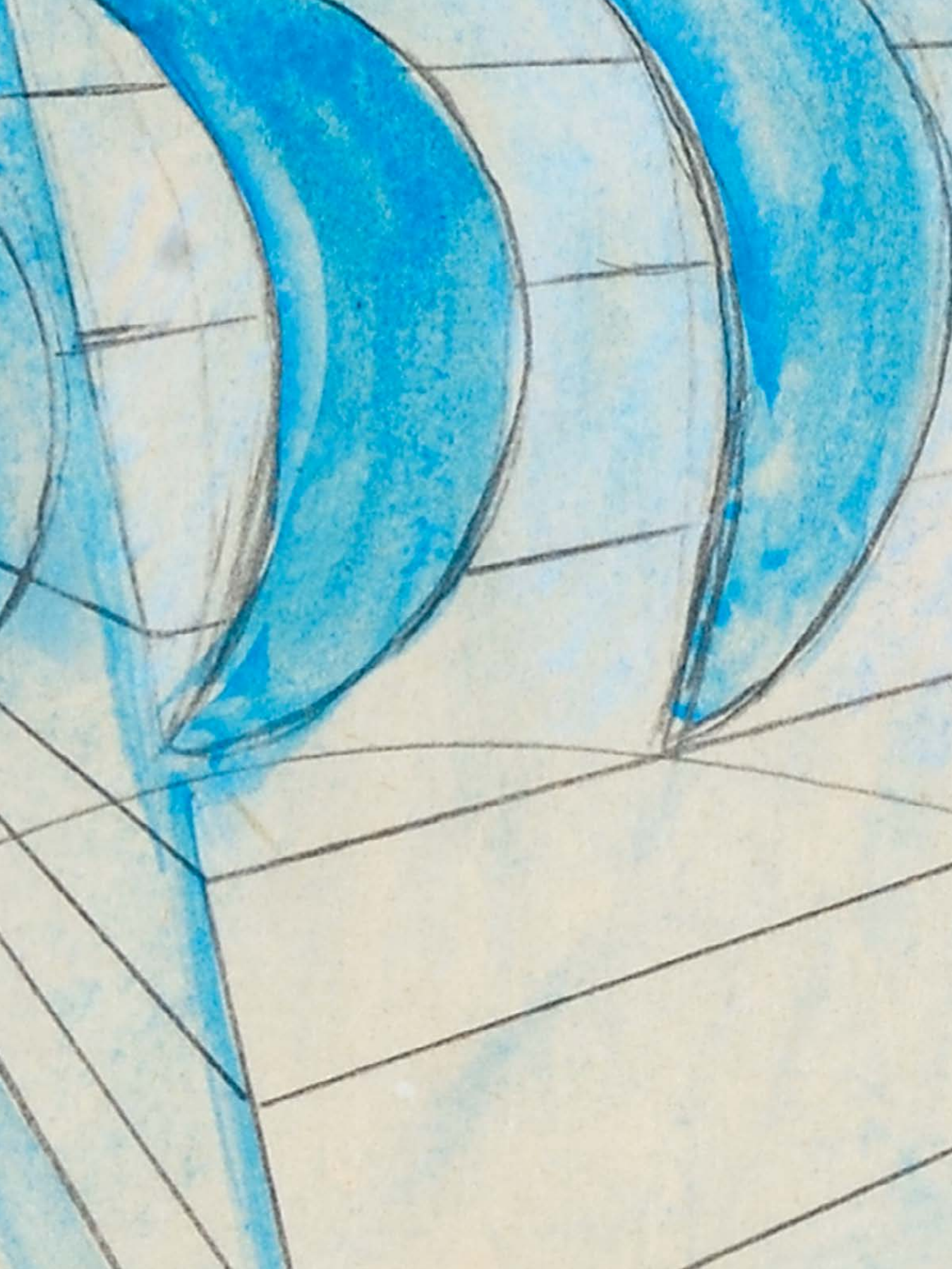
In order to make this disclosure, reducing the use of proxies, and with the aim of providing an accurate representation of eligible economic activities, the BFF Group is committed to improving the quality of the data reported in future years by integrating the process of collecting and monitoring data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

25) Entities that have published a Non-Financial Disclosure, Consob <https://www.consob.it/web/area-pubblica/soggetti-che-hanno-pubblicato-la-dnf>



05

Ethics and Integrity



Ethics and Integrity

Ethics and integrity are the pillars of BFF's governance. The Group's Code of Ethics, as well as the Code of Conduct and Model 231, 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 Due Diligence Questionnaire.

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". The Code was last approved by the Board of Directors of the Bank on November 26, 2021 and subsequently adopted by the Subsidiaries.

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 and collaborators. 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.

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

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 has been, given his independent position in the hierarchy, made responsible for managing the internal Whistleblowing procedure, and is therefore required to receive and evaluate whistleblowing reports and provide information about 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 in June, 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 following Group companies: BFF Finance Iberia and BFF Polska S.A. and their subsidiaries.

During 2021 no critical issues were identified in these areas.

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 231/2001” (hereinafter also referred to as the “**231 Model**”), most recently approved by the Board of Directors on November 26, 2021. The 231 Model is applicable to the Bank and all its branches overseas and 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 offences;
- ▶ prohibit conduct that may constitute one or more types of offence;
- ▶ 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 offences 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 behaviour towards fairness and transparency.

As set out in Article 6, paragraph 1, letter b) of Italian Legislative Decree 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 familiarise 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 acknowledgement and acceptance of the Code of Ethics, which is an annex of the contract, is also required.

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.

The Bank has also adopted:

- ▶ the “Group Anti-Corruption Policy” which came into force last year on December 22, and which sets out the anti-corruption standards, roles and responsibilities for managing the risk of corruption in the activities carried out by the Bank and its subsidiaries. It also identifies the activities and areas most at risk of corruption. Following the entry into force of the Policy, a clause has been included in contracts entered into with third parties which provides for termination of the contract if the counterpart is involved in corruption or violates the contents of the Policy;
- ▶ 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 2021.

During 2021, 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 12/31/2021

Professional category	BFF GROUP		ITALY		SPAIN		PORTUGAL		POLAND		SLOVAKIA		CZECH REP.		GREECE	
	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%
Senior Executives/Executives	26	100%	21	100%	1	100%	1	100%	3	100%	0	100%	0	100%	0	100%
Managers/Middle Managers/ Coordinators	154	100%	93	100%	15	100%	1	100%	38	100%	4	100%	0	100%	3	100%
Professionals/Specialists	682	100%	466	100%	41	100%	8	100%	147	100%	12	100%	3	100%	5	100%
Total	862	100%	580	100%	57	100%	10	100%	188	100%	16	100%	3	100%	8	100%

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.	%
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	102	100%	41	100%	17	100%	2	100%	36	100%	3	100%	0	N/A	3	100%
Professionals/Specialists	408	100%	186	100%	38	100%	8	100%	157	100%	13	100%	3	100%	3	100%
Total	535	100%	246	100%	56	100%	10	100%	198	100%	16	100%	3	100%	6	100%

NOTIFICATION OF ANTI-CORRUPTION POLICIES AND PROCEDURES AS AT 12/31/2019

Professional category	BFF GROUP		ITALY		SPAIN		PORTUGAL		POLAND		SLOVAKIA		CZECH REP.	
	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%
Senior Executives/Executives	25	100%	18	100%	1	100%	-	N/A	6	100%	-	N/A	-	N/A
Managers/Middle Managers/ Coordinators	97	100%	37	100%	17	100%	2	100%	36	100%	5	100%	-	N/A
Professionals/Specialists	395	100%	180	100%	40	100%	6	100%	153	100%	12	100%	4	100%
Total	517	100%	235	100%	58	100%	8	100%	195	100%	17	100%	4	100%

With reference to training on corruption issues, in 2021 the Group delivered specific courses to 90% of the entire workforce. Specifically, to 73% of the *Senior Executives/Executives*, 90% of the *Managers/Middle Managers/Coordinators*, and 90% of the *Specialists/Professionals*, giving training to 775 employees out of a total of 862.

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%
Total	775	90%	543	94%	54	95%	10	100%	148	79%	10	63%	2	67%	8	100%

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%
Total	515	96%	238	97%	50	89%	10	100%	196	99%	13	81%	2	67%	6	100%

ANTI-CORRUPTION TRAINING AS AT 12/31/2019

Professional category	BFF GROUP		ITALY		SPAIN		PORTUGAL		POLAND		SLOVAKIA		CZECH REP.	
	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%
Senior Executives/Executives	16	64%	15	83%	1	100%	-	N/A	-	N/A	-	N/A	-	N/A
Managers/Middle Managers/ Coordinators	73	75%	35	95%	12	71%	2	100%	22	61%	2	40%	-	N/A
Professionals/Specialists	307	78%	169	94%	25	63%	5	83%	100	65%	8	67%	-	N/A
Total	396	77%	219	93%	38	66%	7	88%	122	63%	10	59%	-	N/A

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.

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 behaviour.

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 minimise 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 behaviour that must be respected by all Group employees and are an integral part of the 231 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 fulfilment 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 of the Parent Company.

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 Department, and the Compliance and AML Department. Second and third-level controls are implemented by the corporate control functions, i.e. the Compliance and AML Department, the Risk Management Function and the Internal Audit Department.

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.

Management decisions are always taken after an adequate assessment of potential impact of taxation, and also after consulting the relevant functions and first and foremost the Administration and Reporting Operations Unit, and the Administration Operation Unit and Supervisors of the Branch, so as to ensure comprehensive and accurate management of any tax issues at Group level.

Lastly, the Group engages the services of external tax experts in order to keep up-to-date and monitor developments in the field of taxation.

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 2021, the Group paid 16.3 million Euro in taxes. With regard to income taxes for the year, in 2021, the Group substantially did not incur any income taxes for the period as it was able to benefit from the positive tax effects arising from the acquisition of DEPObank.

YEAR 2021

(Figures in millions of Euro)

Country ²⁶	Name	Activity ²⁷	No. of Employees	Revenue from Third Parties	Revenue from the Group ²⁸	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 ²⁹	144.6	32.1	-3.2	8.8
Spain	1. BFF Bank S.p.A. - Spanish Branch 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 2. BFF Polska S.A. 3. BFF Medfinance S.A. 4. Debt-Rnt sp. Z O.O. 5. Komunalny FunduszInwestycyjngZamknięty 6. MEDICO Niestandaryzowany Sekuryzacyjny FunduszInwestycyjngZamknięty	A-B-C-D	188	33.6	-11.23	11.9	1.8	-4.3	-1.6
Czech Rep.	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

(Figures in millions of Euro)

Country ³⁰	Name	Activity ³¹	No. of Employees	Revenue from Third Parties	Revenue from the Group ³²	Profit (Loss) Before Tax	Tangible Assets	Tax Paid	Tax Accrued
Italy	BFF Bank S.p.A. ³³	A-B	246	185.8	138.2 ³⁴	-3.5	77.1	13.3	-15.6
Spain	1. BFF Bank S.p.A. - Spanish Branch 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 2. BFF Polska S.A. 3. BFF Medfinance S.A. 4. Debt-Rnt sp. Z O.O. 5. Komunalny FunduszInwestycyjngZamknięty 6. MEDICO Niestandaryzowany Sekuryzacyjny FunduszInwestycyjngZamknięty	A-B-C-D	198	154.9	31.0	-3.5	14.6	2.4	-3.6
Czech Rep.	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

YEAR 2019
(Figures in millions of Euro)

Country ²⁵	Name	Activity ²⁶	No. of Employees	Revenue from Third Parties	Revenue from the Group ²⁷	Profit (Loss) Before Tax	Tangible Assets	Tax Paid	Tax Accrued
Italy	BFF Bank S.p.A. ²⁸	A-B	235	145.9	-3.4 ²⁹	82.3	12.21	-12.6	-20.2
Spain	1. BFF Bank S.p.A. - Spanish Branch 2. BFF Finance Iberia S.A.U.	A-B	58	8.6	11.3	10.6	1.35	-2.4	-2.7
Portugal	BFF Bank S.p.A. - Portuguese Branch	A-B	8	9.4	-2.79	5.2	0.18	-1.0	-1.4
Poland	1. BFF Bank S.p.A. Polish Branch 2. BFF Polska S.A. 3. BFF Medfinance S.A. 4. Debt-Rnt sp. Z O.O. 5. Komunalny FunduszInwestycyjnyZamknięty 6. MEDICO Niestandardyzowany Sekuryzacyjny FunduszInwestycyjnyZamknięty	A-B-C-D	195	27.2	-2.36	14.4	3.22	-1.9	-2.2
Czech Rep.	BFF Česká Republika s.r.o.	A-C	4	0.1	0.00	-0.13	0.02	-	-0.0
Slovakia	BFF Central Europe s.r.o.	A-C	17	13.5	-2.78	9.3	0.14	-1.6	-2.0

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

27) 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 public administration, of existing and future receivables, of public sector and healthcare investments. **D:** leasing activity. **E:** providing securities services and payment services.

28) It should be noted that "Turnover" is the intermediation margin 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.

29) 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.

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

31) 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 public administration, of existing and future receivables, of public sector and healthcare investments. **D:** leasing activity.

32) It should be noted that "Turnover" is the intermediation margin 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.

33) 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.

34) 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.

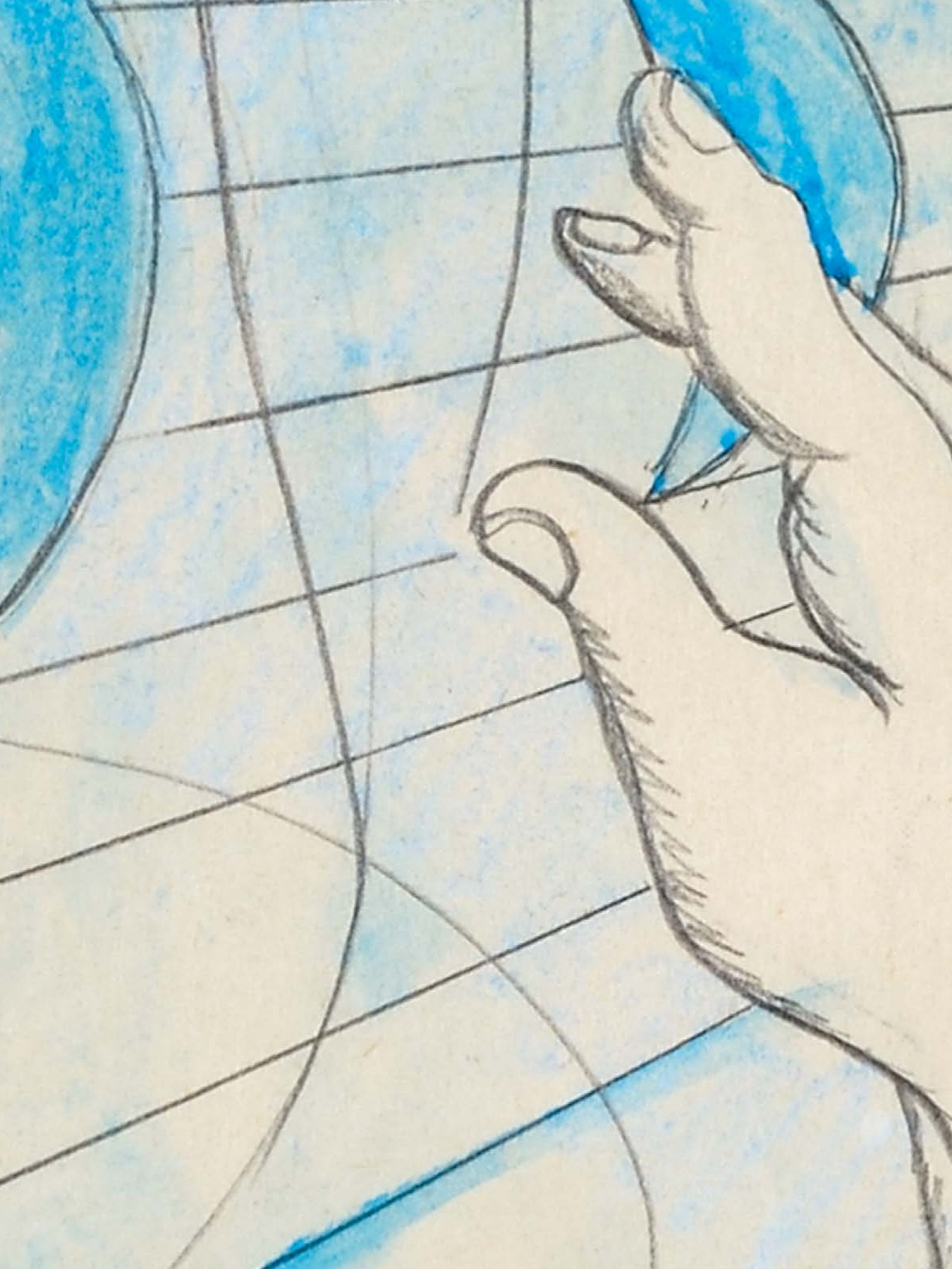
35) Consolidated values by tax jurisdiction have been provided in the table.

36) 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 public administration, of existing and future receivables, of public sector and healthcare investments. **D:** leasing activity.

37) It should be noted that "Turnover" is the intermediation margin 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.

38) Please note that in 2019 BFF Bank S.p.A. performed factoring activities in Italy and also in Croatia, Greece 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.

39) 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.



The background features a hand-drawn map on a grid of thin black lines. A prominent blue watercolor wash runs diagonally across the lower half of the page. Another blue wash is visible in the upper left quadrant, partially enclosed by a curved black line. The overall aesthetic is artistic and conceptual.

06

Quality of Service
and Trust-based Relations

A Responsible Product for Superior Quality

Sustainability in BFF's services

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

As a result of the attention given to listening to, and relations with, stakeholders, a series of initiatives were launched during the year that are particularly worthy of note.

BFF Indexes on Pension Funds

As a leader in Italy in the custody of Pension Funds, in May 2021 the BFF Indices were launched with the aim of making available to Pension Fund managers some indicators capable of summarising the performance of an increasingly important sector in the Italian financial landscape⁴⁰.

Pension Funds managers can compare the performance of their 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.

New ESG Scenarios: the Leading Role of the Depository Bank

The COVID-19 pandemic accelerated what was already a clear trend in the asset management industry, namely the sustainability of investments.

To this end, and with a view to always operating for the benefit of its customers, in the first half of 2021 BFF launched activities needed to provide a monthly reporting service that could be consulted immediately. It includes **personalized details on the ESG metrics of the individual portfolios** such as, for example, the production of a summary ESG rating of the portfolio and the identification of the best and worst instruments based on their ESG rating with relative weighting with respect to the investment, and also a report on corporate securities exposed to disputes such as 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**, which was established by Assifact (Italian Factoring Association) in the first half of 2021 and with the purpose of drafting common guidelines for all factors.

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

Today, businesses and stakeholders are increasingly seeking out a responsible product which is fully aligned with the company's strategy and operations, with the creation of an inclusive, informed workforce to ensure a successful transition into what is often an increasingly uncertain future, such as that we have seen since 2020 due to the Covid-19 pandemic.

It was precisely during this period of significant uncertainty that we saw the impact of the investment that we have made over the last 35 years in creating a responsible product range and a quality service. This investment was made in line with our previously established marketing strategy, in which the Bank guarantees that the manner in which its products are marketed is always appropriate with respect to the characteristics of the Target Market and the products themselves, as set out in the "Policy on governance and control of 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 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.

Our continuous dialogue with customers and the relationship of trust established over the years made it possible, for example, to conclude an agreement in just over three weeks for the non-recourse disposal of receivables to cover financial requirements for the procurement of medical devices intended to increase intensive care and sub-intensive care beds in Italian hospitals that were dealing with the initial phase of the Covid-19 health emergency in Italy.

BFF's ability to intervene promptly in support of its clients with customized solutions and its constant dialogue with counterparts, in order to understand both their internal needs and the distinctive needs of the sector in which they operate, remain among the most appreciated distinguishing characteristics of BFF's offer. These factors underpin the long-lasting trust-based relationship established with so many clients over the years. In addition regular training aligned with best practice, is provided through internal channels and via external and specialized providers. We also participate in organizations such as Confindustria Servizi, Cergas (Centre for Research on Health and Social Care Management) and AGICI Finanza d'Impresa which carries out important analysis of the utilities sector and . This enables the sales team not only to be always up-to-date on trends in the sectors in which the company's customers operate, but to also best understand needs and quickly propose the most innovative 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.

In fact, 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, accurate expertise, that the product is constantly aligned with the Group's Risk Appetite Framework.

The customer satisfaction survey and the follow-up plans linked to it, which are designed to constantly improve our response to the requirements of our corporate clients, further strengthen the relationship of trust and transparency. This is an integral part of the Bank's mission and, as such, the responsibility for its fulfilment lies not only with Management, but with every employee.

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 service 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 Securities 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 it provides its services through products such as non-recourse factoring, lending and credit management to public administration bodies and private hospitals.

Securities Services is the BU which deals with depositary 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 focussed on the Italian market.

The Payments BU deals with payment processing, corporate payments and cheques and bills, its customers are medium-small Italian banks, medium-large companies and it has a partnership with Nexi. The business is concentrated in the Italian 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, we are currently examining the possibility of broadening the positive practice of the annual Customer Survey to encompass this segment.

CUSTOMER SATISFACTION

The Group constantly strives to ensure that its customers are satisfied and, as part of its Factoring & Lending service, it incorporates and implements action plans and strategies on the basis of the results of customer satisfaction activities. For BFF It is essential that 100% of its customers are fully satisfied. In addition, customer satisfaction results are part and parcel of the variable compensation of some employees.

Italy, Spain and Portugal⁴¹ 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 annually via a questionnaire and undertaking interviews with a sample of the Bank's customers representative in terms of size, product (non-recourse, credit management) and sector (Public Administration and National Health Service).

41) It should be noted that no disclosure is provided in the document about the first survey conducted in Portugal in 2018, as the data collected was not significant (only 3 customers were interviewed). The final outcome, however, proved to be positive from a Net Promoter Score (NPS) perspective: two customers defined themselves as promoters (66.67% of respondents).

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 panel⁴².

The survey which is carried out by administering questionnaires and includes, as mentioned above, analysis of two indicators: the level of satisfaction is measured according to the SERVQUAL method⁴³ and, since 2017, the Net Promoter Score (NPS)⁴⁴. 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	2021	2020	2019
Total number of customers who were administered the questionnaire	no.	71	45	42
Total number of satisfied customers who were administered the questionnaire	no.	67	45	41
Percentage of satisfied customers who were administered the questionnaire	%	94%	100%	98%

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 analysed using the NPS index.

In Italy in 2021 this index was equal to 45.83, it was 68.18 in 2020 and 50 in 2019; in Spain in 2021 it was 50, while in 2020 and 2019 it was 58.33; in Portugal in 2021 it was 60, in 2020 it was 55.56 and in 2019 it was 50.

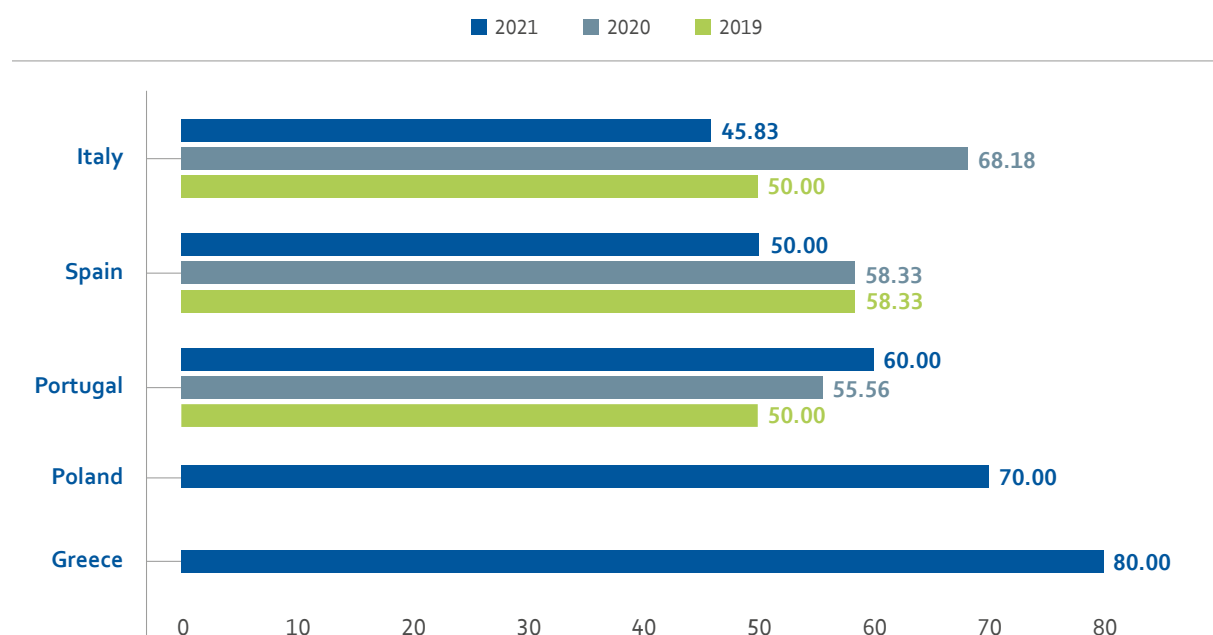
As mentioned above, during 2021 the Customer Satisfaction survey was also extended to include Poland and Greece where the NPS index was 70 and 80 respectively.

42) One-off customers having no continuity in their relationship with BFF are not considered for inclusion in the panel.

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

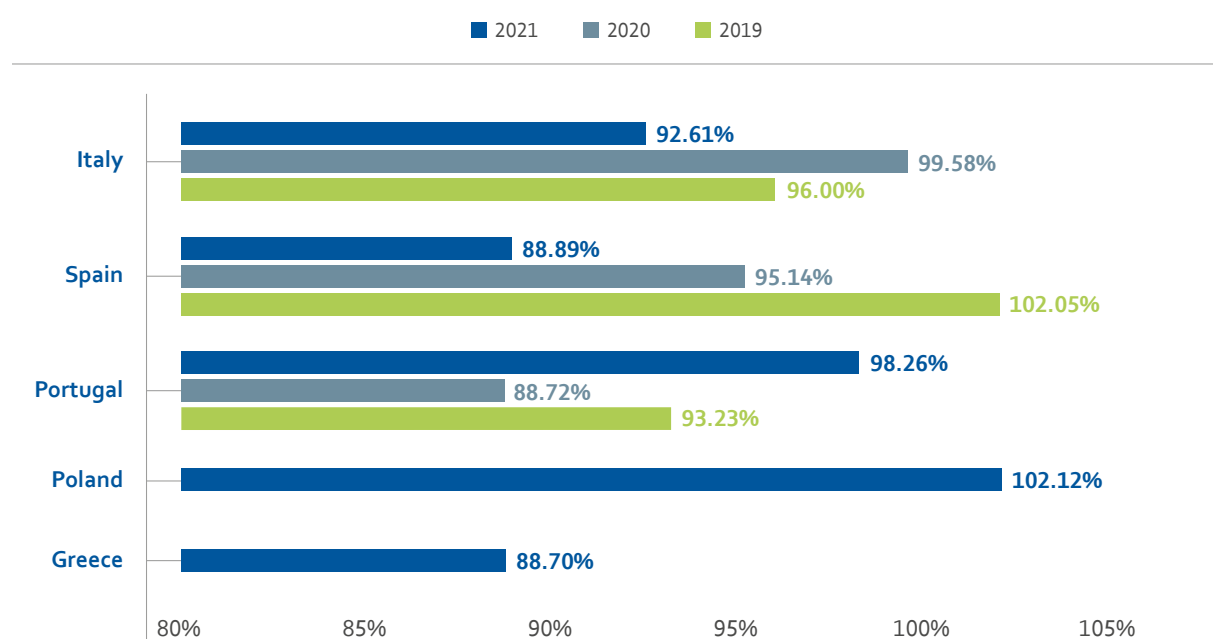
44) A management tool that can be used to assess loyalty in a business-to-customer relationship, based on the assumption that customers can be divided into "promoters", "neutral" and "detractors" depending on their propensity to reuse or recommend the Bank's services.

NET PROMOTER SCORE (NPS)



With reference to the level of satisfaction, the figure below shows the specific results emerging from the Surveys carried out in the 2019-2021 three-year period by individual country.

DEGREE OF SATISFACTION (%)



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, rebranding, publications, 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.

In Italy, 25 customers were interviewed, 13 of whom were regular and 12 new to the company. 2021 was the year of consolidation of a new way of working and relating to customers. The results of the Survey show a situation undergoing continuous transformation due to the Covid-19 pandemic that led to the introduction of technological and digital innovations. While, on the one hand, the Bank's distinctive advantages are confirmed, on the other the level of customer expectations is growing, partly due to renewed competitive pressure.

In Spain, 12 customers were interviewed for Customer Satisfaction survey, 5 of whom had been interviewed in 2020. BFF is recognized by most customers for its ability to be agile, fast, user-friendly, effective and very supportive, with effective and clear communication. Speed, a high level of expertise and effectiveness, as well as price, were mentioned as characteristics that make BFF stand out 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 had already been interviewed in 2020, and 2 customers of BFF Iberia, BFF stands out as a solid and unique partner in Factoring services, fast and easier than all other operators in the market. Proactivity, availability, ease of access and unique and high quality service are the strengths that emerged.

Five of BFF's main customers participated in the first Customer Satisfaction survey in Greece, they identified BFF's main assets as proactivity, speed, availability, empathy and strong relations, with a unique product and an excellent local team. In addition, flexibility and high quality service 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 2021, the first Customer Satisfaction survey in Poland was carried out involving 19 customers (3 interviews, 16 online surveys), which revealed strong, long-term relationships, speed of execution and flexibility as BFF's main strengths. It also emerged that BFF's market niche is proving increasingly attractive to other players in the sector (the top 5 banks in Poland have also started offering similar services).

Trust and Transparency in Relations with Customers

Customer relationship management is central to BFF, and the company is committed to performing this task effectively and proactively at all times, as demonstrated by survey results and retention rates. 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. This is why the Group is constantly committed to efficiently managing any customer complaints and it facilitates the process for handling complaints 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 2021, 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 customer’s operations 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, and be able to prove, that processing is carried out in accordance with the GDPR.

The Group has appointed an outsourced Group Data Protection Officer and Privacy Coordinators (in the Human Resources and Organizational Development, ICT, Corporate Affairs, and Legal areas). They provide sufficient safeguards to implement appropriate technical and organizational measures so that the processing of personal data complies with the requirements of the GDPR and ensures that the rights of data subjects are protected. 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.

It should be noted that, during 2021, no significant data protection concerns were identified.

Please also note that BFF has published a Privacy Policy on its website which informs data subjects 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 Art. 13 of EU Regulation 2016/679 - (<https://www.bff.com/privacy> and <https://www.bff.com/en/personal-data-processing>).

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 Art. 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:** this policy regards the implementation of adequate technical and organizational measures to protect personal data starting from the design phase (privacy by design) and continuing throughout the data life cycle as a predefined setting (privacy by default).

- ▶ **Group Policy for Exercising the Rights of Data Subjects:** this policy governs the rights over the personal data provided, as set out 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 in place to guarantee and demonstrate that personal data processing is performed in compliance with the 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 designated staff with regard to the job requirements, fundamental rights and freedoms of 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 accident or maliciously,
 - **resilience:** a system’s capacity to adapt to changes.

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 regard:

- ▶ **Confidentiality** means ensuring that certain information is preserved from improper access and is used exclusively by authorized persons;
- ▶ **Integrity** means ensuring that all information (i) is actually the information originally entered into the computer system, (ii) has been legitimately modified by authorized persons and (iii) remains traceable;
- ▶ **Availability** means ensuring that the information is available in relation to the need for service delivery continuity and compliance with the rules that require safe retention of such information;
- ▶ **Authenticity** means ensuring that the information received corresponds to that generated by the person or entity that transmitted it.

A suitable risk analysis of all the assets that make up the information management system is crucial for the information protection policy, the aim being to understand vulnerabilities, assess possible threats and prepare countermeasures as necessary.

As absolute security cannot be achieved either in the IT industry or, for that matter, generally it follows that the purpose of the information security policy is to manage risk at an acceptable level by designing, implementing and maintaining an "Information Security Management System" (ISMS) in line with the propensity for IT risk defined corporate-wide as laid down by the Risk Management Regulations.

In this context, the Group's IT Security Policy, which aims to provide the key principles and high-level guidelines necessary for the proper management of IT security to protect BFF Banking Group's information assets, has been updated in line with regulatory requirements and as regards the risks arising from the introduction of new technologies.

TECHNOLOGICAL INNOVATION

In view of the growth guidelines outlined in the “BFF 2023” business plan, and as regards specifically the strategic objective linked to the growth of the target customer base by leveraging digital platforms, the Group has embarked on a number of initiatives with a view to harmonizing the degree of automation of the operations of its legal entities, as listed below:

- ▶ investments in information systems and process redesigning in order to (i) upgrade the Bank’s application infrastructure, (ii) migrate part of the front office operations to digital platforms capable of supporting the expansion of the target customer base to include SMEs, (iii) to further automate operational activities, with particular reference to the scope of BFF Polska Group;
- ▶ centralization of the Group’s hardware infrastructure.

Furthermore, thanks to the agreement with one of the largest local technological service providers, BFF has introduced an advanced electronic signature system for all employees in Poland. The service makes it possible to sign remote contracts, using any device, on one hand reducing the time required to enter into a contract and on the other making it possible to verify the identity of signatories in a reliable and immediate manner. The objective of the agreement was to improve security and operational efficiency, and also further reduce the use of paper in commercial transactions, while also improving the quality of work for employees.

RESEARCH AND DEVELOPMENT

Since 2018, the Bank has been benefiting from tax credits relating to research and development activities pursuant to Italian Law Decree No. 145/2013, written, as amended, into Law No. 9/2014.

During 2021, the primary objective of the various projects carried out within the Group concerned the efficiency of internal processes and IT systems.

More specifically, the following important projects were carried out:

- ▶ migration of the information systems of the subsidiaries in the Czech Republic and Slovakia to the Bank's systems. This was completed in April 2021;
- ▶ development of new technological solutions aimed at increasing the efficiency of the software supporting the Group's business, including the out-of-court debt management and recovery system, the systems supporting the Payments service, and the systems of the Polish subsidiary;
- ▶ development of new technological solutions aimed at managing regulatory compliance for all Group companies.

During the period, all the activities related to the integration with DEPObank were also completed, including the migration of the core system.



07

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 which is based on merit and indicators such as risk-adjusted EBTDA. This is an efficient parameter of sustainability over time, as it provides an indication of the economic results achieved, attenuating them of the effect of risk linked not only to the quality but also the growth of the assets generating these results. This system is outlined in the following documents:

- ▶ Remuneration Policy and the relative Group Remuneration and Incentive Policy;
- ▶ 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 behaviour 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;
- ▶ 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.

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

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.;
- ▶ Labour 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);
- ▶ Extraordinary training.

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. The remuneration package is linked to staff grading.

Group Workforce Mix and Diversity

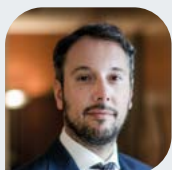
BFF is aware of the importance of an Executive Team that is capable of successfully handling extraordinary difficulties (such as 2021 and the Covid-19 pandemic), and thinking strategically and, at the same time, delivering concrete results in the immediate term. With this in mind BFF has, over the years, invested in the creation of an international and inclusive team that can provide contributions and points of view useful to colleagues and engage the organization in the achievement of common goals.

Chief Executive Officer



Massimiliano Belingheri

Vice Presidents



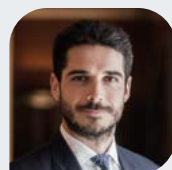
Michele Antognoli
Factoring & Lending



Piergiorgio Bicci
Finance & Administration



Massimo Pavan
Technology & Processes
Improvement



Enrico Tadiotto
Transaction Services

Country Heads



Marek Duban
Slovakia,
Czech Republic



Nuno Francisco
Portugal



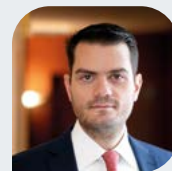
Krzysztof Kawalec
Poland



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



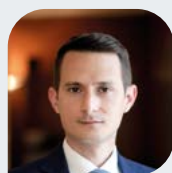
Michela Della Penna
Compliance & AML



Mario Gustato
General Counsel &
Business Legal Affairs



Alessandro Mayer
Chief of Staff



Marco Piero
Risk Management



Alessandra Rizzi
HR & Organizational
Development

BFF, following the extraordinary event that was the acquisition of DEPObank, committed itself from the outset to the harmonization of all processes and procedures relating to employee management. This started with the definition of the new Organizational Structure, the framing of specific training plans aimed at facilitating the integration of all staff, helping them improve their professional knowledge and disseminating operational processes to ensure full business continuity. It concluded with the convergence of the payrolls into a single system and the harmonization of staff pay and conditions of service.

The Group's workforce consists of a total of 862 staff, an increase of 61% compared to 2020, of whom 474 are women and 388 men. The increase in staff is due to the acquisition of DEPObank in 2021, which in Italy alone increased staff by 136% compared to December 31, 2020.

About 67% of the total workforce is employed in Italy, about 22% in Poland and the remaining 11% in the other countries where the Group operates.

94.3% of the staff are employed on permanent contracts, about 54% of whom are women.

STAFF EMPLOYED BASED ON A PERMANENT CONTRACT

COUNTRY	12.31.2021			12.31.2020			12.31.2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Italy	282	288	570	124	112	236	123	110	233
Poland	53	101	154	58	100	158	60	93	153
Spain	26	30	56	26	28	54	27	28	55
Slovakia	5	8	13	5	6	11	5	5	10
Portugal	7	3	10	6	4	10	6	2	8
Czech Republic	1	1	2	0	2	2	-	2	2
Greece	4	4	8	3	2	5			
Total BFF Group	378	435	813	222	254	476	221	240	461

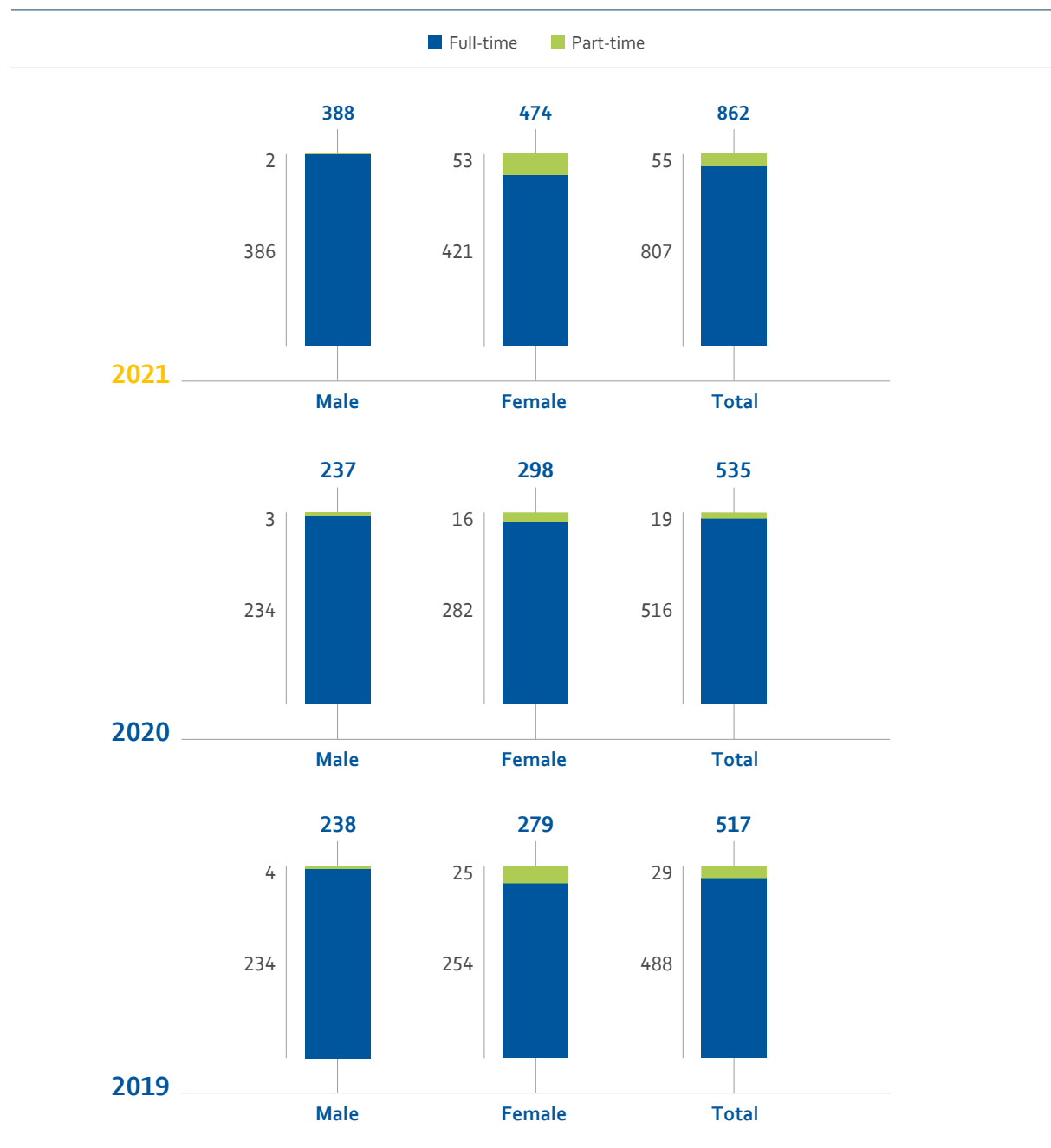
STAFF EMPLOYED BASED ON A FIXED-TERM CONTRACT

COUNTRY	12.31.2021			12.31.2020			12.31.2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Italy	4	6	10	2	8	10	1	1	2
Poland	6	28	34	10	30	40	13	29	42
Spain	0	1	1	1	1	2	1	2	3
Slovakia	0	3	3	1	4	5	2	5	7
Portugal	0	0	0	0	0	0	-	-	-
Czech Republic	0	1	1	0	1	1	-	2	2
Greece	0	0	0	1	0	1			
Total BFF Group	10	39	49	15	44	59	17	39	56

Regarding the type of employment, in 2021 about 6% of all employees had a part-time contract. Specifically, 46 employees were hired on a part-time basis in Italy, 5 in Poland and 4 in Spain.

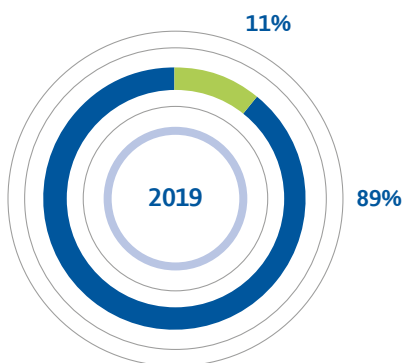
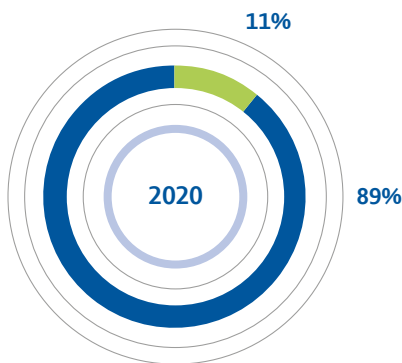
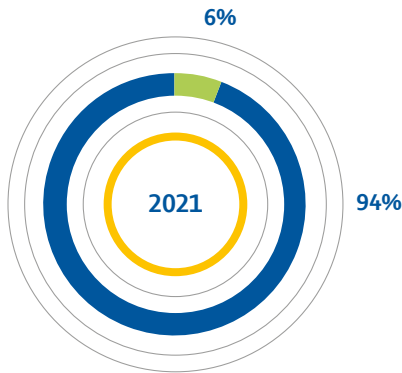
In addition to the Group's permanent staff, in 2021 there are 14 workers, including 3 temporary staff, employed to fill uncovered and/or temporary organizational positions and 11 interns, with training projects on specific company activities and projects in staff or business functions, aimed at developing professionalizing skills.

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



TYPES OF EMPLOYEES OF BFF GROUP

■ Permanent ■ Fixed-term



As can be seen from the table below, in 2021 women accounted for approximately 55% of employees, almost in line with the previous year (- 1%).

With specific reference to professional categories, about 3% belonged to Top Management (women accounting for 15%), about 18% of employees were part of Middle Management (women accounting for 44%, up by 2 percentage points compared to 2020), while the remaining 79% consisted of Staff, of whom 59% women).

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

PROFESSIONAL CATEGORY	Male					Female					Totals				
	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY
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%
Total	17	251	120	388	45%	49	306	119	474	55%	66	557	239	862	100%

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

PROFESSIONAL CATEGORY	Male					Female					Totals				
	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY
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%
Total	23	181	33	237	44%	56	216	26	298	56%	79	397	59	535	100%

COMPOSITION OF THE GROUP'S WORKFORCE BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP 2019

PROFESSIONAL CATEGORY	Male					Female					Totals				
	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY	<30	30-50	>50	TOT.	% ON TOTAL CATEGORY
Senior Executives/Executives	0	16	5	21	84%	0	3	1	4	16%	0	19	6	25	5%
Managers/Middle Managers/ Coordinators	2	49	10	61	63%	1	34	1	36	37%	3	83	11	97	19%
Specialists/Professionals	30	107	19	156	39%	61	154	24	239	61%	91	261	43	395	76%
Total	32	172	34	238	46%	62	191	26	279	54%	94	363	60	517	100%

All employees are covered by collective labour 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 behaviour 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.

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 favouritism both at the recruitment stage and in the management of the employment relationship.

During recruitment, the assessment of potential employees is carried out by matching the candidates' profiles and specific skills with the company's expectations and needs resulting from the request submitted by the requesting function, always in respect of equal opportunities for all parties concerned.

In Poland, diversity and equal opportunities are strictly governed by local labour 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.

The 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**⁴⁵ (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%, a detailed review of the professional structure is undertaken and subsequently "control steps" are included 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 favour of the discriminated gender).

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 2021 show no evidence of gender non-neutrality on the Board of Directors (if we exclude the Chairman of the Board, the gap widens from -37.4% to +9%).

It also emerges that the Pay Equity Gap⁴⁶ is small (less than 5% in Italy) when compared with a Gender Pay Gap⁴⁷ of between 13% and 16%; the prevalence of men in senior roles (management and/or specialist professionals) is identified as the main reason for the overall pay gap.

45) 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 Art. 157 of the Treaty on the Functioning of the European Union (TFEU).

46) Pay gap in role or role of equal value.

47) Ratio calculated between the average remuneration of the over-represented gender and the average remuneration of the under-represented gender.

The containment of the Pay Equity Gap between 2020 and 2021 in all countries underlines a non-discriminatory remuneration policy with respect to gender, with monitoring measures in place aimed at mitigating gender gaps, where all other conditions are equal.

In this regard, the Bank has launched a process for monitoring the indicators relating to pay equity as regards operations in Italy and it is committed to disclose the results starting from the non-financial report for FY 2022.

As to legally protected groups, the workforce in Italy includes 23 employees subject to local regulations in force, one of whom belongs to Middle Management and 22 to Staff⁴⁸.

Overall in 2021, 80 employees joined the Group and 106 left, with an outgoing turnover of 12% in 2021 and an incoming turnover of 9%, down compared to 2020 and 2019.

In 2021, BFF continued to grow in size due to business development in Italy and in new markets. With regard to those who left the company, 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	12.31.2021			12.31.2020			12.31.2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Italy	16	11	27	19	19	38	21	17	38
Spain	6	7	13	5	8	13	7	4	11
Portugal	2	0	2	0	2	2	3	2	5
Poland	7	25	32	13	24	37	15	31	46
Slovakia	0	3	3	1	5	6	4	6	10
Czech Republic	1	0	1	0	1	1	-	2	2
Greece	0	2	2	4	2	6	-	-	-
Total BFF Group	32	48	80	42	61	103	50	62	112

⁴⁸) 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	12.31.2021			12.31.2020			12.31.2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Italy	6%	4%	5%	15%	16%	15%	17%	15%	16%
Spain	23%	23%	23%	19%	28%	23%	25%	13%	19%
Portugal	29%	0%	20%	0%	50%	20%	50%	100%	63%
Poland	12%	19%	17%	19%	18%	19%	21%	25%	24%
Slovakia	0%	27%	19%	17%	50%	38%	57%	60%	59%
Czech Republic	100%	0%	33%	N/A	33%	33%	N/A	50%	50%
Greece	0%	50%	25%	100%	100%	100%	-	-	-
Total BFF Group	8%	10%	9%	18%	20%	19%	21%	22%	22%

EMPLOYEES WHO JOINED BFF GROUP BY AGE GROUP

COUNTRY	12.31.2021				12.31.2020				12.31.2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Italy	2	18	7	27	9	28	1	38	8	29	1	38
Spain	5	8	0	13	2	11	0	13	1	9	1	11
Portugal	0	2	0	2	1	1	0	2	2	3	-	5
Poland	17	13	2	32	20	17	0	37	30	14	2	46
Slovakia	1	2	0	3	1	5	0	6	1	9	-	10
Czech Republic	0	1	0	1	0	1	0	1	-	2	-	2
Greece	1	1	0	2	0	6	0	6	-	-	-	-
Total BFF Group	26	45	9	80	33	69	1	103	42	66	4	112

TURNOVER RATES OF EMPLOYEES WHO JOINED BFF GROUP BY AGE GROUP

COUNTRY	12.31.2021				12.31.2020				12.31.2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Italy	20%	5%	3%	5%	56%	15%	2%	15%	38%	17%	2%	16%
Spain	125%	17%	0%	23%	67%	24%	0%	23%	50%	18%	17%	19%
Portugal	0%	25%	N/A	20%	50%	13%	N/A	20%	100%	50%	N/A	63%
Poland	35%	10%	25%	17%	35%	13%	0%	19%	44%	12%	33%	24%
Slovakia	50%	15%	0%	19%	100%	36%	0%	38%	100%	60%	0%	59%
Czech Republic	N/A	33%	N/A	33%	N/A	33%	N/A	33%	N/A	50%	N/A	50%
Greece	100%	14%	N/A	25%	N/A	100%	N/A	100%				
Total BFF Group	39%	8%	4%	9%	42%	17%	2%	19%	45%	18%	7%	22%

EMPLOYEES WHO LEFT BFF GROUP BY GENDER

COUNTRY	12.31.2021			12.31.2020			12.31.2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Italy	19	28	47	16	11	27	11	8	19
Spain	7	7	14	6	9	15	6	2	8
Portugal	1	1	2	0	0	0	-	-	-
Poland	16	27	43	18	16	34	11	19	30
Slovakia	0	0	0	2	5	7	2	5	7
Czech Republic	0	0	0	0	2	2	2	-	2
Greece	0	0	0	0	0	0	-	-	-
Total BFF Group	43	63	106	42	43	85	32	34	66

TURNOVER RATES OF EMPLOYEES WHO LEFT BFF GROUP BY GENDER

COUNTRY	12.31.2021			12.31.2020			12.31.2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Italy	7%	10%	8%	13%	9%	11%	9%	7%	8%
Spain	27%	23%	25%	22%	31%	27%	21%	7%	14%
Portugal	14%	33%	20%	0%	0%	0%	0%	0%	0%
Poland	27%	21%	23%	26%	12%	17%	15%	16%	15%
Slovakia	0%	0%	0%	33%	50%	44%	29%	50%	41%
Czech Republic	0%	0%	0%	N/A	67%	67%	N/A	0%	50%
Greece	0%	0%	0%	0%	0%	0%			
Total BFF Group	11%	13%	12%	18%	14%	16%	13%	12%	13%

EMPLOYEES WHO LEFT BFF GROUP BY AGE GROUP

COUNTRY	12.31.2021				12.31.2020				12.31.2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Italy	6	27	14	47	1	18	8	27	3	11	5	19
Spain	3	9	2	14	1	13	1	15	0	8	0	8
Portugal	0	2	0	2	0	0	0	0	0	0	0	0
Poland	12	29	2	43	19	14	1	34	12	18	0	30
Slovakia	0	0	0	0	1	6	0	7	0	7	0	7
Czech Republic	0	0	0	0	0	2	0	2	0	2	0	2
Greece	0	0	0	0	0	0	0	0				
Total BFF Group	21	67	18	106	22	53	10	85	15	46	5	66

TURNOVER RATES OF EMPLOYEES WHO LEFT BFF GROUP BY AGE GROUP

COUNTRY	12.31.2021				12.31.2020				12.31.2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Italy	60%	8%	6%	8%	6%	10%	18%	11%	14%	7%	11%	8%
Spain	75%	19%	33%	25%	33%	28%	14%	27%	0%	16%	0%	14%
Portugal	0%	25%	N/A	20%	0%	0%	N/A	0%	0%	0%	N/A	0%
Poland	26%	22%	25%	23%	33%	10%	17%	17%	18%	15%	0%	15%
Slovakia	0%	0%	0%	0%	100%	43%	0%	44%	0%	47%	0%	41%
Czech Republic	N/A	0%	N/A	0%	N/A	67%	N/A	67%	N/A	50%	N/A	50%
Greece	0%	0%	N/A	0%	N/A	0%	N/A	0%				
Total BFF Group	32%	12%	8%	12%	28%	13%	17%	16%	16%	13%	8%	13%

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 Behaviours + 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 only 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 company'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 in 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: This area addresses soft skills related to both general work tools as well as processes specific to BFF Group which are indispensable to increase 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) Statutory 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 Occupational Health and Safety

The information provided during training and the relative attestations given as regards occupational health and safety are set according to roles as 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: Soft skills 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, and is 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 outside the BFF Group and financed by the employee. 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.

MANAGERIAL/LEADERSHIP TRAINING

Action Learning@BFF

In the course of 2020, the Group's HR & Organizational Development Function, through BFF Academy, launched a managerial/leadership training course named **Action Learning@BFF**. This is a leadership development process dedicated to individuals reporting directly to the Group's Chief Executive Officer as well as second-level staff.

The Group will continue along this development process during 2022 by cascading it to Middle Management.

The assumption underlying the Action Learning@BFF training strategy is that, in order to be able to continue to improve efficiency and achieve excellence at Group level, it is opportune to strengthen both individual conduct and relationship management (active listening and negotiation) and people management and organizational management practices (transversal and functional culture and team management).

In planning Action Learning@BFF, the "concept of traditional training" was replaced with "action", which encompasses the concept of learning and development with a view to preparing to manage the increasing complexity implicit in business development, given the rapid evolution of the market as well as competition. The approach was therefore to design a tailor-made program to meet our needs, identified together with the Group's Chief Executive Officer, through a rigorous assessment and development process .

A new model was tested as a new way of providing training, partly because of the restrictions imposed by the Covid-19 pandemic: instead of going to Business School, the Business School came to us (virtually). A partnership with Harvard Business Review Academy was established, and thanks to the top international experts involved, this provided a good overview and comparison of different theories and different points of view, which were then brought to the (virtual) classroom to be discussed and consolidated into a single synthesis and BFF solution. Immediately after this learning phase (webinar with experts), the Action Phase was organized (virtual classroom with a senior coach) to undertake an in-depth analysis of selected learning content, through its concrete application and development of: (i) the distinctive Building Blocks of BFF and (ii) a personal development plan (through the Peer Coaching methodology).

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.

In 2019, roughly 20,461 hours of training were delivered, of which around 11,817 to women and around 8,644 to men, with an average of approximately 40 hours per employee. In 2018, 30,223 hours of training were delivered, of which 15,965 to women and 14,258 to men, with an average of around 48 hours per employee.

The increase of 26% in the total number of training hours provided between 2021 and 2020 is to be considered as a direct consequence of the integration with DEPObank that took place in 2021 and which led to a need to provide specific training courses. However it was also a direct consequence of the transformation of all mandatory courses into eLearning, to which can be added the provision of “training pills” in the soft skills area.

Below are the tables containing the figures by gender and professional category for 2021, 2020 and 2019.

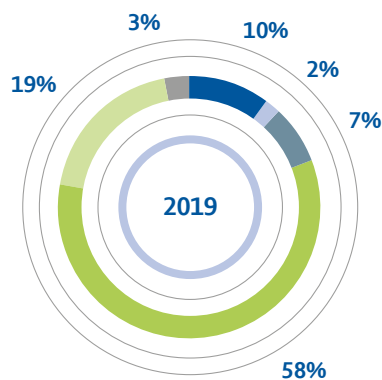
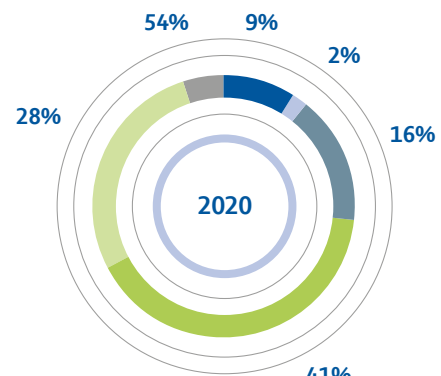
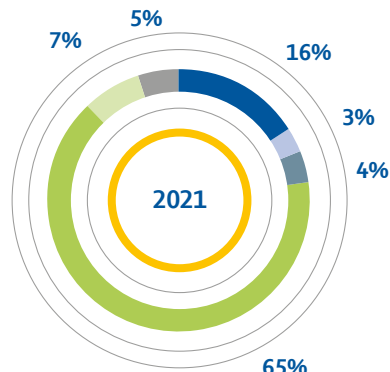
AVERAGE TRAINING HOURS OF BFF BANKING GROUP BY GENDER AND PROFESSIONAL CATEGORY (IN HOURS)

PROFESSIONAL CATEGORY	12.31.2021			12.31.2020			12.31.2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>Senior Executives/Executives</i>	21	14	19	45	46	45	12	28	15
<i>Managers/Middle Managers/ Coordinators</i>	37	37	37	85	42	67	37	95	58
<i>Specialists/Professionals</i>	35	40	38	38	46	43	39	35	37
Total	35	40	37	51	45	48	36	42	40

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 Cutting Processes and Tools, Statutory Training, Occupational Health and Safety, and Soft Skills.

PERCENTAGE OF GROUP-WIDE TRAINING AREAS 2021

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



In general, in terms of training provided during 2021, the largest increase compared to 2020 was seen in the Cross Cutting Processes and Tools training and Statutory 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.

In 2021, the pathway was enhanced by the BFF Value Chain online course, which tells the story of BFF’s value chain from its inception to the recent acquisition of DEPObank (March 2021), and recounts how value is generated daily by BFF’s business lines and people.

A total of 1,757 training hours were provided during 2021 compared to 1,185 hours in 2020, an increase of 48%.

PROFESSIONAL CATEGORY	12.31.2021			12.31.2020			12.31.2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<i>Senior Executives/Executives</i>	16	5	21	22	-	22	30	30	60
<i>Managers/Middle Managers/ Coordinators</i>	160	99	259	90	71	161	15	15	30
<i>Specialists/Professionals</i>	659	818	1,477	390	613	1,002	300	266	566
Total	835	922	1,757	502	684	1,185	345	311	656

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.

At a Group level, approximately 2,203 hours were delivered in 2021 and around 7,162 hours in 2020, a decrease of 69%.

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

PROFESSIONAL CATEGORY	12.31.2021				12.31.2020				12.31.2019			
	Male	Female	Total	Average hours	Male	Female	Total	Average hours	Male	Female	Total	Average hours
<i>Senior Executives/Executives</i>	26	0	26	1	26	13	39	2	47	24	71	3
<i>Managers/Middle Managers/ Coordinators</i>	266	169	434	3	2,939	148	3,087	30	438	552	990	10
<i>Specialists/Professionals</i>	683	1,060	1,743	3	1,277	2,759	4,036	10	1,040	1,876	2,915	7
Total	975	1,228	2,203	3	4,242	2,920	7,162	13	1,524	2,452	3,976	8

3. Cross-cutting Processes and Tools

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

At Group level, 20,886 hours were delivered in 2021, an increase of 99% compared to 2020, when approximately 10,488 hours of training were provided on cross-cutting processes and tools.

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

PROFESSIONAL CATEGORY	12.31.2021				12.31.2020				12.31.2019			
	Male	Female	Total	Average hours	Male	Female	Total	Average hours	Male	Female	Total	Average hours
<i>Senior Executives/Executives</i>	210	4	214	8	139	6	144	6	19	5	23	1
<i>Managers/Middle Managers/ Coordinators</i>	2,090	1,671	3,761	24	1,365	1,287	2,653	26	1,323	2,566	3,889	40
<i>Specialists/Professionals</i>	5,989	11,021	16,910	25	2,762	4,929	7,690	19	3,497	4,507	8,004	20
Total	8,190	12,695	20,886	24	4,266	6,222	10,488	20	4,838	7,078	11,916	23

3. a) Statutory Training

Compliance topics were dealt with for the most part. During 2021, 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. It should also be noted that, taking into account the acquisition of DEPObank, in 2021 the Bank deemed it necessary to include all issues related to new businesses in the category of mandatory training, in order to extend knowledge of these businesses to the entire corporate population.

At a Group level, approximately 5,296 hours were delivered in 2021 and around 2,252 hours in 2020, an increase of 135% over the previous year.

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

PROFESSIONAL CATEGORY	12.31.2021				12.31.2020				12.31.2019			
	Male	Female	Total	Average hours	Male	Female	Total	Average hours	Male	Female	Total	Average hours
<i>Senior Executives/Executives</i>	132	27	159	6	94	18	112	4	62	21	83	3
<i>Managers/Middle Managers/ Coordinators</i>	533	377	910	6	268	178	446	4	269	124	393	4
<i>Specialists/Professionals</i>	1,877	2,351	4,228	6	700	994	1,694	4	602	891	1,492	4
Total	2,541	2,755	5,296	6	1,062	1,191	2,252	4	932	1,035	1,967	4

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 836 hours were delivered in 2021 and 410 hours in 2020, an increase of 104% 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	12.31.2021				12.31.2020				12.31.2019			
	Male	Female	Total	Average hours	Male	Female	Total	Average hours	Male	Female	Total	Average hours
<i>Senior Executives/Executives</i>	47	18	65	3	40	6	46	2	1	8	9	0
<i>Managers/Middle Managers/ Coordinators</i>	53	28	81	1	49	17	66	1	29	30	59	1
<i>Specialists/Professionals</i>	305	386	690	1	106	192	298	1	125	246	371	1
Total	405	432	836	1	195	215	410	1	155	284	439	1

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, 1,279 hours were delivered in 2021 and around 4,038 hours in 2020.

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

PROFESSIONAL CATEGORY	12.31.2021				12.31.2020				12.31.2019			
	Male	Female	Total	Average hours	Male	Female	Total	Average hours	Male	Female	Total	Average hours
<i>Senior Executives/Executives</i>	20	0	20	1	632	141	773	31	96	24	120	5
<i>Managers/Middle Managers/ Coordinators</i>	96	122	218	1	330	89	420	4	177	130	307	3
<i>Specialists/Professionals</i>	436	605	1,041	2	750	2,096	2,846	7	577	504	1,081	3
Total	552	727	1,279	1	1,712	2,326	4,038	8	850	658	1,508	3

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*⁴⁹.

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.

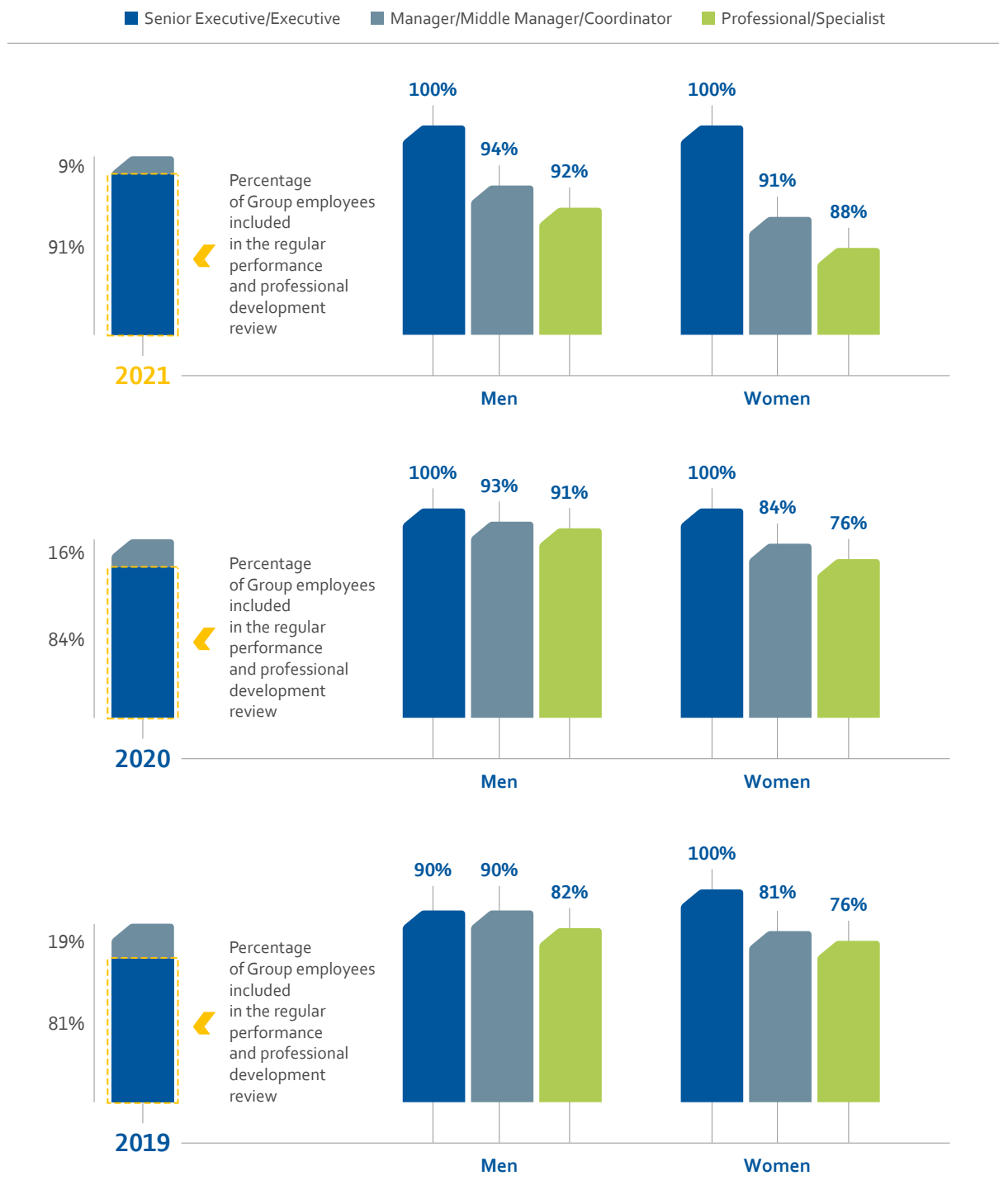
In this context, as part of its incentive policies, the bank has stock option plans that consist of the allocation of options that entitle the holder to receive ordinary shares of the Bank. The aim of this is to encourage the integration of staff, allowing them to share in the company's results, and 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 available to all staff and are given on the basis of meritocracy, regardless of grade, thus promoting a corporate culture aimed at the constant improvement of the Bank's long-term performance.

As can be seen from the chart below, in 2021, 91% of employees received a regular review of their performance and professional development; the remaining 9% did not undergo any review process because they had been with the company for less than six months.

49) 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://www.bff.com/en/home>.

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



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;
- ▶ flexible benefits to be used for a variety of needs, such as:
 - 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 checks-ups. The package includes dental care, vaccinations and other tests.

Group Initiatives in support of its employees

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 fulfilment 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 2021, the CRAL made a number of donations in favour 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 100 *panettoni* to the parishes of Milan; to Associazione Albero della Vita, which fulfils the desires of children and young people with serious problems, and to Banco Alimentare, to give comfort to people in need.

Town Hall Meetings and Other Events

Continuous dialogue with employees is central to the company's strategy. In order to promote a culture of transparency and exchange, as part of its annual internal communication plan BFF organizes various initiatives for sharing and harmonization.

Plenary meetings, generally held in person and involving all employees, take place to share the results achieved during the period and look together at future aspirations. They are held on a quarterly basis when financial data is being approved or during an event, if communication activities can be included. Also in 2021, in continuity with the past and despite the difficulties due to the Covid-19 pandemic, which prevented the holding of in-person events, plenary meetings were always guaranteed, in **February, May and August** (first ten days of September, to allow the greatest possible participation of employees returning from summer vacations) and **November**.

These online sessions provide all employees with the opportunity to speak, ask questions, and discuss the key issues that arose during the reporting period and during the specific event. The sessions dedicated to questions and discussion lasted, on average 40 minutes, slightly up on 2020, partly due to the overall number of participants.

Following the merger with DEPObank, the number of employees has in fact almost doubled, with a slight impact also on the number of questions asked, usually just over forty questions per session.

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.

Date	Language	Participants*
February 2021**	Italian	223
	English	265
May 2021	Italian	524
	English	252
September 2021	Italian	421
	English	233
November 2021	Italian	502
	English	248

* Participants are always less than the number of actual employees due to maternity leave, vacations, justified absences, etc.

** Pre-merger with DEPOBank.

There is no shortage, however, of events held simultaneously across the entire Group. Despite the difficulties generated by the pandemic, the company held two important events dedicated to employees.

The first was on the occasion of the BFF-DEPObank merger. On March, 4, a **fully digital event** was held to introduce all employees to the newly unified entity, the business model, the challenges and opportunities for the Group.

The second was an in-person event held on 15-17 October in Milan, it was the **Group Convention** which is held bi-annually and aimed at fostering exchange and collaboration, especially among international teams, thus creating a greater sense of belonging, togetherness and harmonization.

The next Group Convention will be held in Poland in 2023

Group events are usually held in English, with simultaneous translation services available.

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 ensure high levels of engagement, alignment and agility at all times, and to promote a shared culture.

In 2021, just as in the previous year, the Covid-19 pandemic precluded, the organization of other regular in person events such as Family Day, a day devoted to the families of employees, especially the little ones.

However, it was possible to participate in the *IV Iren Utility Cup*, held in September 2021. 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. Applications for, and selection of, the BFF Team commenced in the spring and word of the event was promptly spread among employees. The Team, which ranked first among the participating banks, was awarded the prize at the Group Convention. The whole experience was certainly emblematic of the importance the Group attaches to teamwork.

Surveys

Covid-Pulse

In April 2021, BFF launched "Covid Pulse", a survey aimed at learning more about the experiences of its employees over the previous year. It was also undertaken to try to understand any difficulties that might arise upon returning to work to the office, even though this took place progressively and with all the necessary precautions.

The purpose of this survey was to investigate internal alignment on an ongoing basis and to understand employee experiences so as to make the Bank a better place to work.

The participation rate was 91% and the survey showed very positive results regarding the company's ability to respond to the pandemic.

"Overall, I believe my organization is doing a good job in responding to the pandemic"



Purpose Survey

In October 2021, BFF launched the Group's second bi-annual "**Purpose Survey**", with the aim of analyzing the behaviors that directly drive the desired company results and investigating internal culture as a lever for the success of BFF Banking Group.

The participation rate was **82%** and the survey confirmed that the actions implemented in the past two years have had a positive influence on some internal situations.

The combined results of the **Purpose Survey** and **Covid Pulse** will guide the development of an Action Plan based on the feedback received. The Plan will be implemented over the next two years through initiatives aimed at (i) making the Group a better place to work and (ii) achieving the strategic objectives of BFF Banking Group to prepare for the challenges of the future.

Casa BFF Survey

During the month of November, a survey was carried out following the launch of the Casa BFF⁵⁰ project and the 'beauty contest' that was organized to choose the design team for the new building, a non-public launch for tenders was organized in which six architecture firms took part. The survey involved the entire Group population and invited to suggestions and proposals on the configuration of new building, both in terms of values to be conveyed and services offered. Most of the responses focused on sustainability, transparency and innovation, confirming the attention that BFF employees give to ESG issues.

Home Working Survey

In November 2021, aware of the professional and human value generated by collaboration and interaction both between members of the same team and between people from different teams, BFF launched a survey addressed to all Managers on the topics of home working, remote working and flexible working, with the aim of identifying the organizational model best suited to the needs of the BFF team. The results of the survey will guide the Action Plan that will lead to a review of BFF's organizational model.

50) For further details, see the "Environmental responsibility" section.

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 in place a Health and Safety Policy through which it has established its commitment to a healthy and safe workplace. To this end, a Workers' Health and Safety Management System has been adopted in compliance with Standard OHSAS 18001:2007 for the discharge of all the duties lying within its area of competence, providing human, technical, practical and financial resources to pursue goals aimed at improving occupational health and safety.

In 2018, renewal of the certification was obtained through the auditing company Certiquality. However, this certification expired at the end of August 2021. In view of possible future developments, the Bank has decided to keep the management system active and monitored by an external consultant, in order to operate in compliance with the provisions of UNI-INAIL and to lay the foundations for possible ISO 45001 certification.

Thanks to the Management System adopted, BFF complies with the provisions of Italian Legislative Decree 81/08 and has in place a constant monitoring process. The monitoring and control process is entrusted to the General Services, the Head of this Function has been appointed in charge 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, Analysing 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 company's Prevention and Protection Service (Legislative Decree No. 81/2008, Arts. 31 and 33), to which identification of such factors is entrusted.

“Ensuring a working environment that provides an adequate level of health and safety for employees, with specially developed policies and initiatives”.

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).

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 Art. 35 of Legislative Decree No. 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 Italian 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 Head of the Prevention and Protection Service in the cases provided for under 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 behaviours 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 Art. 38 of 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 Art. 41 of 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 Labour 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 gauging reports	Fire instructions	Evacuation report
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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.

During 2020 there were no accidents.

Furthermore, in 2021 the injury rate⁵¹ was 0 (in line with 2020), and the hours worked by Group employees amounted to 1,351,305 (837,847 in 2020).

During 2019, the Group recorded a total of 5 injuries, 3 of which being injuries that occurred while on the journey to, or from, work, for a total of 761,832 hours worked and an injury rate of 2.63. In Italy, both injuries qualified as 'commuting' injuries and involved a man and a woman; in Poland, a 'commuting' injury and an injury at work occurred involving a man and a woman, respectively. In Spain, an injury at work occurred involving a woman.

Please note that over the three-year period, there were no injuries with serious consequences⁵².

Covid-19 - Impact and Management

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 2021 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 was formed composed of all central staff functions. 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.

Demonstrating that it has an extremely agile structure, with a flexible and a very short decision-making chain that, especially in emergencies, results in quick and effective actions, BFF has continued to adopt the solutions implemented during 2020, which are still considered to be valid in the situation we find ourselves in 2021.

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.

51) 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.

52) Injury with serious consequences refers to an injury at work after which the employee cannot, or it is feared that the employee cannot, fully recover his or her pre-injury health conditions within 6 months of the event date.



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.

A company Covid-19 Protocol was established as made compulsory by reference legislation as of April 2020. It was ratified by the Safety Committee and approved and/or acknowledged by bodies such as the Board of Directors, the Board of Statutory Auditors, the Supervisory Body and the new Covid-19 Committee.

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, for most of 2021, BFF encouraged remote working, limiting as much as possible a return to the office. From August onwards, a cohort system of return was adopted (each cohort - there were two - was in the office on alternate fixed days). Control of staff numbers present was easily monitored as the system involved pre-registration on dedicated application.

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 .

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 behaviour.

Since October, following 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 restaurant vouchers, 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.

Phases of massive recourse to remote working alternated with partial returns to the office, when possible, with a significant focus on respect for proper conduct; specifically, as noted above, the Group's organizational units were broken down into two cohorts which worked in person in the office on an alternating basis. This solution allowed for operational collaboration between different offices, while also safeguarding people's health. This alternation made it possible to return to the office in a safe manner while prudently limiting the risk of infection.

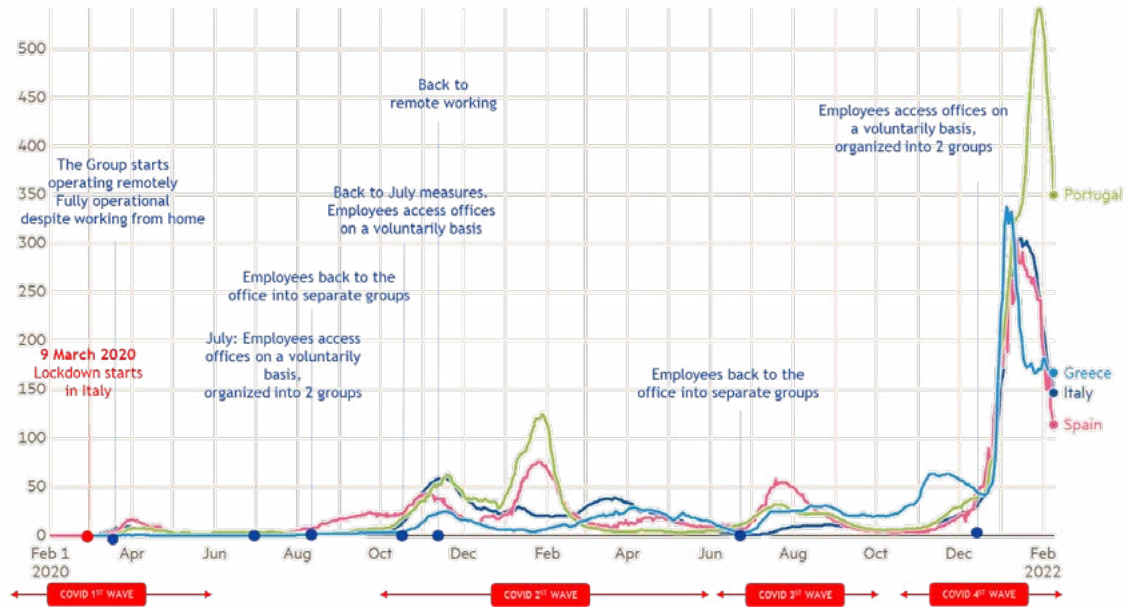
The response of BFF's personnel was one of great commitment and responsibility; there was a reduction of absenteeism, and everyone demonstrated a high degree of willingness to take on new working methods as quickly as possible, especially considering that working from home was not an arrangement previously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

Investment in training turned out to be decisive.

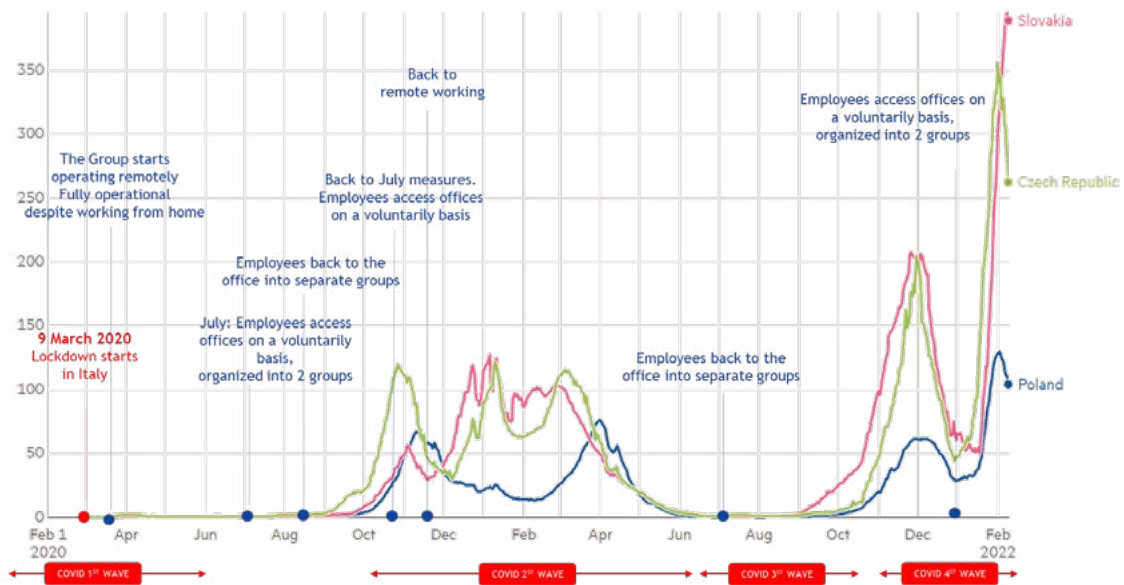
Statutory training never stopped. Indeed, growth and development of personnel skills were further supported: also in this case, technology played a decisive role, allowing for the creation of virtual classrooms and blended learning.

The following graphs provide a representation of how the BFF Group has dealt with the management of individual waves since the outbreak of the pandemic. The graphs show the Group's strong focus on prompt adoption of appropriate measures to protect employees, in some cases anticipating the restrictions imposed by local governments.

SOUTH EUROPE



CENTRAL EAST EUROPE



Respect for Human Rights

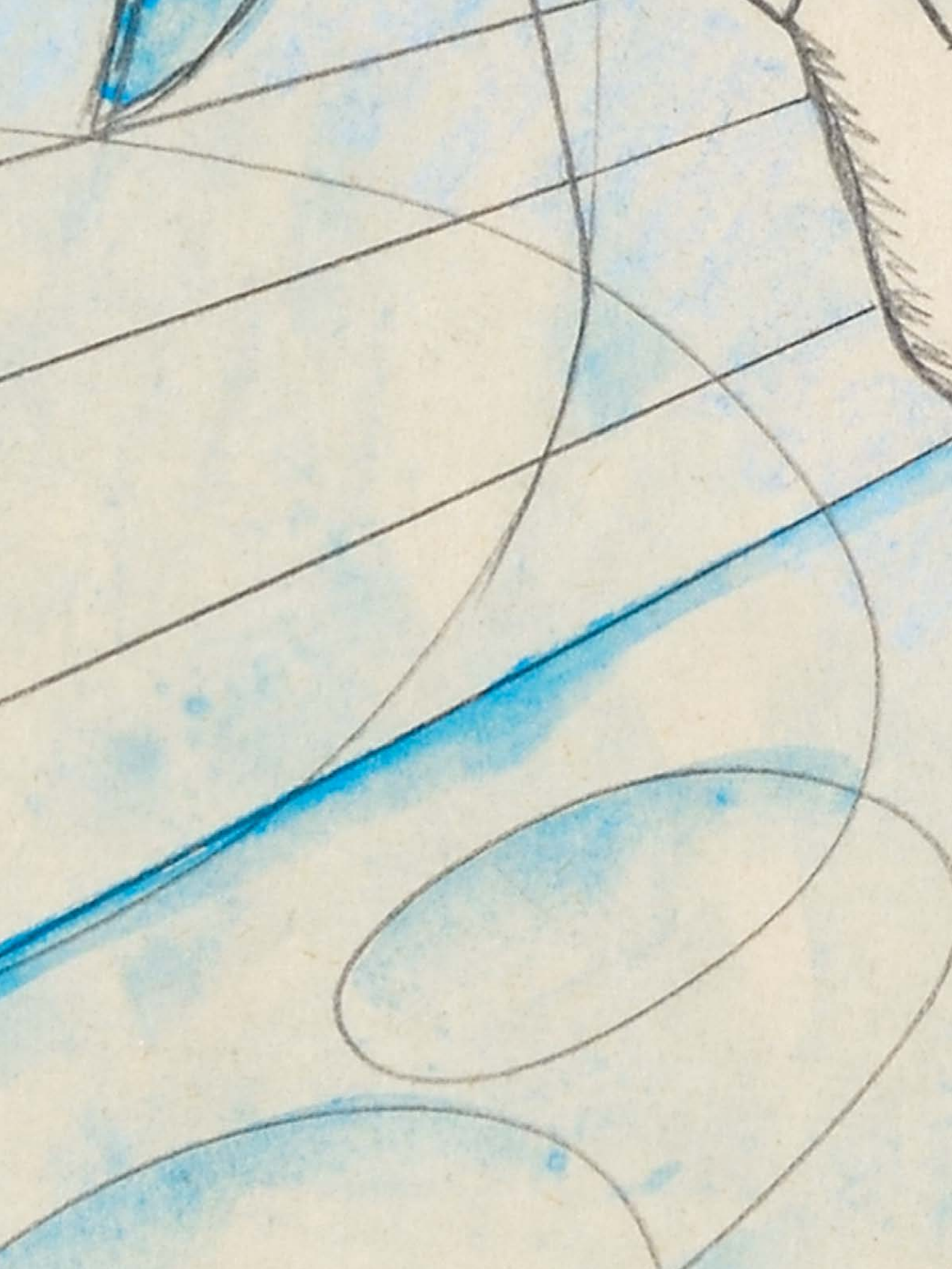
The Group has always had a strong focus on respect for human rights. Respect for the individual and respect of dignity is considered as fundamental for the development of the working environment. Therefore, in 2019, 2020 and 2021, no cases of violations of human rights were reported.

Furthermore, the Group prohibits engaging in practices that can be linked to child and forced labour, 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.

EVENTS: FROM THE DIGITAL TO THE HYBRID MODEL

Beginning in 2020, due to the Covid-19 pandemic and the protracted nature of the pandemic, the majority of initiatives have been entirely rethought so that they can be enjoyed remotely.

2021 was the year in which the significant technology and digital momentum of the previous year was built upon and continued. This was achieved by ensuring, on the one hand, an increasingly high level of online initiatives and, on the other, the realization of hybrid events - in person and online - which once again proved to be central to the public-private dialogue in the countries where we are present.

The Split Payment mechanism, a tool to combat, inter alia, tax evasion entered into force in 2015 and was extended first in 2017 then in 2020. In July 2021, the Bank organized an event intended to analyse the impacts for businesses, effects on the public finances and the effects of the continued derogation. This was also done through ad hoc studies and demoscopic surveys carried out in this specific case by I-com, Institute for Competitiveness and Quorum/YouTrend.

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

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.

In-depth thematic events, along the same lines, also took place in other countries. In Poland, for example, as regards events, again all held digitally, issues were analysed and shared to provide appropriate solutions to local governments to manage costs and long-term investments within the context of the health emergency, and to share an analysis of proposals to boost efficiency in investments in medical devices for the relative manufacturers.

Major in person events have also been organized or sponsored, again in Poland. In collaboration with the newspaper Rzeczpospolita, the sixth "Hospital Ranking" was produced, a unique list in Poland that rewards the high quality of medical care and economic performance. It is an analysis that culminates in the organization of an event and prize-giving. It is now even more important if we consider the pandemic which the award-winning hospitals had to deal with. It is an opportunity for constructive debate about best practice and solutions that can help further improve the Polish healthcare system.

296 hospitals participated, compared to 221 in 2020; and we were also joined in the initiative by institutional partners, including, for example, the Federation of Polish Hospitals.

Also in Poland, we took part 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. BFF contributed with a panel focused on the different forms of financing in public health. It was also an opportunity to present a preview of the third edition of the *Healthcare Report*, published by Fondazione FarmaFactoring, which analyses and compares nine EU healthcare systems, namely, those of Italy, Croatia, France, Greece, Poland, Portugal, the Czech Republic, Slovakia and Spain.

A number of similar initiatives were also carried out in other countries where the Group operates: in Spain, for example, where the event "Spain's recovery: trends in public finance" was held in hybrid mode. International analysts and representatives of the country's economic institutions participated; while in Italy, for the first time, following the merger with DEPObank and the expansion of the operating scope, BFF participated in the Salone dei Pagamenti. Promoted by ABI and organized by ABIEventi, the Salone dei Pagamenti is the annual event to attend in the banking and digital payments sectors in Italy. 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, targeted at banks, payment institutions, electronic money institutions, political institutions, companies and the Public Administration, saw BFF as the key player in the session dedicated to "The digital future of global payments" during the first day of the event.

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.

COOPERATION WITH UNIVERSITIES AND CULTURE CENTRES

Internal culture, and also the promotion of culture and information externally in a climate of transparency and constructive debate, aimed at improving the "public-private" relationship, is one of the cornerstones of BFF's history. It is also what has allowed the company to grow over time, constantly innovating and anticipating trends.

In 2021, BFF continued with its membership in the **Cergas** Network of Associated Companies (Centre for Research on Health and Social Care Management) of the SDA Bocconi School of Management. This membership allows BFF staff to participate in in-depth discussions and debates with key stakeholders in the healthcare sector regarding the changes and challenges of the public and private system, which accounts for an important portion of BFF customers in the Factoring & Lending area.

Other collaborations of this nature are carried out through the **Farmafactoring Foundation**. In fact the partnerships with **Ca Foscari University of Venice** and **Censis** Centro Studi Investimenti Sociali have been ongoing for many years now.

The collaboration with Ca Foscari University of Venice makes it possible to annually update 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 functionality 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 specialised professionals in the fields of statistics, public accounting, financial and banking organization and, last but not least, in the legal area.

Collaboration and contributions of an educational nature are also provided by **Mefop** (Società per lo sviluppo del Mercato dei Fondi pensione), founded in 1999 by the Ministry of Economy and Finance, its majority shareholder. The aim of the organisation is to promote development of forms of welfare through training, study, assistance and promotion in matters related to supplementary pensions.

Furthermore, for the second consecutive year the "Macro Perspectives on Spain and its Regional Governments' Finances" report has been published on a quarterly basis in order to stimulate debate and in-depth analysis of macroeconomic issues that may influence the choices of typical BFF customers. The study, published in English and Spanish, analyses macroeconomic trends and the impact on the economy of Spain at the central government and local self-government levels, outlining possible scenarios.

Alongside analysis and economic and financial information, art also plays a central role at BFF, as a constant stimulus to observe reality from new and different perspectives and thus contribute to an increasing willingness to innovate and include.

In this context two initiatives were organized, one at local level in Portugal and the other at an international level.

In May an area of the **Gulbenkian Museum in Lisbon** was inaugurated, BFF helped to restore this area as part of a project launched in 2020, during the pandemic that severely penalized the entire arts sector.

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 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 the project will continue with a travelling exhibition in Europe.

Thanks to this initiative, the Collection – which is on permanent display at BFF's headquarters in Milan – can be enjoyed in the cities the Group operates in, including Bratislava, in January-March 2022, and then in Warsaw, and later in the year in other European cities; Athens, Paris, Madrid and Lisbon.

The project also aims to celebrate BFF's new brand identity. The company logo is inspired by the work *Danza*, which the company commissioned from the artist Gianfranco Pardi and donated to the city of Milan in 2006. It now adorns one of the city's main points of access near BFF headquarters. The sculpture is composed of a series of yellow lines that, in their curves and suspensions, suggest the movement and dynamism of change, in line with the aspirations for continuous innovation and excellence that drive the Group.

STUDIES AND RESEARCH

The studies and research reports published by BFF may be consulted free of charge, like many other materials produced by the Group, on the website in English and, when available, in the local language.

Furthermore, following publication, BFF shares them directly with its customers and other relevant stakeholders.

Continuing with one of the successful initiatives implemented in recent years, during 2021 BFF continued the publication of the quarterly study carried out by a Spanish analyst – the *Quarterly Report on macro perspectives on Spain and its regional governments' finances*. The study 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.

Similarly, a new edition, the third, has also been reconfirmed, of the *Healthcare Report: "Building the future of European healthcare systems. A comprehensive analysis of the experience of 9 EU countries in facing and managing Covid-19 pandemic challenges"*. BFF initially commissioned the study in 2019 in Poland. Its aim was then to compare the Polish healthcare system with that of the countries in which the Group operates. The scope has since been expanded.

During 2020, following the feedback and interest expressed by international customers and BFF’s primary stakeholders, it was decided to continue this study. Contributions from external experts were included, and the management and the impact on European healthcare systems of the first wave of Covid-19 was examined, and the Farmafactoring Foundation was asked to undertake research. This decision allowed us to further raise the level of analysis, thanks to the extensive experience and skills of Foundation on economic and healthcare matters. The Report aims to highlight shared challenges and contrast the specific characteristics of the healthcare systems of the European Union countries in which BFF operates. These systems have different economic conditions and views on income redistribution, the role of institutions and the function of the state in providing healthcare.

The focus of the 2021 edition was to promote the topical issue - the Covid-19 pandemic - that is significantly influencing the commercial relationship between companies and Public Administrations, and to foster dialogue and more best practice to construct a sustainable future within European healthcare.

Farmafactoring Foundation

BFF's constant interest in scientific research is made possible and is regularly inspired by the activity of the **Foundation** which was set up in 2004 to promote and empower cultural and scientific research activities previously undertaken within the company. It aims primarily to contribute to analysing management models, structures and the governance of the healthcare systems in Italy and Europe, and in general of the Public Administration.

In the course of 2021, BFF contributed to the Foundation's activities with a donation of €520,000 (in line with previous years) as well as additional funding of €75,000 for projects, making a total contribution of €595,000.

GOVERNANCE

The Farmafactoring Foundation is managed by a Board of Directors that selects and approves the annual plan of social and scientific research activities in the economic and healthcare field, and also approves the budget. For the coordination and definition of research activities, the Board relies on a Scientific Committee composed of the President of Foundation, the Scientific Director and authoritative members from university and research circles.

The Foundation also has an Organizational Model and a Supervisory Body. The latter oversees operations and compliance with the provisions of the Model by the recipients, the actual effectiveness and effective ability of the Model itself to prevent crimes from being committed and the monitoring of the appropriate use of Foundation's funds.

The Corporate by-laws also contemplate the appointment of an auditor to supervise and audit the financial statements.

RESEARCH ACTIVITIES

Every year, the Foundation publishes specific studies in the economic, healthcare and sociological fields, with different focuses depending on the topics to be addressed. The direction of the work is defined and coordinated by the Scientific Committee, which relies on the contribution of top-level experts in the world of research both in Italy and abroad, as well as the collaboration of a number of researchers and contributors. This includes collaboration with prestigious Italian universities like Bocconi University, specifically CERGAS, the university's Centre for Research on Health and Social Care Management, and also Censis, Centre for the Study of Social Investments, one of the country's most important institutions for sociological analysis.

The results of this research are shared directly with the Foundation's main stakeholders, representatives of central and regional institutions, as well as with health professionals, who are often the main contributors to the analyses undertaken by the Foundation. Analyses that have over the course of many years of activity become a point of reference for many players in the Italian healthcare, social and economic sectors.

Since 2020 the scope of the research has expanded to also analyse the various healthcare systems of the countries in which BFF Banking Group operates. This is what happened, for example, with the “Healthcare Report”, referred to in the previous section, and also with two research reports from the “I Quaderni di Fondazione Farmafactoring” series, which have examined France and Poland. In the first case, the analysis regarded the challenges and opportunities of the French healthcare system, while the second focused on socio-economic determinants relating to health conditions in Poland, it was completed during 2020 and then widely distributed in the first quarter of 2021. The activity continued in 2021, with additional studies focusing on the topical issue of the health emergency and Covid-19, as in the case of the Research Notebook “Challenges and Opportunities of the Portuguese Health System”, available in English and Portuguese.

CONTEMPORARY ART COLLECTION AND CULTURAL INITIATIVES

The Farmafactoring Foundation also owns a contemporary art collection from the second half of the twentieth century, which includes roughly 250 works created during the initial years post World War II to the early 2000s, by artists such as Valerio Adami, Enrico Baj, Alberto Burri, Hsiao Chin, Mario Schifano, Arnaldo Pomodoro and Joe Tilson.

The collection, displayed at the Group’s Italian offices in Milan and Rome, was the object of significant reconditioning, cataloguing and digitalization work in the course of 2020. This last activity in particular was intended to guarantee more effective protection and conservation of our artistic heritage, improve the monitoring and therefore care and promotion for the future.

Also in 2020, in collaboration and with the contribution of BFF, a catalogue was produced in English, published by Skira: *Art Factor. The Pop Legacy in Post-War Italian Art*. The catalogue presents a selection of works of Italian artists from the Foundation’s collection and tells the story of the Italian experience of Pop Art through the works of Valerio Adami, Franco Angeli, Enrico Baj, Lucio Del Pezzo, Gianfranco Pardi, Mario Schifano and Emilio Tadini. In the mid-1960s, these artists began to grapple with a long-standing iconographic tradition, revising the cutting-edge methods and stylistic techniques of the past by relying on a broad variety of resources, often with a view to social and cultural activism.

The catalogue and the collection itself tell a common story: the desire to be activists, not only spectators of those initiatives that generate value for society.

The art volume, which has been distributed since spring 2021, represents the first step in a more extensive project involving the promotion of the collection abroad in a travelling exhibition that will tour Europe. The exhibition was initially planned for 2021-2022 then it was postponed to 2022-2023 due to the Covid-19 Pandemic and related restrictions on cultural events.

Thanks to this initiative, the Collection – which is on permanent display at BFF's headquarters in Milan – can be enjoyed in the cities the Group operates in, including Bratislava, in January-March 2022, and then in Warsaw, and later in the year in other European cities, Athens, Paris, Madrid and Lisbon.

Charitable Initiatives

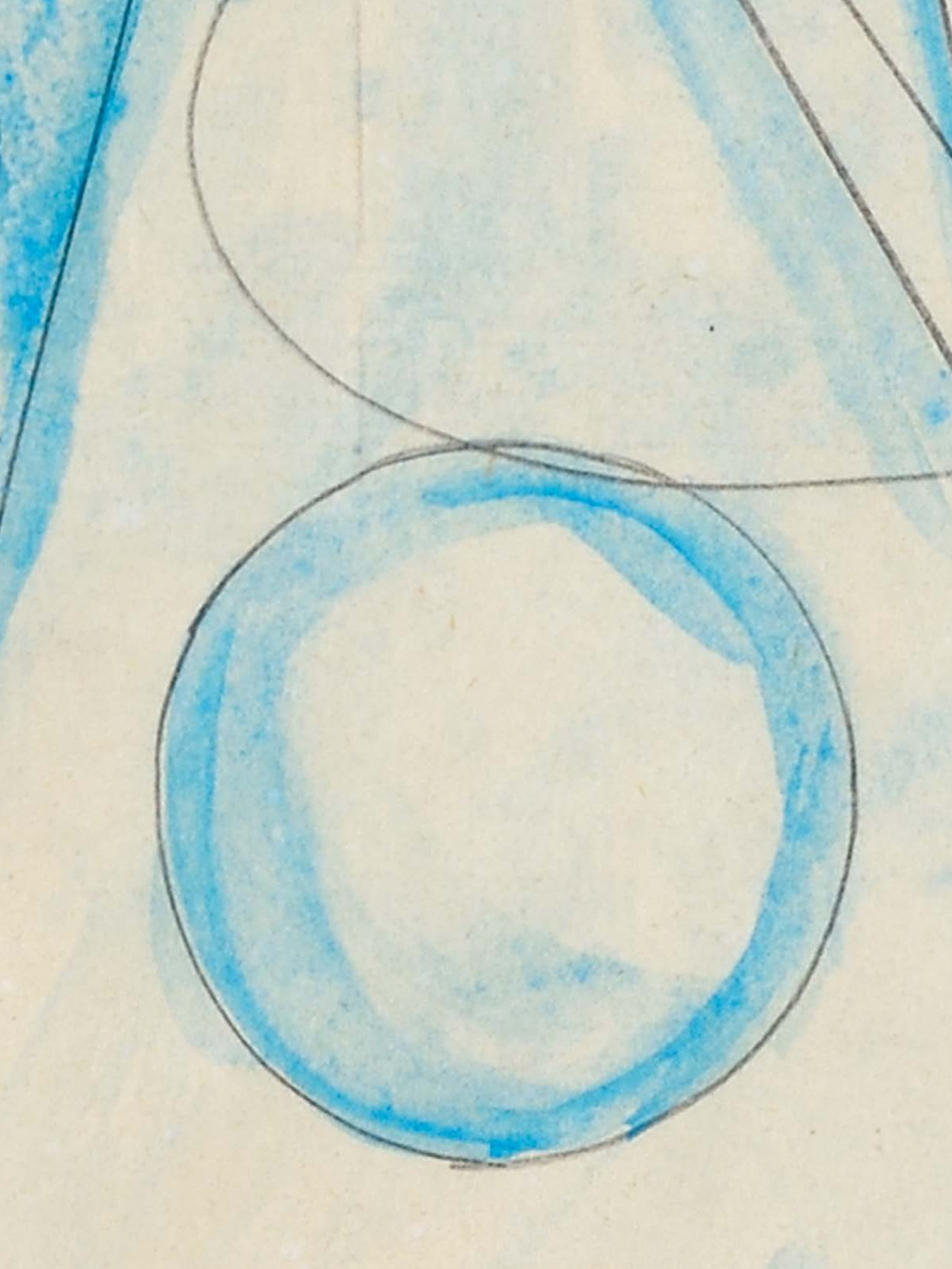
In 2021, BFF confirmed its daily commitment to sustainable development in the communities and countries in which it operates.

In particular, in line with what has already been done in Italy, Spain and Poland during 2020 following the outbreak of the Covid-19 emergency, the Group has chosen to support a project in **Portugal**, which, among the countries in which the Group operates, is one of those that encountered the greatest difficulties during the third wave of Covid-19 in 2021.

BFF supported the Portuguese *Tech4Covid* Association with a donation to purchase computer equipment for students in financial difficulty, as part of the *StudentKeep* project.

Made in March, the donation was used to purchase 55 computers, delivered to the Central Directorate of Public Schools (DGEstE), responsible for distributing them to schools and students.

In **Italy**, it decided, inter alia, to contribute to the “Con gli Occhi dei Bambini” campaign for the Bambino Gesù Onlus Foundation, to support the Paediatric Hospital’s Reception and Humanitarian Treatment Project.





09

Responsible Supply
Chain Management

Responsible Supply Chain Management

The Group's suppliers are exclusively engaged in the provision of supplies necessary for the Bank's core business. According to the Group's Code of Ethics, relations with suppliers are managed by each Organizational Unit (i) to the extent as lying within their competence, (ii) within the limits of the expenses allocated when defining the annual budget, (iii) in compliance with the principles of lawfulness, fairness and impartiality, and (iv) 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.

In 2021 the Bank set up a supplier portal in order to manage the Register of Suppliers in a well-organized manner.

The BFF 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. During the registration phase, the Portal also provides suppliers with a set of documents which, in order to be approved, they have to sign and upload to the dedicated section of the portal; these are the BFF General Conditions of Supply; Information on Specific Risks and on Prevention and Emergency Measures; Self-Certification of Possession of Technical-Professional Suitability Requirements; Declaration of Acknowledgement and Acceptance of the Code of Ethics.

Suppliers are also asked to upload the following documentation to the Portal: Chamber of Commerce Certificate of Incorporation, Document regarding Social Security Contribution Regularity, Anti-Mafia Self-Certification and Balance Sheet (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 (affiliates 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.

“Evaluate and select suppliers based on environmental and social sustainability criteria.”

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 various measures according to the work 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 arising from 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.

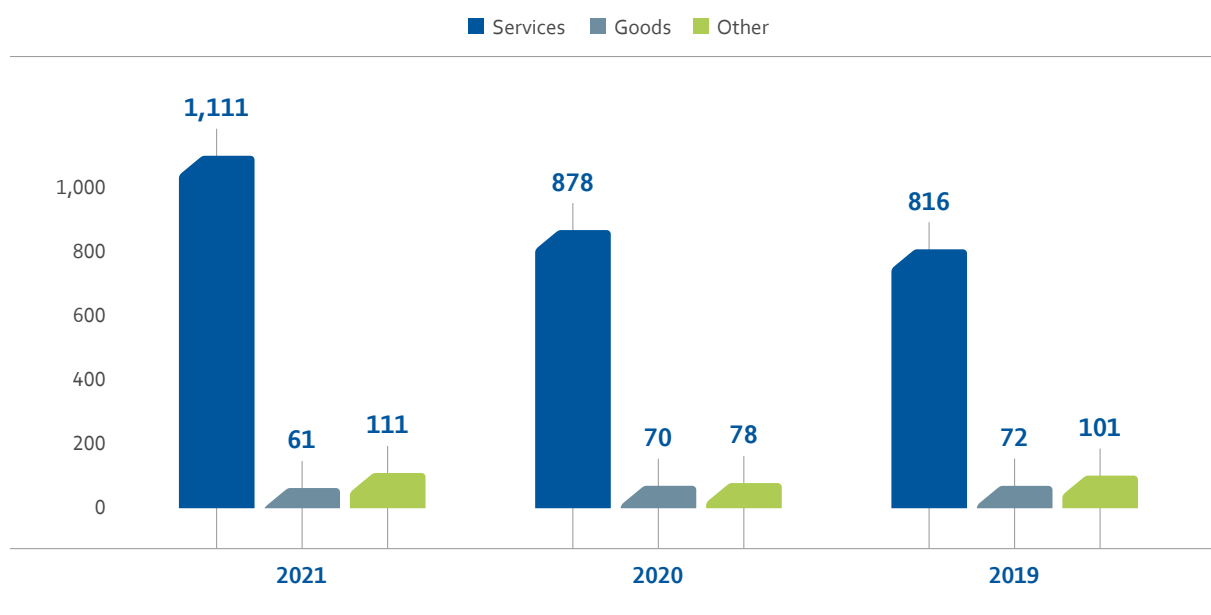
The Single Document on the Assessment of Risk from Interferences is valid for the length of the contract, and of administration pursuant to Art. 26, and is automatically renewed in the event of extension and/or new works pertaining to the supplier’s activity and/or in any case updated in the event of 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 2021, the Group entered into contracts with a total of 1,283 suppliers (1,026 in 2020), of which 1,111 for the supply of services (878 in 2020), 61 for the supply of goods (70 in 2020) and 111 suppliers for a combination of goods and services (33 more than in 2020).

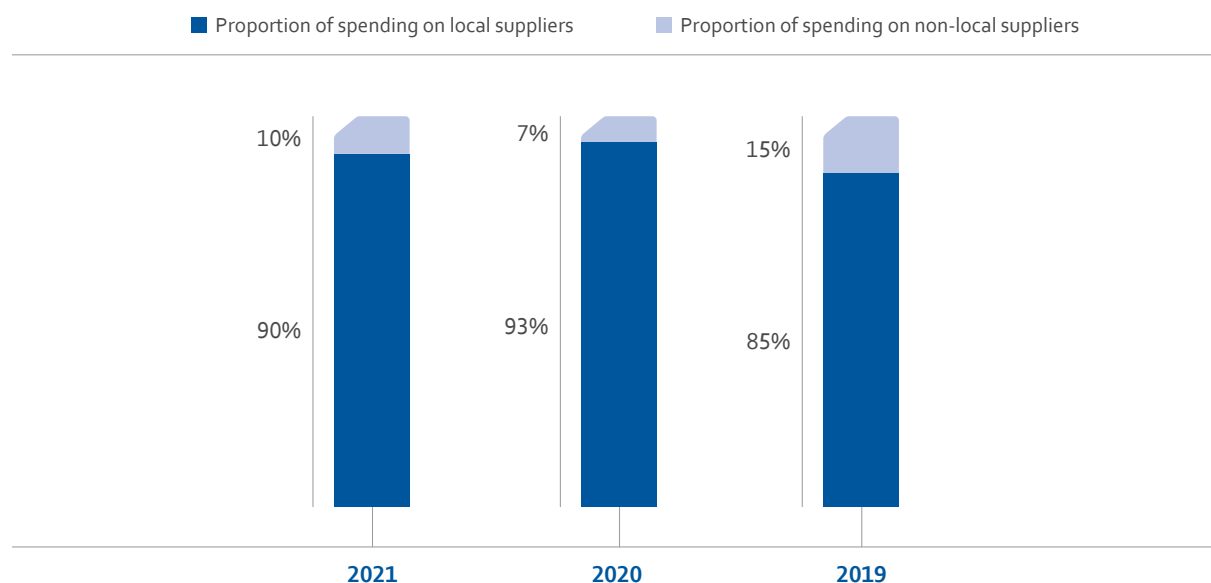
The 25% increase in the number of suppliers with whom the Group has entered into contracts (mainly for services) is attributable to the extraordinary event that took place during 2021 of the acquisition and subsequent merger by incorporation of DEPObank, which led to the inclusion of additional suppliers related to the usual activities of the new business.

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 2021, 90% of BFF Group’s suppliers consisted of local suppliers, as can be seen from the table below.

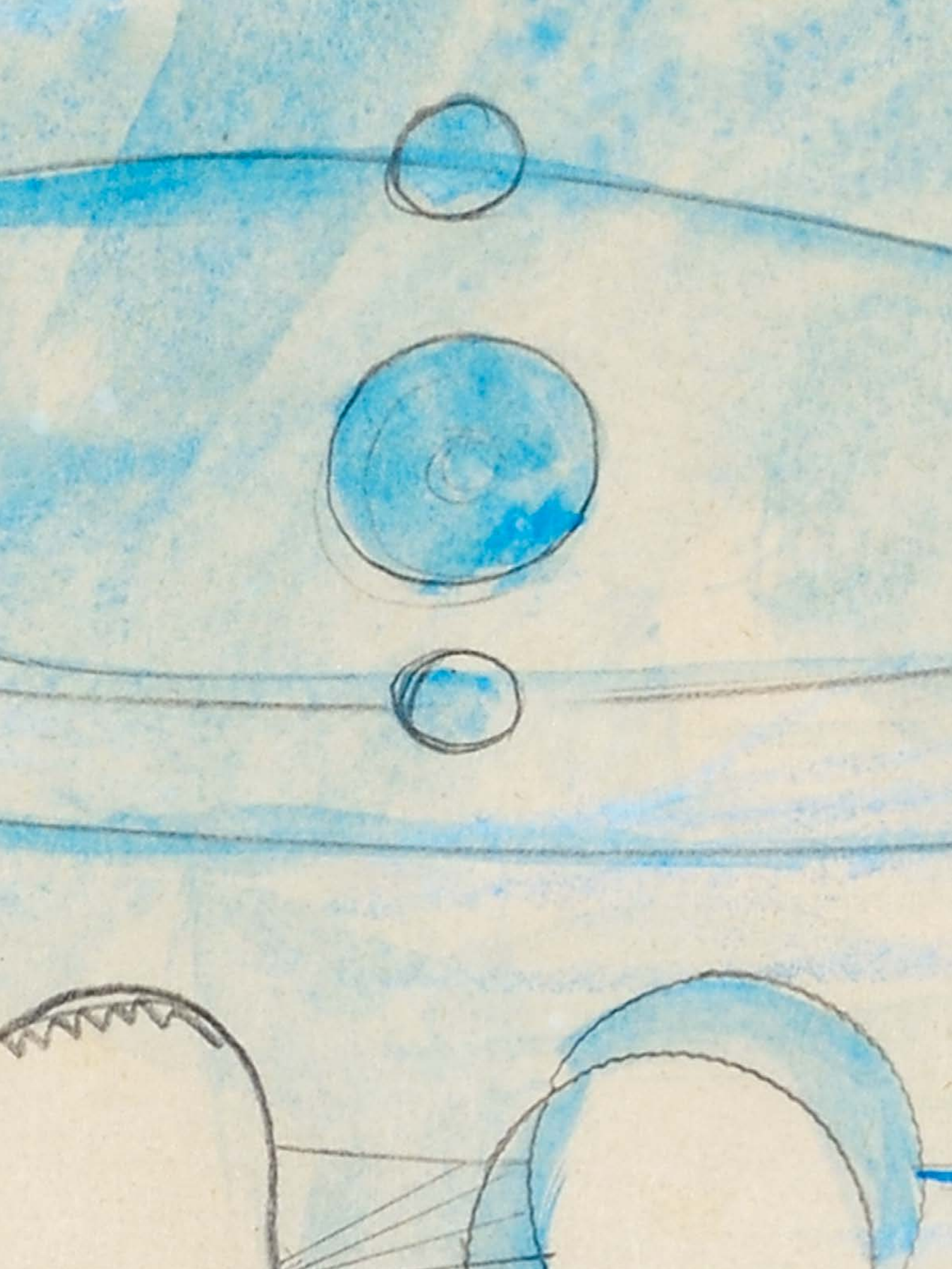
PROPORTION OF SPENDING ON LOCAL SUPPLIERS

COUNTRY	12.31.2021	12.31.2020	12.31.2019
Italy	90%	94%	85%
Spain	94%	88%	89%
Portugal	95%	84%	81%
Poland	99%	100%	100%
Slovakia	100%	100%	100%
Czech Republic	100%	100%	100%
Greece	98%	84%	N/A
Group Total	90%	93%	85%



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. During 2021, a new document was drafted that provides for the adoption 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. Furthermore, in addition to disposal, the company's asset management procedure "Waste Management and Disposal" also contemplates the disposal of laptops and phones by donating them 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.

"Identifying and monitoring the main direct and indirect impacts on the environment due to business operations, office energy consumption and business trips"

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.

In 2021 BFF signed an agreement to purchase and develop an area of more than 3,000 m² 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 m² (7,000 m² 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-certified building which is people-centred, 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. Fitted with 2,600 m² of photovoltaic panels, it will produce 360 megawatt-hours of electricity, demonstrating BFF's commitment to the environment and sustainability, while generating energy to meet the needs of the building and the surrounding area.

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.

The new offices show BFF's commitment to contribute to the development of the city of Milan, in synergy with the role already played by Fondazione Fiera Milano. The initiative is integrated into a coherent approach with the adjacent project by architect Michele De Lucchi involving the construction of a hotel owned by Fondazione Fiera Milano. The hotel is mainly intended to support the exhibition and congress activities of the nearby MiCo (Milano Congressi) conference centre.

The area was also selected because of its historical importance for BFF, in 1998 the bank moved its headquarters to a building on Via Domenichino. Indeed, the Bank has always invested in dialogue with its host cities, both in Italy and abroad. For example, in 2006 the company commissioned the work "Danza" from artist Gianfranco Pardi and then donated it to the city of Milan. The work now adorns one of the regional capital's main access hubs, in Piazza Amendola. This is the work that inspired the various versions of the company's logo. Art and sustainability, in fact, lie at the center of the comprehensive project of redevelopment of the area. There will be easy access to public transport as well as new cycle paths, and two areas of the city (currently separated by the thoroughfare of Viale Scarampo) will be connected by the pedestrian walkway linking them to CityLife and Monte Stella.

In line with the overall plan we also decided to include a museum area in "Casa BFF" which will be dedicated to the works of Italian contemporary art that the Bank has been collecting since the 1980s and are part of an exhibition currently touring Europe entitled: "ART FACTOR – The Pop Legacy in Post-War Italian Art".

Resource Management

For the purpose of more timely reporting on environmental responsibility, it should be noted that, until 2020, non-financial reporting encompassed the following locations:

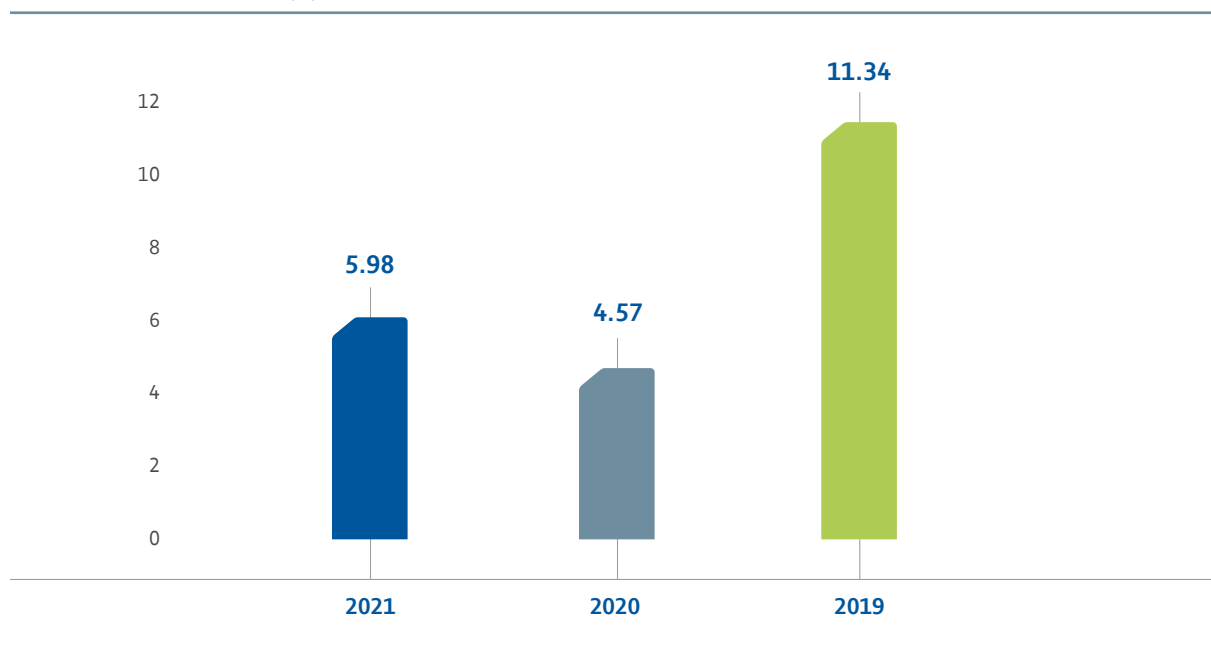
- ▶ Registered Office Via Domenichino, Milan;
- ▶ Via Mosè Bianchi 6, Milan;
- ▶ Via di San Basilio 41, Rome.

Following the acquisition of DEPObank, non-financial reporting also includes:

- ▶ the offices in Via Anna Maria Mozzoni 1.1, Milan
- ▶ the offices in Via Elio Chianesi 110/d, Rome

The use of paper group-wide is limited to office activities and customer communications.

PAPER CONSUMPTION (T)



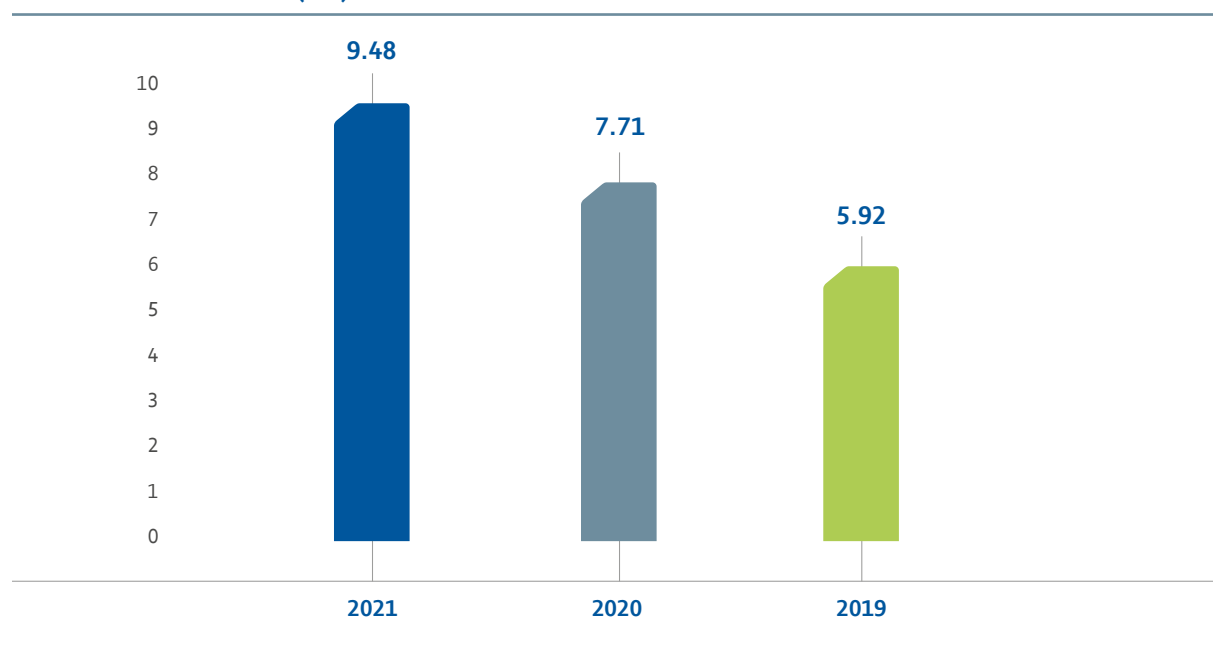
It should be noted that, compared to consumption in 2020, the tons of paper⁵³ used was up by around 31%. This is due to the increase in staff at Group level and to the use of paper strongly linked to the reporting requirements of new businesses.

53) 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.

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 consumed 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 2021, the Group used a total of 9.48 cubic meters of water⁵⁴ from the water network, of which 8.80 in Italy and 0.68 in the other countries. Please also note that for 2021, only 3.01 ML was drawn from areas subject to water stress (the Rome and Madrid offices)⁵⁵. 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.

WATER CONSUMPTION (ML)



The increase in water consumption (ML), 24% for Italy, is attributable to the buildings acquired following the merger by incorporation of DEPObank. Indeed, it should be noted that with the aforementioned acquisition Italian staff are located in five buildings, of which three are in Milan and two in Rome.

54) 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 m³.

55) To identify areas with water stress, the World Resources Institute's *Aqueduct Water Risk Atlas* was used in accordance with the GRI Standard guidelines.

Consumption and Emissions

With regard to energy, the Group uses natural gas and thermal energy for heating, and draws electricity from the grid.

In 2021, the Group consumed 2,103,739 kWh of electricity that came from non-renewable sources and was drawn from the grid, of which 1,961,104 kWh was consumed in Italy. Of this, only around 548,724 kWh was consumed by the offices in the former BFF perimeter, almost in line with the previous year's consumption (+ 3%).

With regard to natural gas consumption, it should be noted that Italy is the only country in which the Group operates that uses this energy source. In the Polish offices, thermal energy consumption stood at 313.90 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 2021, 2020 and 2019:

NATURAL GAS CONSUMPTION IN M³ PER COUNTRY (BUILDING)

COUNTRY	12.31.2021	12.31.2020	12.31.2019
Italy	96,091	43,964	40,120
Total BFF Group	96,091	43,964	40,120

ELECTRICITY DRAWN FROM THE GRID IN KWH PER COUNTRY (BUILDING)

COUNTRY	12.31.2021	12.31.2020	12.31.2019
Italy	1,961,104	527,957	699,812
Spain	53,733	44,984	68,564
Portugal	7,310	14,013	14,294
Poland	54,383	67,423	110,940
Slovakia	2,807	6,376	6,467
Czech Republic	1,320	1,450	1,490
Greece	23,082		
Total BFF Group	2,103,739	662,203	901,567

ELECTRICITY DRAWN FROM THE GRID IN GJ (GIGAJOULES) PER COUNTRY (BUILDING)

COUNTRY	12.31.2021	12.31.2020	12.31.2019
Italy	10,504	3,633	4,100
Spain	193	162	247
Portugal	26	50	51
Poland	196	590	530
Slovakia	10	23	23
Czech Republic	5	5	5
Greece	83	-	
Total BFF Group	11,331	4,463	4,957

The Group's total energy consumption amounts to 11,331 GJ which corresponds to approximately 13 GJ of energy consumed per employee.

With regard to Scope 1 emissions⁵⁶, direct emissions, in 2021 the Bank emitted 190 tons of CO₂ from the consumption of natural gas for office heating purposes, 119% more as compared to the previous year. Scope 1 emissions of 190 tCO₂ correspond to 0.22 of tCO₂e per employee.

The increase in tCO₂e emitted is attributable to the increased number of buildings previously reported. It should be noted, however, that, if the consumption of only those buildings for which disclosure was provided up to last year were taken into account (not including the new buildings deriving from the acquisition of DEPObank), the Bank's emissions would amount to 73 tCO₂, corresponding to 37,018 m³ of natural gas, hence a reduction of 16% compared to the previous year.

56) 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.

EMISSIONS FROM NATURAL GAS IN TCO₂E BY COUNTRY (BUILDING)

COUNTRY	12.31.2021	12.31.2020	12.31.2019
Italy	190	87	79
Total BFF Group	190	87	79

EMISSIONS FROM ELECTRICITY DRAWN FROM THE GRID IN TCO₂E

COUNTRY	12.31.2021	12.31.2020	12.31.2019
Italy	618	149	223
Spain	11	11	17
Portugal	2	5	5
Poland	41	69	93
Slovakia	1	1	1
Czech Republic	1	1	1
Greece	10		
Total BFF Group	683	235	340

With regard to Scope 2 emissions⁵⁷, indirect emissions linked to electricity consumption calculated using the Location-Based method, which takes into account the national energy mix, in 2021 the Group emitted a total of approximately 683 tons of CO₂e, corresponding to 0.79 tCO₂e per employee, increasing the quantity emitted in 2020 by about 190%.

The Group's Scope 3⁵⁸ 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 30 tons of CO₂ in 2021, corresponding to 0.03 tCO₂e per employee, approximately 33 tons of CO₂ in 2020. The reduction of 9 percentage points between 2020 and 2021 is certainly due to the reduction in the number of air trips caused by the restrictions imposed by governments in response to the Covid-19 emergency in the countries where the Group operates.

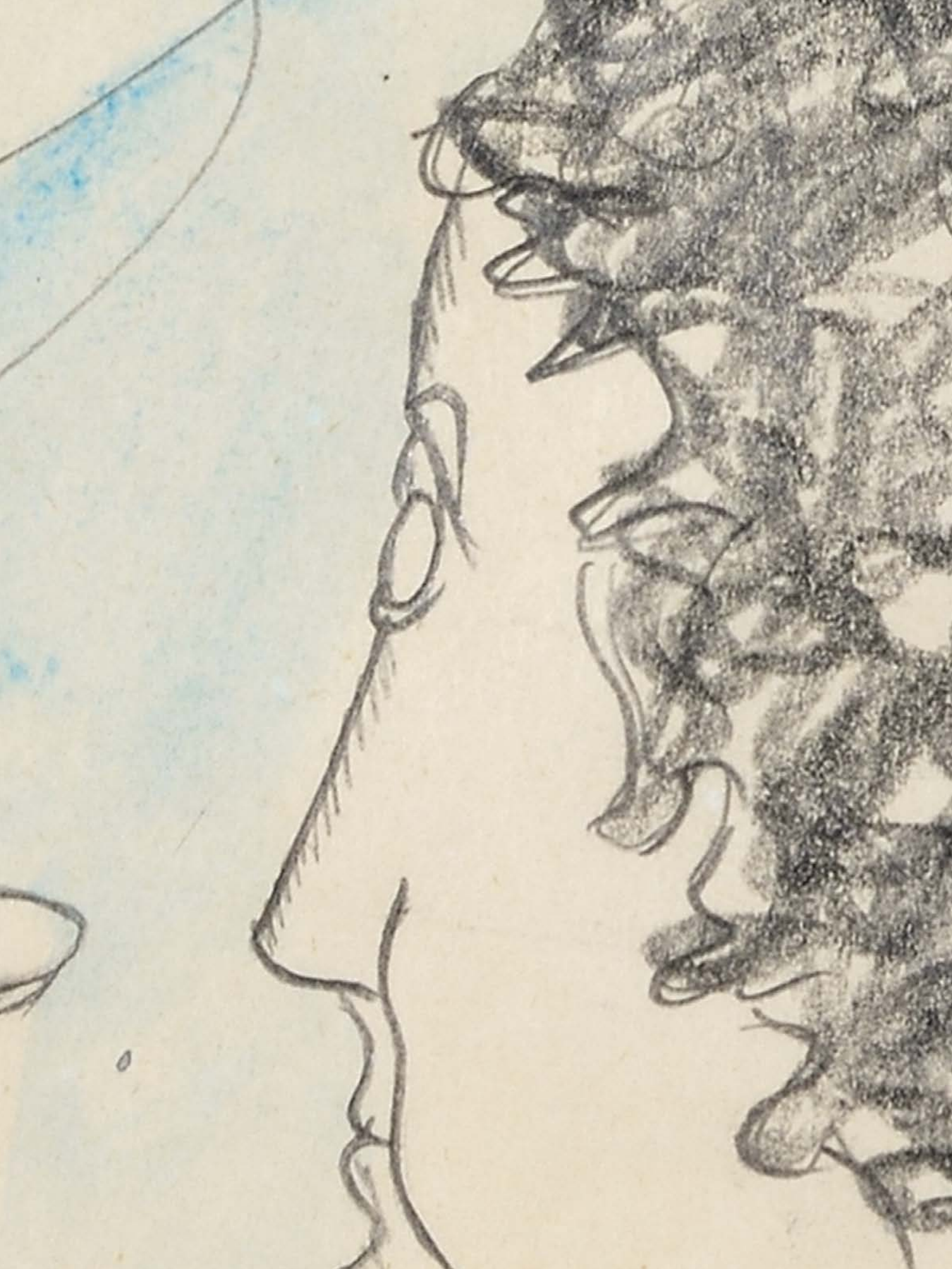
57) For the calculation of CO₂ emissions relating to Scope 2 - Location Based, deriving from electricity consumption, the Enerdata emission factors published by Terna were used (2019 factors for data relating to 2021). UK Government GHG Conversion Factors for Company Reporting defined by the UK Department for Environmental and Rural Affairs (DEFRA) were used to calculate emissions from thermal energy consumption. Note that Scope 2 emissions are calculated in tCO₂e, as opposed to Scope 1 emissions, which are calculated in tCO₂.

58) To calculate Scope 3 emissions, the EPA Center for Corporate Climate Leadership - Emission Factors for Greenhouse Gas Inventories, Last Modified: April 1, 2021 was used. Note that Scope 3 emissions are calculated in tCO₂e, as opposed to Scope 1 emissions, which are calculated in tCO₂.

The background features a watercolor-style illustration on a light beige paper. It includes several blue circular shapes of varying sizes and colors, some with darker blue outlines. A thin, dark line curves across the page from the top right towards the bottom left. In the lower half, there is a larger blue circle with a dark outline, and a horizontal line passing through its center, creating a ring-like effect.

11











ESG Goals
for 2022



ESG Goals for 2022

The table below sets out to illustrate the status of the goals being pursued with respect to ESG issues. These objectives are also intended to address the aspiration to perfect their management within the corporate context of BFF Banking Group, with a view to increasing the accuracy of the Group's NFD.

Key:  100%  75%  50%  25%  0%

TOPIC	%	GOALS	NFD
GOVERNANCE		Update of the Three-year plan of the new Combined Entity (which will include DEPOBank).	2021
		Increase the indicators reported within the Consolidated Non-Financial Disclosure (core). ⁵⁹	2021
		Set up a sustainability management working group. This goal was postponed until 2022.	2022
FINANCIAL MARKET GOVERNANCE		Obtain a COREating - ESG This objective has been rescheduled for the second quarter of 2022. 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
		Improve communication with ESG rating agencies. Work on this goal was launched in 2020. It is an ongoing goal.	2022
		Adopt a consistent, transparent communications strategy with the rating agencies compliant with the ESG initiatives that the Group is undertaking - ongoing goal.	2021 2022
ACCOUNTABILITY TO PEOPLE		Undertake employee surveys on a bi-annual basis – ongoing goal.	2021
		Include specific incentive drivers with a “diversity” focus in the Performance Management process.	2021
		Integration in the 2022 remuneration policy of the ambition of pay equity (gender neutrality and equal opportunity).	2022
		Evaluate the possibility of adopting a Diversity, Equity and Inclusion Policy in order to support equal opportunity.	2022

⁵⁹⁾ Target achieved in 2021, the Bank in fact prepared this NFD adopting the “in accordance - Core” option.

TOPIC	%	GOALS	NFD
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. In 2020, the scope was expanded to customers present in multiple countries. In 2021, the scope was expanded to Poland and Greece.	2020 2021
	<input type="checkbox"/>	Support charitable initiatives for local communities – ongoing goal.	2021 2022
	<input type="checkbox"/>	Further development of Foundation’s activities abroad – ongoing goal.	2022
ENVIRONMENTAL RESPONSIBILITY	<input type="checkbox"/>	Maintenance of low levels of paper consumption – ongoing goal.	2021 2022
	<input type="checkbox"/>	Start employee awareness raising activities on energy saving, waste sorting and the reuse of materials. Due to the Covid-19 emergency, this goal was rescheduled for 2022.	2021 2022
	<input checked="" type="checkbox"/>	Develop appropriate procedures regarding environmental risk, e.g., waste disposal procedures.	2021
	<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

Disclosure	Description of the indicator	Section	Page	Scope
GRI 102: GENERAL DISCLOSURES				
ORGANIZATIONAL PROFILE (2016)				
102-1	Name of the organization	Methodological Note	10-11	
102-2	Activities, main brands, products and/or services	Group Overview	14-23	
102-3	Location of the organization's headquarters	Inside front cover	II	
102-4	Countries in which the organization operates	Group Overview	14-23	
102-5	Ownership structure and legal form	Group Overview	14-23	
102-6	Markets served	Group Overview	14-23	
102-7	Size of the organization	Group Overview Group workforce mix and diversity	14-23 86-87	
102-8	Employees by type of contract, gender, origin, age, inclusion in protected categories	Group workforce mix and diversity	86-92	
102-9	Description of the supply chain	Responsible supply chain management	134-137	
102-10	Significant changes during the reporting period regarding the Group's size, structure, ownership or supply chain	Group Overview Responsible supply chain management	14-23 134-137	
102-11	Method of application of the principle prudential approaches	Governance and Risk Management	31-35	
102-12	Adoption of external economic, social and environmental codes and principles	Governance and Risk Management	26	
102-13	Membership in national or international support associations and organizations	Quality of service and trust-based relations	70-71	
STRATEGY				
102-14	Statement from the Chairman and the Chief Executive Officer	Letter to Stakeholders	6-9	
102-15	Key impacts, risks and opportunities	Governance and Risk Management	31-35	
ETHICS AND INTEGRITY				
102-16	Internal company values, principles, standards and norms of behavior	Business Model and Strategy	22	
102-17	Mechanisms for seeking advice and raising concerns about ethical issues	Ethics and integrity	58-59	
GOVERNANCE				
102-18	Corporate Governance Structure	Governance and Risk Management	26-30	
102-22	Composition of the highest governance body and its committees	Governance and Risk Management	26-30	
102-23	Chairman of the highest governance body	Governance and Risk Management	26-30	
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholders involved	Main Stakeholders and Materiality Analysis	38-39	
102-41	Percentage of employees covered by collective bargaining agreements	Group workforce mix and diversity	92	
102-42	Process of identification and selection of stakeholders to be engaged	Main Stakeholders and Materiality Analysis	38-43	
102-43	Approach to stakeholder engagement	Main Stakeholders and Materiality Analysis	38-43	
102-44	Key issues and criticisms arising from stakeholder engagement and related actions	Main Stakeholders and Materiality Analysis	38-43	

(CONT'D)

Disclosure	Description of the indicator	Section	Page	Scope
REPORT PARAMETERS				
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102-46	Process of defining the contents of the report and the perimeter of each aspect	Methodological Note BFF Banking Group 2021 Materiality Matrix	10-11 44-45	
102-47	List of issues identified as material	BFF Banking Group 2021 Materiality Matrix	44-45	
102-48	Explanation of the effect of any changes to information included in prior non- financial disclosures and the reasons for such changes	Methodological Note	10-11	
102-49	Significant changes from the previous reporting period	Methodological Note	10-11	
102-50	Reporting period	Methodological Note	10-11	
102-51	Date of most recent financial statement publication	Methodological Note	10-11	
102-52	Reporting period	Methodological Note	10-11	
102-53	Contacts and useful addresses to request information on the budget and its contents	Methodological Note	10-11	
102-54				
	Statement on reporting in accordance with GRI Standards	Methodological Note	10-11	
102-55	GRI content index	<i>GRI Content Index</i>	154	
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ECONOMIC PERFORMANCE TOPIC SPECIFIC STANDARDS				
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103-1	Description of the material aspect and its perimeter	Economic Value Created and Distributed (Amounts shown in €)	49	
103-2	Management Approach	Economic Value Created and Distributed (Amounts shown in €)	49	
103-3	Assessment of the management approach	Economic Value Created and Distributed (Amounts shown in €)	49	
201-1	Direct economic value generated and distributed	Economic Value Created and Distributed (Amounts shown in €)	49	
GRI 204: PROCUREMENT PRACTICES (2016)				
103-1	Description of the material aspect and its perimeter	Responsible supply chain management	134-137	
103-2	Management Approach	Responsible supply chain management	134-137	
103-3	Assessment of the management approach	Responsible supply chain management	134-137	
204-1	Proportion of spending on local suppliers	Responsible supply chain management	134-137	
GRI 205: ANTI-CORRUPTION (2016)				
103-1	Description of the material aspect and its perimeter	Business ethics	58-62	
103-2	Management Approach	Business ethics	58-62	
103-3	Assessment of the management approach	Business ethics	58-62	
205-1	Operations assessed for risks related to corruption	Business ethics	58-62	
205-2	Communication and training about anti-corruption policies and procedures	Business ethics	58-62	BFF is committed to reporting on anti-corruption training provided to the Board and on the communication of anti-corruption policies to business partners
205-3	Any acts of corruption detected and corrective activities implemented	Business ethics	58-62	

(CONT'D)

Disclosure	Description of the indicator	Section	Page	Scope
GRI 207: TAXES (2019)				
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207-2	Fiscal governance, control and risk management	Fiscal transparency	64-67	
207-3	Stakeholder engagement and addressing tax concerns	Fiscal transparency	64-67	
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ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS				
GRI 301: MATERIAL (2016)				
103-1	Description of the material aspect and its perimeter	Environmental responsibility	140-146	
103-2	Management Approach	Environmental responsibility	140-146	
103-3	Assessment of the management approach	Environmental responsibility	140-146	
301-1	Materials used by weight or volume	Environmental responsibility	140-146	
GRI 302: ENERGY (2016)				
103-1	Description of the material aspect and its perimeter	Environmental responsibility	140-146	
103-2	Management Approach	Environmental responsibility	140-146	
103-3	Assessment of the management approach	Environmental responsibility	140-146	
302-1	Energy consumption within the organization	Environmental responsibility	140-146	
GRI 303: WATER AND AFFLUENTS (2018)				
103-1	Description of the material aspect and its perimeter	Environmental responsibility	140-146	
103-2	Management Approach	Environmental responsibility	140-146	
103-3	Assessment of the management approach	Environmental responsibility	140-146	
303-1	Interaction with water as a shared resource	Environmental responsibility	140-146	
303-2	Managing the harmful effects of wastewater	Environmental responsibility	140-146	
303-3	Water withdrawal	Environmental responsibility	140-146	
GRI 305: EMISSIONS (2016)				
103-1	Description of the material aspect and its perimeter	Environmental responsibility	140-146	
103-2	Management Approach	Environmental responsibility	140-146	
103-3	Assessment of the management approach	Environmental responsibility	140-146	
305-1	Direct GHG emissions (Scope 1)	Environmental responsibility	140-146	
305-2	Indirect GHG emissions from energy consumption (Scope 2)	Environmental responsibility	140-146	
305-3	Other indirect GHG emissions (Scope 3)	Environmental responsibility	140-146	
305-4	GHG emission intensity	Environmental responsibility	140-146	
SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS				
GRI 401: EMPLOYMENT (2016)				
103-1	Description of the material aspect and its perimeter	Group workforce mix and diversity	93-97	
103-2	Management Approach	Group workforce mix and diversity	93-97	
103-3	Assessment of the management approach	Group workforce mix and diversity	93-97	
401-1	Total number and rate of new hires and staff turnover	Group workforce mix and diversity	93-97	

(CONT'D)

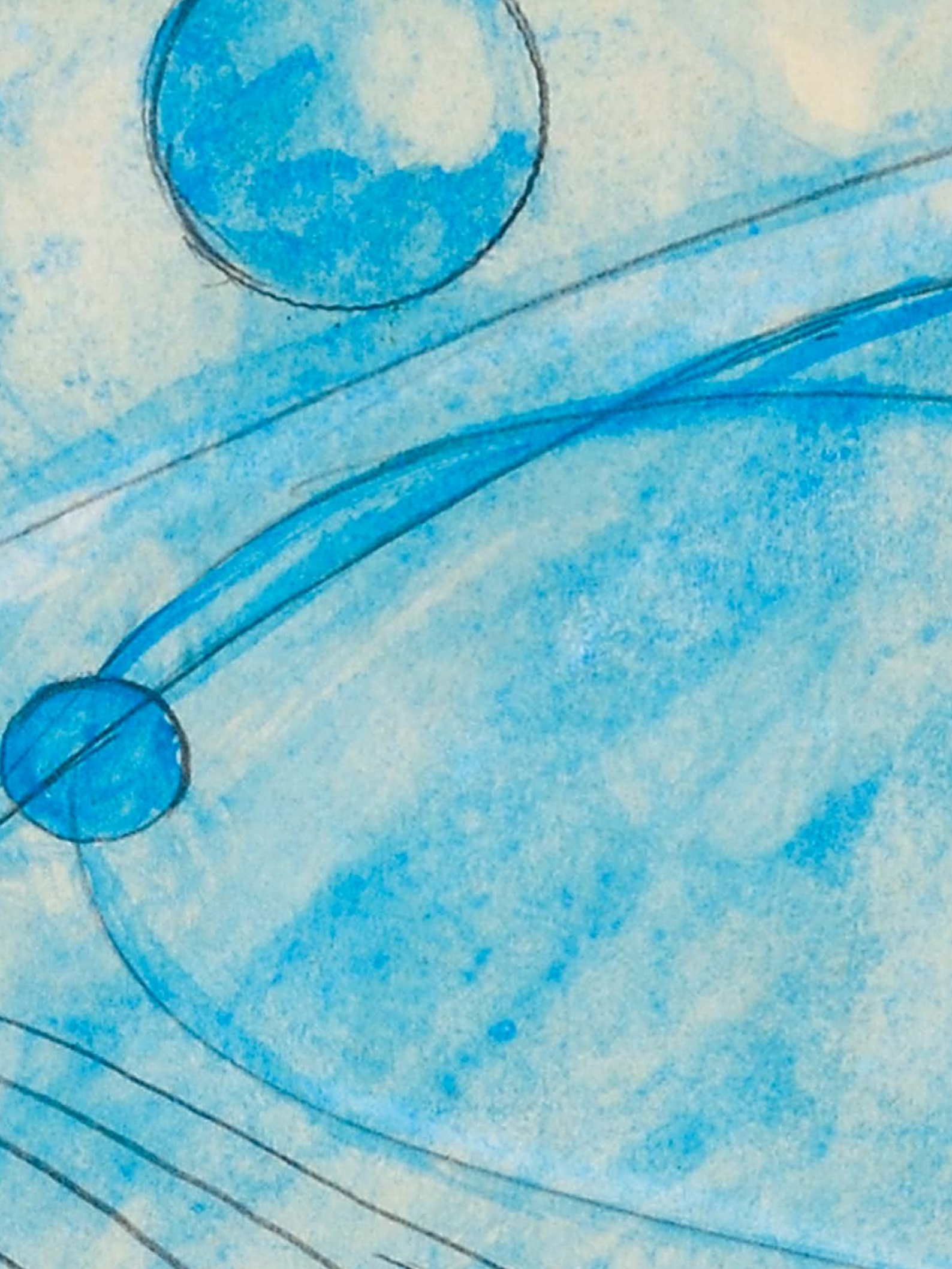
Disclosure	Description of the indicator	Section	Page	Scope
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)				
103-1	Description of the material aspect and its perimeter	Workers' Health and Safety	114-117	
103-2	Management Approach	Workers' Health and Safety	114-117	
103-3	Assessment of the management approach	Workers' Health and Safety	114-117	
403-1	Occupational health and safety management system	Workers' Health and Safety	114-117	
403-2	Hazard identification, risk assessment, and incident investigation	Workers' Health and Safety	114-117	
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403-4	Participation of and consultation with workers, and communication on health and safety matters	Workers' Health and Safety	114-117	
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403-6	Promotion of worker health	Workers' Health and Safety	114-117	
403-7	Prevention and mitigation of health and safety impacts	Workers' Health and Safety	114-117	
403-9	Work-related injuries	Workers' Health and Safety	114-117	
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103-1	Description of the material aspect and its perimeter	Professional development of human capital	98-113-97	
103-2	Management Approach	Professional development of human capital	98-113	
103-3	Assessment of the management approach	Professional development of human capital	98-113	
404-1	Average hours of training per year per employee, by gender and by category	Professional development of human capital	98-113	
404-3	Percentage of employees receiving regular performance and career development reports, by gender and employee category	Professional development of human capital	98-113	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)				
103-1	Description of the material aspect and its perimeter	Group workforce mix and diversity	86-97	
103-2	Management Approach	Group workforce mix and diversity	86-97	
103-3	Assessment of the management approach	Group workforce mix and diversity	86-97	
405-1	Composition of governing bodies and breakdown of employees by category with respect to gender, age, inclusion in protected categories and other indicators of diversity	Group workforce mix and diversity Governance and Risk Management	86-97 29-30	
GRI 413: LOCAL COMMUNITIES (2016)				
103-1	Description of the material aspect and its perimeter	Social responsibility	124-131	
103-2	Management Approach	Social responsibility	124-131	
103-3	Assessment of the management approach	Social responsibility	124-131	
413-1	Operations with local community engagement, impact assessments, and development programs	Social responsibility	124-131	

(CONT'D)

Disclosure	Description of the indicator	Section	Page	Scope
GRI 417: MARKETING AND LABELING (2016)				
103-1	Description of the material aspect and its perimeter	Trust and transparency in relations with customers	77-79	
103-2	Management Approach	Trust and transparency in relations with customers	77-79	
103-3	Assessment of the management approach	Trust and transparency in relations with customers	77-79	
417-3	Incidents of non-compliance concerning marketing communications	Trust and transparency in relations with customers	77-79	
GRI 418: CUSTOMER PRIVACY (2016)				
103-1	Description of the material aspect and its perimeter	Trust and transparency in relations with customers	77-79	
103-2	Management Approach	Trust and transparency in relations with customers	77-79	
103-3	Assessment of the management approach	Trust and transparency in relations with customers	77-79	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Trust and transparency in relations with customers	77-79	

Table linking the scope of Decree 254/2016, material issues and GRI indicators

Scope of the Decree	Material issues for the Group	GRI indicators	Impact perimeter	
			Internal	External
Anti-corruption	Business ethics	GRI 103	X	
		GRI 205		
		GRI 207		
Issues pertaining to employees and Human rights	Group workforce mix and diversity	GRI 103	X	
	Professional development of human capital	GRI 401		
	Health and safety at work	GRI 403		
	Respect for human rights	GRI 404 GRI 405		
Social issues	Social impact of operations	GRI 103 GRI 204 GRI 417 GRI 413 GRI 418	X	Local Communities
	Responsible supply chain management			Suppliers and partners
	Quality of service			Customers and debtors
	Trust and transparency in relations with the customer			
	Cyber security and technological innovation			
Environmental issues	Responsible management of environmental impacts	GRI 103	X	
		GRI 301		
		GRI 302		
		GRI 303		
		GRI 305		



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Independent Auditors' Report



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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 2021 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 1 March 2022 (the "NFS").

Our procedures did not cover the information set out in the "Regulation (EU) 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").

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.

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BFF Banking Group
Independent auditors' report
 31 December 2021

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.

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 carried out 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.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of FF Polska S.A. and BFF Finance Iberia S.A.U.. We also performed selected 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.



BFF Banking Group
Independent auditors' report
31 December 2021

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 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 "Regulation (EU) 2020/852 – EU Taxonomy Disclosure" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Other matters

The NFS presents the corresponding figures included in the 2020 consolidated non-financial statement for comparative purposes, on which other auditors performed a limited assurance engagement and expressed an unqualified conclusion on 4 March 2021.

Milan, 10 March 2022

KPMG S.p.A.

(signed on the original)

Roberto Spiller
Director of Audit

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Enrico Baj, Study for "Paradiso Perduto", Il movimento dei pianeti, 1986
29x37.5 cm, Watercolor and pencil on paper, Fondazione Farmafactoring Collection