

REPORT REVIEW

BFF Banking Group Social Bond Report

08 April 2025

VERIFICATION PARAMETERS

Type(s) of reporting

- Social Bond Allocation and Impact Reporting

Relevant standard(s)

- Harmonised Framework for Impact Reporting for Social Bonds, September 2024
- BFF Banking Group's Social Bond Report (as of Mar. 26, 2025)
- BFF Banking Group's Social Bond Framework (as of Sep. 29, 2023)

Scope of verification

- Bond(s) identification:

Issue date	ISIN	Maturity date	Amount raised (EUR)
12/04/2024	IT0005591851	20/03/2029	300m
29/10/2024	IT0005619140	30/03/2028	300m

Lifecycle

- Post-issuance verification

Validity

- As long as no changes are undertaken by the Issuer to its Social Bond Report (as of Mar. 26, 2025)

CONTENTS

SCOPE OF WORK.....	3
BFF BANKING GROUP OVERVIEW	3
ASSESSMENT SUMMARY.....	4
REPORT REVIEW ASSESSMENT.....	6
PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND FRAMEWORK	6
PART II: ASSESSMENT AGAINST THE HARMONISED FRAMEWORK FOR IMPACT REPORTING FOR SOCIAL BONDS	7
PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE OUTPUT REPORTING INDICATORS.....	11
ANNEX 1: Methodology	16
ANNEX 2: Quality management processes	17
About this Report Review	18

SCOPE OF WORK

BFF Banking Group (“the Issuer” or “BFF”) commissioned ISS-Corporate to provide a Report Review on its Social Bond Report by assessing:

1. The alignment of BFF’s Social Bond Report (as of Mar. 26, 2025) with the commitments set forth in BFF’s Social Bond Framework (as of Sep. 29, 2023).¹
2. BFF’s Social Bond Report, benchmarked against the Harmonised Framework for Impact Reporting for Social Bonds, September 2024.
3. The disclosure of proceeds allocation and soundness of reporting indicators — whether the impact metrics align with best market practices and are relevant to the social bond issued.

BFF BANKING GROUP OVERVIEW

BFF Bank S.p.A. (BFF) purchases and manages non-recourse receivables due from Public Administration and national health systems. Additionally, the company provides securities and payment services to more than 400 clients in Italy. The company operates in Italy, Spain, Portugal, Greece, Poland, the Czech Republic, and Slovakia. As of 31st December 2024, the company had a non-recourse factoring and lending volume of € 8,466 million.

¹ The Framework was assessed as aligned with the Social Bond Principles as of Sep. 29, 2023.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part I</p> <p>Alignment with the Issuer’s commitments set forth in the Framework</p>	<p>BFF’s Social Bond Report meets the commitments set forth in its Social Bond Framework.</p>	<p>Aligned</p>
<p>Part II.</p> <p>Alignment with the Harmonised Framework for Impact Reporting for Social Bonds</p>	<p>The Social Bond Report is in line with ICMA’s HFIRSB. The Issuer follows core principles and, where applicable, recommendations.</p> <p>The Issuer provides transparency on the level of expected reporting and on the frequency, scope and duration, aligned with best market practices. BFF also discloses a clear description of the portfolio financed and reports the overall impact and the prorated share of the overall results.</p>	<p>Aligned</p>
<p>Part III</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible project/asset categories as proposed in the Framework.²</p> <p>BFF ’s Social Bond Report has adopted an appropriate methodology to report the output generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices.</p>	<p>Positive</p>

² The assessment is based on the information provided in the Issuer’s report. The Issuer is responsible for the preparation of the report, including the application of methods and procedures designed to ensure that the subject matter is free from material misstatement.

**Limited
Assurance
conclusion**

Based on ISS-Corporate's limited assurance methodology,³ Parts I, II, and the sampling check assessment results, nothing has come to ISS-Corporate's attention indicating that the information provided by BFF in its report does not present fairly, in all material respects, the allocation of the bond proceeds to eligible social projects/assets as described in the Issuer's Social Bond Framework.

³ ISS-Corporate's limited assurance procedure is based on common market practices and voluntary guidelines such as ISAE 3000. It solely relies on the analysis of the information provided by the Issuer, which remains the responsibility of the Issuer, including data on the allocation of proceeds, project/asset descriptions, sample portfolios and impacts of projects/assets. The External Review was conducted through desk-based analysis and no on-site visits were conducted. However, limited assurance reviews have inherent limitations and may not be able to detect all instances of non-compliance in the matters being reviewed, including fraud, error or non-compliance. We prepared this External Review for the Issuer, and we do not assume any responsibility for any reliance on this report by any persons or users other than the party for whom it was prepared.

REPORT REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND FRAMEWORK⁴

The following table evaluates the Social Bond Report against the commitments set forth in BFF's Framework, which are based on the core requirements of the Social Bond Principles and best market practices.

SBP	OPINION	ALIGNMENT WITH COMMITMENT
Process for project evaluation and selection	<p>BFF confirms to follow the process for project/asset evaluation and selection described in BFF 's Social Bond Framework. The Issuer applied the eligibility criteria set in the Framework to determine whether projects/assets fit within the defined categories.</p> <p>ESG risks associated with the project/asset categories are identified and managed appropriately, as defined in the Framework.</p>	✓
Management of proceeds	<p>BFF confirms to follow the management of proceeds described in BFF's Social Bond Framework.</p> <p>The proceeds collected are equal to the amount allocated to eligible projects/assets, with no exceptions. The proceeds are tracked appropriately and attested in a formal internal process.</p>	✓
Reporting	<p>The report is in line with the initial commitments set in BFF's Social Bond Framework.</p> <p><i>Further analysis of this section is available in Part III.</i></p>	✓

⁴ BFF's Social Bond Framework was assessed as aligned with the SBP (as of June, 2023) as of September 29, 2023.

PART II: ASSESSMENT AGAINST THE HARMONISED FRAMEWORK FOR IMPACT REPORTING FOR SOCIAL BONDS

Reporting is a core component of the Social Bond Principles, and transparency is of particular value in communicating the expected and/or achieved impact of projects/assets in the form of annual reporting. Social bond issuers are required to report on both the use of social bond proceeds and the social impacts at least annually until full allocation. The HFIRSB has been chosen as the benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates BFF's Social Bond Report against the HFIRSB.

CORE PRINCIPLES		
HFIRSB	SOCIAL BOND REPORT	ASSESSMENT
Reporting on an annual basis	BFF has reported within one year of issuance. The report will be available on BFF 's website. ⁵ To illustrate the social impact of projects/assets, the report includes quantitative performance measures, where feasible.	✓
Formal internal process to allocate proceeds	All proceeds allocated to social projects/assets as of the Social Bond Report date have only been allocated to projects and/or assets that meet the Framework's eligibility criteria.	✓
Allocation of the proceeds to social project categories	In accordance with the criteria established within the Framework and in compliance with the SBP, BFF has allocated an amount equivalent to the net proceeds of the bond issued under this Framework to new and/or existing eligible assets within the following category: <ul style="list-style-type: none"> ▪ Access to Essential Services - Healthcare <p>The Issuer also discloses the sector of operation for the project/asset category.</p> <p>The Issuer also identifies alignment of the project/asset category with market-wide social or development objectives.</p>	✓
Target population(s) identified	The Issuer defined targeted populations for Access to Essential Services (Healthcare) project/asset category.	✓

⁵ BFF website: <https://investor.bff.com/emtn-programme> , <https://investor.bff.com/en/Sustainability>

<p>Output, outcome and/or impact of projects at project or portfolio level</p>	<p>The Issuer referred to the existing indicator list from Annex III of the HFIRSB: (i.e., number of hospital beds). The chosen metrics capture the social changes and are supplemented with qualitative information.</p> <p>A detailed analysis of reporting indicators is available in Part III.</p>	<p>✓</p>
<p>Illustrating of the social impacts or outcomes</p>	<p>The Issuer displays the expected social output enabled by the projects/assets using quantitative indicators:</p> <ul style="list-style-type: none"> ▪ number of hospital beds created or preserved; ▪ number of healthcare jobs created or preserved; ▪ number of days of care created or preserved. <p>The Issuer reports annual actual impacts (ex-post).</p> <p>The Issuer also discloses the method used for estimating the outputs. The estimation method was assessed by an external verifier, in line with best standard and practices for the Specialized Finance sector.</p> <p>More information can be found in Part III.</p>	<p>✓</p>
<p>Prorated share of the overall impact results of the projects or portfolio of projects</p>	<p>The Issuer finances 100% of all their projects/assets. BFF's impacts are based only on the amount they have financed.</p>	<p>✓</p>
<p>ESG risk management</p>	<p>The Issuer has a system to identify and manage ESG risks related to the financed projects/assets.</p> <p>The Issuer confirms that no negative effects have been identified in relation to the financed projects/assets. BFF will monitor any effect deriving from financed assets.</p>	<p>✓</p>

RECOMMENDATIONS

HFIRSB	SOCIAL BOND REPORT	ASSESSMENT
Report at project or portfolio level	Reporting was conducted on a portfolio basis, whereby proceeds from all of BFF's outstanding social bonds funded a portfolio of projects/assets.	✓
Reporting period	<p>All proceeds have been allocated to social assets. Only project/asset financing disbursed and confirmed as eligible by the ESG Committee up to Dec. 31, 2024, is included in the Social Bond Report.</p> <p>As part of its due diligence, the Issuer monitors the eligibility of projects/assets included in its social bond program. The Issuer confirms that no project/asset has been removed or added to the reported portfolio.</p>	✓
Disclose a detailed description of the projects/assets	The Issuer provides details of the projects/assets (e.g., context, region, target population).	✓
Disbursement reporting	<p>The proceeds from the social bond issuances were used to finance new loans/assets or refinance existing loans/assets.</p> <p>The Issuer does not display a table indicating the year when the disbursements were made to the reported eligible projects/assets, due to the high number of disbursements by country.</p>	-
Indicate the total signed amount and the amount of social bond proceeds allocated to eligible disbursements	<p>BFF does not indicate the total signed amount but does report the amount of social bond proceeds allocated to eligible disbursements.</p> <p>Allocated amount: EUR 600,000</p>	-
Report on relevant sector-specific core indicators	The HFIRSB currently only defines core indicators for affordable housing. For the other categories, the Issuer refers to the output/outcome/impact indicators in Annex III of the HFIRSB.	N/A
Disclose the methodology and	The Issuer reports on actual absolute output indicators.	N/A

the assumptions used for the calculation of impact indicators

Reporting on the overall impact and the prorated share of the overall results

The Issuer reports on the overall impact of the portfolio of projects/assets, as well as the prorated share of the overall impact results of the portfolio of projects/assets.



Projects with partial eligibility

All projects/assets are 100% eligible for financing.

N/A

Reporting on the estimated lifetime impacts and/or project economic life in years

The Issuer does not report on the estimated lifetime impacts and/or project/asset economic life in years as for Factoring activities the estimated lifetime doesn't serve as a viable indicator. The focus in factoring is on the rapid conversion of receivables into cash.

N/A

OPINION

BFF follows the HFIR's core principles and key recommendations. The Issuer provides transparency on the level of expected reporting and on the frequency, scope and duration, aligned with best market practices. BFF also discloses a clear description of the portfolio financed and reports the overall impact.

PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE OUTPUT REPORTING INDICATORS

Use of proceeds allocation

Use of proceeds allocation reporting contextualizes impacts by presenting the number of investments allocated to the respective use of proceeds categories.

This is the first year of reporting. Allocation reporting occurred within one year of issuance, after full allocation of the proceeds.

Proceeds allocated to eligible projects/assets

The allocation of proceeds is broken down at the portfolio level. The Issuer has provided details about the type of projects/assets included in the portfolio.

The allocation reporting section of BFF 's Social Bond Report aligns with best market practices by providing information on:

- The breakdown of financing vs re-financing
- The total amount of proceeds in million euros
- A geographical breakdown of the eligible social portfolio
- The types of projects/assets under the eligible social portfolio

Output reporting indicators

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome and/or impact of projects/assets using indicators.



ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The output indicators chosen by the Issuer for this bond are the following:</p> <ul style="list-style-type: none"> ▪ Hospital beds preserved/created ▪ Healthcare jobs preserved/created ▪ Days of care preserved/created <p>These indicators are quantitative and material to the use of proceeds category financed through this bond. The Issuer’s chosen indicator <i>Hospital Beds Created or Preserved</i> is in line with the Suggested Impact Reporting metrics for Access to Essential Services – Healthcare Projects/Assets by the HFIRSB. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>For the Issuer’s factoring activities, the number of hospital beds preserved is calculated using entity-specific multipliers based on the ratio of the number of hospital beds and the amount of accounts payable in the same healthcare facility. The impact measure “Hospital beds preserved” is derived by applying the multipliers to the residual debt amount of each entity.⁶</p> <p>Beyond their factoring activities, the Issuer has two distinct lending categories in their eligible portfolio: i) short-term loans and, ii) medium-and long-term loans and leasing. For the short-term loans, the Issuer calculates the number of hospital beds preserved using the same approach as for factoring, except that the entity specific multipliers are now based on the number of hospital beds and the current liabilities of the same healthcare facility.</p>

⁶ If data for a specific public healthcare facility is missing, the average multiplier for its region is applied. Additionally, the number of hospital beds preserved cannot exceed the facility’s total available capacity.

	<p>Medium-and long-term loans and leasing activities support investments in public hospital facilities. Their contribution is assessed by calculating entity specific multipliers as the ratio between the number of hospital beds and the value of Property, Plant, and Equipment and then applied to the residual debt amount. These ratios reflect the use of funds for the renewal of existing infrastructure, structural improvements and long-term healthcare enhancements. For this reason, the output estimates refer not only to the saving of existing hospital beds but also to the creation of new ones.</p> <p>For the Issuer’s Italian portfolio of eligible assets, data on healthcare facilities was obtained from the Italian Ministry of Health.</p> <p>For the Issuer’s Portuguese portfolio of eligible assets, data on healthcare facilities was obtained from the Portuguese Ministry of Health.</p> <p>For the Issuer Polish portfolio of eligible assets, data on healthcare facilities was derived from an elaboration on financial data from an EMIS report and hospital bed numbers provided by PMR Market Experts.</p>
Baseline selection	The Issuer reports on absolute values.
Scale and granularity	The impact data is presented at the use of proceeds category level for the indicator(s).

High-level mapping of the impact indicators with the U.N. Sustainable Development Goals

Based on the project/asset categories financed and refinanced by the bonds as disclosed in the Issuer’s Social Bond Report, the output indicator(s) adopted by BFF for its social bond can be mapped to the following SDGs, according to ISS ESG’s SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer’s product or services on the U.N. SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p>Access to Essential Services – Healthcare</p> <ul style="list-style-type: none"> Hospital beds preserved/created 	
<p>Access to Essential Services – Healthcare</p> <ul style="list-style-type: none"> Healthcare jobs preserved/created Days of care preserved/created 	

OPINION

The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible project categories/asset categories as proposed in the Framework. The Social Bond Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices. In addition, the main impact indicator used (Hospital beds preserved/created) aligns with best market practices using the HFIRSB’s recommended metrics.

DISCLAIMER

1. Validity of the External Review ("External Review"): As long as no changes are undertaken by the Issuer to its Social Bond Report (as of Mar. 26, 2025).
2. ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues External Reviews, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
3. External Reviews are based on data provided to ISS-Corporate by the contracting party and may change in the future, depending in part on the development of market benchmarks and ISS-Corporate's methodology. ISS-Corporate does not warrant that the information presented in this External Review is complete, accurate or up to date. ISS-Corporate will not have any liability in connection with the use of these External Reviews, or any information provided therein. If the External Review is provided in English and other languages, in case of conflicts, the English version shall prevail.
4. Statements of opinion and value judgments given by ISS-Corporate are not investment recommendations and do not in any way constitute a recommendation for the purchase or sale of any financial instrument or asset. In particular, the External Review is not an assessment of the economic profitability and creditworthiness of a financial instrument, but refers exclusively to social and environmental criteria.
5. This External Review, certain images, text, and graphics contained therein, and the layout and company logo of ISS-Corporate, are the property of ISS-Corporate (or its licensors) and are protected under copyright and trademark law. Any use of such ISS-Corporate property requires the express prior written consent of ISS-Corporate. The use shall be deemed to refer in particular to the copying or duplication of the External Review wholly or in part, the distribution of the External Review, either free of charge or against payment, or the exploitation of this External Review in any other conceivable manner.

© 2025 | ISS Corporate Solutions, Inc.

ANNEX 1: Methodology

Review of the post-issuance reports

The ISS-Corporate Report Review provides an assessment of labeled transactions reporting against international standards using ISS-Corporate's proprietary [methodology](#).

High-level mapping to the SDGs

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary methodology based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent the Issuer's reporting and project/asset categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

The Issuer's responsibility was to provide information and documentation on:

- Social Bond Report
- Social Bond Framework
- Proceeds allocation
- Reporting impact indicators
- Methodologies and assumptions for data gathering and calculation
- ESG risk management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent Report Review has been conducted by following ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with BFF Banking Group took place from March to April 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses the alignment of the Issuer's report with external principles (e.g., the Green/Social Bond Principles), assesses the alignment of the Issuer's report against the commitments in the respective Framework, and analyzes the disclosure of proceeds allocation, data source and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well-informed as possible about the proceeds allocation and the impact of the sustainable finance instrument(s).

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For information on Report Review services, please contact SPOsales@iss-corporate.com.

Project team

Project lead

Marco Casanova Escribano
Associate
Sustainable Finance Research

Project support

Vittoria Favaloro
Analyst
Sustainable Finance Research

Project supervision

Marie-Bénédicte Beaudoin
Executive Director
Head of Sustainable
Finance Research