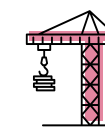
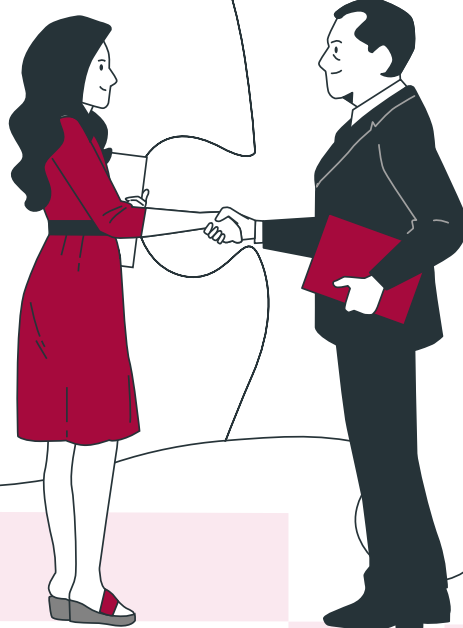
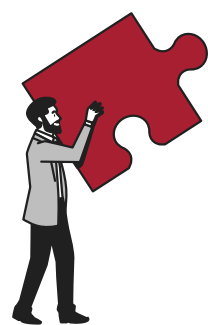


SUSTAINABILITY REPORT

2022



 **BANCA
PROGETTO**



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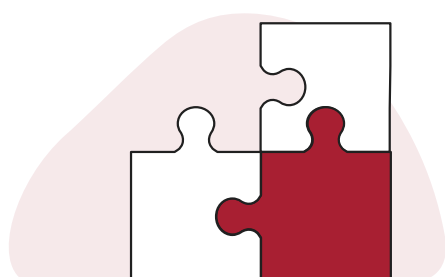
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Letter from the Chairman and CEO

GRI 2-22



Dear Stakeholders,

Banca Progetto is pleased to present its first Sustainability Report, drawn up on a voluntary basis, expressing its strong commitment to ESG issues, in a context of global uncertainty that requires the evolution of businesses toward ethical and responsible growth paths to respond to challenges (e.g. climate crisis, conflicts and social emergencies) that impact both the current generation and future that have concrete manifestations already today and will increasingly impact future generations.

Sustainability is at the core of the Bank's strategy, as a founding and identifying factor. In fact, the Bank generates value supporting SMEs - the Italian economic fabric -, through guaranteed loans which ensure an easier access to credit for subjects traditionally underserved by the financial institutions, working alongside its customers as an active partner in their green transition. Banca Progetto also addresses individuals with products aimed at sustaining their financial inclusion (i.e. salary/pension backed loans, instant lending).

The year 2022 marks a turning point for the Bank's green footprint due to the definition of the first sustainable plan which contains concrete goals related to sustainable products, social initiatives, and corporate governance, further developed to also meet Bank of Italy's supervisory expectations on climate and environmental risks. The green journey aims to steer the business model towards sustainable products supporting the ESG transition of the Bank's clients and promoting financial inclusion, social initiatives and employee's well-being.

Social issues have always been a key strategic focus for Banca Progetto, and it is crucial for the Bank to underline its commitment towards its people, mainly proved by the participation in the "Great Place to Work" award. Furthermore, the recent introduction of ad hoc remuneration policies, aligned with ESG objectives, led to the initiation of a model for incentivising top management and employees.

Diversity, inclusion and community support are key concepts in the Bank's mindset, especially looking to the future. Indeed, many initiatives have been implemented and will be executed in order to keep sustaining the community, the Bank's customers, and the environment.

With reference to the environmental field, in addition to being committed to minimizing its consumption and carbon footprint, the Bank has set for itself the goal of defining specific products to finance gre-

en initiatives, for example by providing “ESG plafonds” to be allocated to companies that meet specific characteristics with facilitated conditions, and by pursuing a sectoral strategy that envisages the application of stringent allocation criteria towards sectors characterized by higher emission intensities.

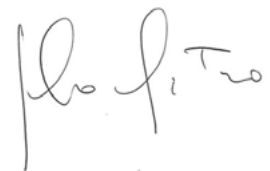
In this context, a solid governance in line with standards and best practices, which enables to address and monitor any new strategic initiative in an ESG perspective, is an important pre-requisite to consolidate the sustainability delineated path. The first step in this regard has been the identification of oversight responsibilities for ESG issues within the Board of Directors and the appointment of an ESG manager.

Therefore, considering the above, during the current year, Banca Progetto will continue its journey focusing on ESG strategy in the awareness that sustainability not only meets regulatory demands, but it can also increasingly become a strategic positioning lever.

The achievements to date, together with the strategies and ambitions for the coming years, allow the Bank to look forward to the future with extreme confidence in this evolutionary path of sustainable growth.



Massimo Capuano
Chairman of the Board of Directors



Paolo Fiorentino
Chief Executive Officer



.01

BANCA PROGETTO

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Company highlights


Financial figures from consolidated financial statements at 31.12.2022


213 
Employees

46% 
Women in the workforce

>6,300 
SMEs Customers¹

>73,000 
Retail Customers²

17.2 % 
CET 1 Ratio

27.6 % 
ROE

180.1 € m 
Total income

51.9 € m 
Net income

6,370 € m 
Total funding

6,410 € m 
Loans and receivables with customers

1 - Number of SMEs granted guaranteed loans
2 - Number of account holders

1.1 Our History

Banca Progetto stems from the project to develop an innovative digital bank for the Italian market launched by Oaktree Capital Management L.P., one of the world's largest institutional investors.

The Bank was incorporated in 2016 from the re-organization of Banca Popolare Lecchese, a local bank with a broad shareholder base formerly part of Banca Etruria Group, acquired by Oaktree in 2015.

In 2019, Banca Progetto completed the composition of the management team, led by the current chief executive officer Paolo Fiorentino, to drive its business operations, focusing on guaranteed loans to Italian small and medium enterprises (SMEs).

At the end of 2019, the Company became the first Italian bank authorized by the Bank of Italy to adopt a fully cloud-based IT platform, provided by Amazon Web Services. Soon after, the Bank started creating its fintech ecosystem, sponsoring, collaborating and creating partnerships with fintech companies in order to consolidate its positioning as a reference platform for SMEs and retail customers, offering flexible and fast services.

During 2021 and 2022 Banca Progetto exceeded its business targets in terms of new disbursements and overall results, with SMEs guaranteed loans accelerating significantly.

In 2022, the Company expanded its offering to tax credit factoring services for SMEs and developed instant lending services to SMEs and retail customers.

In the same year, Banca Progetto received for the fourth consecutive time the Great Place to Work Italia certification and, for the first time, entered the Great Place to Work Italia's ranking of the 60 best companies to work for in Italy ("Best Workplaces Italia 2022").

Headquartered in Milan, with offices also in Rome and Palermo, the Company has no physical branches and operates through 213 employees and a fully external distribution network consisting of 151 agents and financial brokers, as of 31 December 2022.

At the end of 2022, the major shareholder - BPL Holdco S.a.r.l., an investment vehicle traceable to Oaktree Capital Group - held 99.824% of the share capital of the Company.

1.2 What we do

Banca Progetto is a leading Italian bank, specialised in providing banking products for SMEs and private retail customers, leveraging on a digital approach and on a trusted external network.

The Company's main business is to provide **lending solutions to SMEs**,

almost all of which are partially guaranteed by the Italian government (i.e., loans guaranteed by SACE or by the SMEs Guarantee Fund). In 2022, the Company expanded its offering to tax credit factoring services for SMEs and developed instant lending services to SMEs and retail customers.

The products portfolio is complemented by banking products and services aimed primarily at retail customers, such as salary and pension-backed loans, deposit and current accounts.

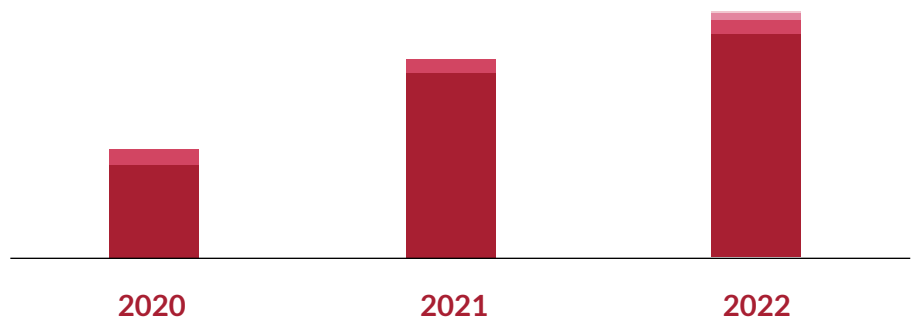
The following table shows the Company's interest and similar income generated by each operating segment and their percentage contribution for the last three years period.

Table 1. Interest and similar income generated by each operating segment

	2020		2021		2022	
	€ mln	%	€ mln	%	€ mln	%
SMEs Guaranteed Lending	33	62.9%	107	83.5%	212	89.6%
Ancillary and Other Businesses	19	37.1%	21	16.5%	24	10.4%
Interest and similar income	52	100%	128	100%	236	100%

The graph below shows the evolution the business over the same period, with guaranteed loans provided to SMEs accounting for more than 90% of the new volumes disbursed in 2022:

Figure 1. New business volumes



Figures in €mln

Instant lending	0	0	3
VAT Tax credit	0	0	97
Salary backed loans	174	152	171
SME Guaranteed lending	1,125	2,231	2,662

The main features of the products and services offered to customers are outlined below.

SMEs Guaranteed Lending

The Company's core business is represented by guaranteed lending to SMEs, which, for the year 2022, generated 89.6% of the Company's interest and similar income. In particular, almost all of the Company lending solutions to SMEs are partially guaranteed by the Italian government through the SMEs Guarantee Fund or SACE.

FOCUS

The SMEs Guarantee Fund

The SMEs Guarantee Fund is credit instrument to facilitate the access to credit of SMEs (and other eligible borrowers) provided by the Italian Ministry of Enterprises and Made in Italy (former Ministry of Economic Development), in compliance with European State aid regulations, also funded with European resources and managed by Mediocredito Centrale S.p.A. ("MCC"). In particular, the SMEs Guarantee Fund offers the MCC Guarantee, enforceable at first demand, in connection with the granting of financing to SMEs with less than 250 employees and annual revenues not exceeding Euro 50 million or total assets not exceeding Euro 43 million by banks and other authorized financial operators.

The SMEs Guarantee Fund was established in 1996 by Law No. 662/96 (pursuant to Article 2, paragraph 100, letter a) and has been operational since 2000, with specific regulations providing for guaranteed amounts ranging from 50% to 80% depending on MCC rating and company size, up to a maximum of Euro 2.5 million ("Standard Framework"), to be employed for investment and liquidity purposes. Such regulations have been subject to derogations ("Temporary Framework") in the context of the COVID-19 pandemic, agreed at EU level. In particular, a first set of transitional measures, in place from April 2020 until June 2022, raised the maximum disbursement to Euro 5 million and increased the guaranteed amount to 90% until June 2021 and then 80% until June 2022, without any constraint on ratings.

Beginning in August 2022, further transitional measures were introduced to address the negative effects of the conflict between Russia and Ukraine, the application of which was extended pursuant to Law No. 197 of 29 December 2022 (Budget Law 2023), until 31 December 2023. The guaranteed amount for MCC guarantees was fixed at 80% for investment and liquidity loans with MCC ratings 3, 4, or 5, and 60% for liquidity loans with

an MCC rating of 1 or 2, while the maximum amount disbursed to a company remained unchanged.

FOCUS

The SACE Guarantee

The SACE Guarantee is a first demand guarantee issued by the Italian export credit agency ("SACE", fully owned by the Ministry of Economy and Finance) in favor of banks, national and international financial institutions and other entities authorized to issue loans in Italy.

The SACE Guarantee is provided, without restrictions on company size and up to a 90% guaranteed amount (max amount linked to company sales and/or personnel/energy costs), in connection to loans and credit lines granted for the following purposes: (i) obtaining liquidity to bear personnel costs, costs relating to rents or leasing of business units, (ii) investment purposes (excluding acquisitions of shareholdings) and (iii) working capital purposes (or liquidity needs relating to obligations to provide collateral for energy market trading activities if the borrower carries out activities of production, distribution or sale of electricity and/or gas, exclusively for production plants and business activities located in Italy).

The SACE Guarantee, which was originally established to support Italian companies during the COVID-19 pandemic under the above-mentioned Temporary Framework, has also been extended until 31 December 2023.

Specifically, during 2022, Banca Progetto offered the following guaranteed loans products:

Progetto Liquidità

Financing solution for companies aiming to obtain liquidity for business-related financial needs.

Progetto Investimenti

Financing solution for companies planning to make investments to develop their business.

Progetto Easy Plus

Loan granted in pool by Banca Progetto and Fidimed, a consortium specialized in the support of micro and small enterprises.

In 2022, the Company started providing instant-lending services to SME customers, by means of a service named *Instant Cash PMI*.

Ancillary and Other Businesses

Tax credit factoring services

Banca Progetto entered the factoring market in 2022, offering tax credit factoring services for SMEs, which consist in the purchase of VAT receivables claimed by SMEs in the form of non-recourse factoring.

Salary-Backed Loans

Banca Progetto offers its retail customers personal loans in the form of salary-backed loans (cessione del quinto dello stipendio, "CQS Loans"), pension-back loans (cessione del quinto della pensione, "CQP Loans"), delegation of payment loans (delegazione di pagamento) and advance payment of severance pay.

Retail instant lending services

During 2022, the Company developed and carried out a pilot testing on Cream, an instant lending application for retail customers which allows users to access instant lending services only by means of using their smartphones.

Deposit accounts

The Company offers online fixed-rate deposit accounts for retail customers in Italy - directly or through the partnership with Fineco - and in other EU countries (in particular, Germany, the Netherlands and Spain, leveraging on a consolidated partnership with Raisin DS). The offering consists in both time deposits and deposits with no pre-defined term that allow the account holders to disinvest at any time, by serving an advance notice.

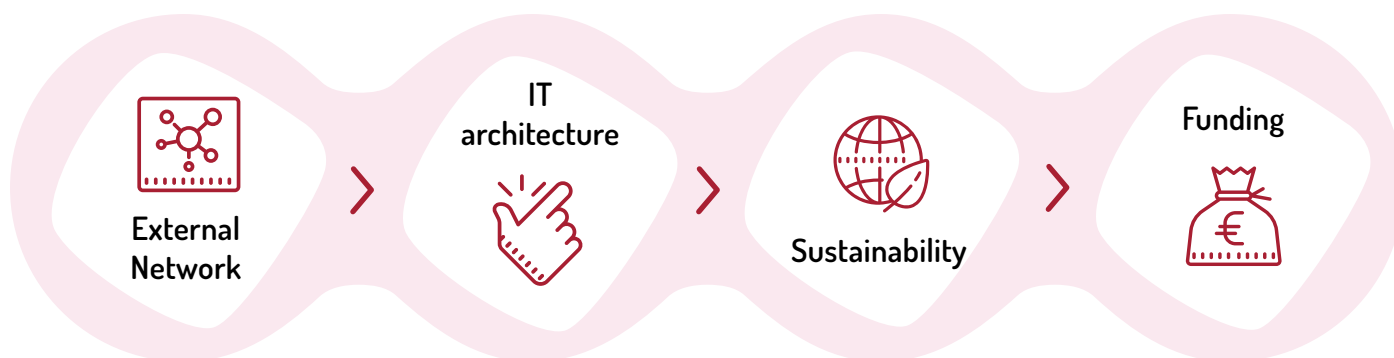
Bank account and complementary services

In 2022, Banca Progetto started offering, experimentally, bank account services to retail customers already holding a deposit account, with the "Conto Key" product.

1.3 How we do it

Banca Progetto supervises and manages the entire SMEs Guaranteed Lending process, starting from the contacts with potential customers to the funding and lending activities, by means of a lean and effective organizational structure. As identified in the following chart, the four key pillars that characterize the Company's business model are the following: external network, IT architecture, sustainability and funding.

Figure 2. The Company's business model



External Network

Banca Progetto has no physical branches and promotes the sale its products - both for SMEs and for retail customers - in the Italian territory by means of a fully external distribution network, consisting, for the year 2022, of **151 agents and financial brokers**³ which are remunerated by means of a clear incentive scheme, with variable distribution costs only and very low marketing expenses.

Motivation for the external network is ensured through an attractive and variable compensation, based on a **success-fee model** which fosters proactivity and trust and provides for a strong alignment of interests with the Bank. Agreements with external agents and brokers also include a claw-back mechanism which requires them to give back part of the fees upon the occurrence of specific cases of credit deterioration.

The external network is subject to rating, based on a qualitative and quantitative analysis, and is periodically subject to an external review by the Italian Body of Agents and Brokers ("*Organismo Agenti e Mediatori*, OAM") related to the possession of the requirements requested by applicable laws and regulations to qualify and operate.

IT architecture

Banca Progetto is the first Italian bank authorized by the Bank of Italy to adopt a **fully cloud-based platform**, provided by Amazon Web Services (AWS), which operates through a self-built and owned cloud-based Enterprise Service Bus (EBS) manager software and front-end applications combined with outsourced back-end systems.

3 - Definitions pursuant to Article 128-quarter, paragraph 1, of the Consolidated Banking Act: "Agenti in attività finanziaria", i.e. persons appointed by Banca Progetto for the promotion and execution of financing agreements; "Mediatori creditizi", i.e. persons or entities whose job is to connect banks or financial intermediaries with prospective customers willing to access financing in any form. Unlike agreements with brokers, agreements with agents provide for an exclusivity clause in favour of Banca Progetto.

The AWS infrastructure allows Banca Progetto to operate with a number of third-party application programming interfaces (APIs), allowing the provision of additional services thanks to the partnership with a number of leading fintech players, and is backed-up by several data centres, located in three different countries (Germany, Ireland and Italy), allowing a 99.9% availability, less than 2 hours recovery time objective, less than 30 seconds recovery point objective and the highest standards in terms of security.

The Company's IT architecture was built from scratch, without legacy platforms, and operates on a **pay-per-use mechanism** with auto-scalability features, enabling the infrastructure to grow together with the needs of the Company and its customers, without having to significantly alter its IT systems and hardware components.

Sustainability

Since the very beginning of its operations, Banca Progetto has put sustainability at the core of its strategy, with a **business model built along a clear ESG identity**, with the aim of supporting SMEs access to financing and their journey of transition towards sustainability, adjusting its operations and governance in line with evolving regulations.

The Company has always focused its values on dedication to people, respect for human rights, attention to working conditions, continuous improvement of corporate climate, work-life balance, gender equality, zero tolerance to all forms of discrimination and intimidation, and collective well-being and aspires to become an increasingly inclusive workplace in which everyone is free to express themselves and feels that their opinion has value. This is the pre-requisite for achieving excellent results, sustainable overtime for the Company, its shareholders and its stakeholders.

Funding

The Company's funding strategy focuses on diversifying sources, optimising cost, ensuring growth in funding volumes to support lending volumes thanks to a **well-diversified funding mix**, with term deposits due to customers as its main target market. Deposits from corporate and financial customers play a minor role in the overall funding strategy.

The Company also uses the securitisation market as a tool to diversify its funding sources, having concluded several securitization transactions over time. Banca Progetto has also full access to all forms of collateralised financing offered by the European Central Bank (ECB) and uses Repurchase Agreement (Repos) with underlying government and securitisation securities for liquidity management purposes. Lastly, the Company relies on credit lines made available by Cassa Depositi e Prestiti (CDP) with loans to SMEs as collateral as part of its sources of funding.

FOCUS

The “Digital Artisan” model

The Company’s business model combines digital technologies, including a fully digital on-boarding process, digitalized workflows and automated information collection with a tailored go-to-market approach focused on human based fully in-house underwriting and post sale processes, powered by highly specialized traditional credit analysts and an internalized staff dedicated to the management of MCC and SACE Guarantees.

This hybrid model, called “*Digital Artisan*”, relies on the advanced Banca Progetto’s IT architecture, resulting in an effective and highly scalable cost structure, which leads to a leaner operational framework and a greater efficacy. The digitalized processes allows the Company to approve SMEs guaranteed loans in three to four weeks from customer’s financing request, compared to months for traditional banks giving Banca Progetto a significant competitive advantage in terms of time-to-market, with a superior and differentiated user experience.

Moreover, the external network, the internal specialized underwriting and value-added post sale process ensured by dedicated internal teams enables the Company to have a direct, human and more tailored interaction with its customers, right from the origination phase, allowing it to address specific SME needs with an excellent execution speed, thus creating an advantage over other emerging digital players, that heavily rely on predominantly automated and standardized credit selection processes.

1.4 Our values

Banca Progetto's values are mainly based on four principles that, according to the Bank, are fundamental for business and social value creation.

Figure 3. Banca Progetto Values



Centrality and respect for the person

The Bank promotes protection, integrity and dignity of its employees, agents, and the people it works with, safeguarding the principle of equality and non-discrimination and striving to maintain a working environment conducive to personal and professional development.

Integrity, fairness and transparency

The Bank's operations are governed by the principles of integrity, fairness and transparency, recognising the stakeholders' right to know the relevant information and the results achieved by the Bank, in order to enable them to make free and informed decisions and conduct themselves.

Customer orientation and innovation

With the aim of managing business risk in an increasingly effective and prudent manner, the Bank ensures a constant commitment to the development and innovation of the products and services it offers, as well as the continuous improvement of their quality, in order to protect its credibility, reputation, and consensus overtime.

Integration and cooperation

The Bank orients its interpersonal relations towards mutual respect and proactive collaboration, fostering integration and cooperation in the pursuit of common and shared objectives.

.02

STAKEHOLDER MAP AND MATERIALITY ASSESSMENT

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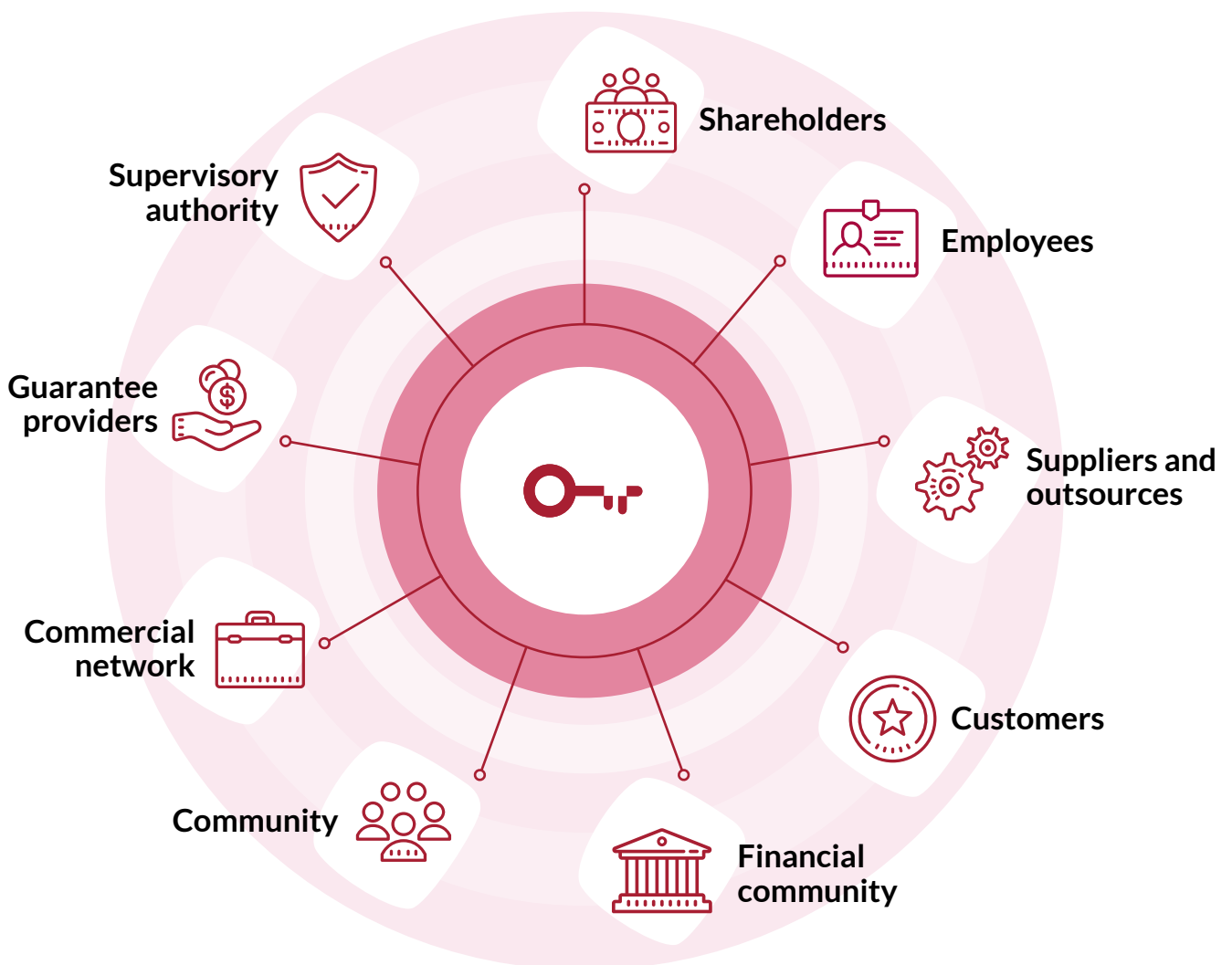


2.1 Stakeholder map

Organisations operate within a complex system of relationships that constitute a fundamental element for the realisation of their activities. The concept of **stakeholder** identifies individuals or groups of individuals who may be significantly affected by the organisation's activities, products and services or whose actions may affect the organization's ability to successfully implement its strategies and achieve its objectives.

Banca Progetto engages with stakeholders as part of doing business, both internally and externally and has developed a map of its main stakeholders as a useful tool for identifying and focusing on the most appropriate methods of interaction. This guarantees constant monitoring and a commitment to respond adequately to the expectations of each stakeholder group.

Figure 4. Stakeholder Map



2.2

Materiality assessment

The **materiality assessment** is the way in which relevant aspects, or “material”, for an organisation are defined. As described by the 2021 version of the GRI Standards, a topic is considered relevant if it is a matter on which the organization is able to generate impacts on the economy, the environment, and people. The definition of the material aspects is the basis of the construction of the sustainability report.

In 2023, Banca Progetto carried out its first materiality analysis, enabling the Bank to focus on the sustainability issues and impacts that matter the most its stakeholders.

Materiality assessment methodology

Banca Progetto's materiality analysis process involved several steps.

The first phase saw the identification of the impacts generated by the Bank and the consequent potential material topics. During this initial stage, a benchmark was created on sustainability topics, using as reference various peers of Banca Progetto. In addition, an extensive analysis of company documentation was carried out, including strategic and development plans, policies, management systems, etc.

Subsequently, a workshop was held with the top-management during which the impacts, positive and negative, identified and connected to the material topics for Banca Progetto were evaluated on a scale from 1 to 5. This evaluation was carried out by also taking into consideration the Bank's coverage level on each material topic, meaning that how in-depth each material topics is being managed through actions, policies, etc. was also considered.

The material issues that have the most significant impacts for Banca Progetto are listed below, together with a brief description of each topic and its contribution to the **United Nation Sustainable Development Goals** (SDGs). A more detailed description of the initiatives related to each SDG and material topic can be found in Annex I.

The topics have been reported according to the impact ranking assigned by top management.

Table 2. Banca Progetto's material topics and contribution to SDGs

Material Topic	SDGs	Description	Main impacts
Financial stability		Attention to the Bank's profitability and capital solidity to guarantee financial stability and protect stakeholders	<p>[+] Good financial stability and positive economic results can also promote the development of the Bank's stakeholders, further consolidating mutual relations.</p> <p>[-] Economic/financial performance not in line with stakeholder expectations can generate loss of confidence as well as negative impacts on several levels (e.g., loss of employment, etc.).</p>
Support to SMEs	   	Commitment to the development of the economic system through support for entrepreneurial activity, with particular attention to small and medium-sized enterprises (e.g., subsidized credit, SACE guarantees ...)	<p>[+] Supporting SMEs generates positive impacts on the development of the local and national production system and on the promotion of innovation in the market.</p> <p>[-] On the contrary, not supporting SMEs can slow down the economic growth, both at local and country level, as well as slow down business innovation.</p>
Business conduct and integrity		Adoption of standards, organizational models and codes aimed at ensuring proper business management and compliance with regulations, including anti-corruption	<p>[+] Proper management of issues related to corporate integrity and operational compliance tools (e.g., anti-corruption) can increase stakeholder trust and spread the values of ethics and fairness.</p> <p>[-] On the contrary, ineffective management could lead to an increase in wrongdoing and cause a loss of stakeholder trust.</p>
Customer satisfaction		Development and maintenance of high levels of quality of products / services and customer relations, through continuous improvement actions	<p>[+] Ensuring a high level of satisfaction throughout the different channels of contact (Bank and distribution network) produces positive effects on the solidity of the relationship with customers.</p> <p>[-] Unsatisfactory service levels can lead to a deterioration of the relationship with customers.</p>
Commercial network development		Strengthen the relationship of trust with the commercial network through shared rules and values and commitment to the growth and training of agents / brokers	<p>[+] Strengthening the relationship of trust with the commercial network through shared rules of conduct and active involvement generates greater quality of service and/or an increased profitability also for the commercial network.</p> <p>[-] A lack of development of the skills of agents / brokers can affect the ability to create value for customers and for the local territory.</p>

Material Topic	SDGs	Description	Main impacts
Health and safety of employees		Development of actions, systems and initiatives aimed at minimizing accidents and occupational diseases and supporting the psycho-physical well-being of employees (for example health policy, accident policy, remote working ...)	<p>[+] Ensuring the psycho-physical well-being of employees and offering safe and healthy workplaces can contribute to increasing the quality of life of employees.</p> <p>[-] Failure to monitor these aspects can also lead to a deterioration in the quality of life of employees (e.g., work-related stress, etc.) and conflict between social parties.</p>
Cyber security and data protection		Adoption of rules and protocols aimed at ensuring business continuity and protecting and guaranteeing the confidentiality and integrity of stakeholder data	<p>[+] Properly managing and preventing cyber incidents brings a benefit in terms of trust and sense of security for stakeholders.</p> <p>[-] On the contrary, the absence of procedures for the protection and management of sensitive data can lead to an increase in IT security incidents with consequent repercussions on the Bank's stakeholders.</p>
Climate change	  	Commitment to reducing GHG emissions both related to the management of offices and people and related to the credit portfolio	<p>[+] Working to minimize the emissions generated by the business activity and its product portfolio can have a positive impact on the environment and contribute to the protection of future generations.</p> <p>[-] On the contrary, failure to monitor the issue can lead to high environmental impacts and negative repercussions on the environment and the community.</p>
Financial inclusion	  	Promotion of initiatives and products aimed at specific target customers in order to facilitate access to credit	<p>[+] The promotion of financial inclusion initiatives for specific target customers is essential to reduce economic disparities and expand opportunities for economic / social development at the individual level.</p> <p>[-] On the contrary, failure to promote such initiatives can lead to an increase in inequalities in access to credit.</p>
Training and development	  	Adoption of professional paths to encourage growth and the improvement of staff skills, also through training activities	<p>[+] Employee training and management programs guarantee the enhancement of skills and therefore an increase in the degree of involvement and satisfaction of workers.</p> <p>[-] Failure to address these aspects may result in a deterioration of intellectual capital and possible loss of talent.</p>



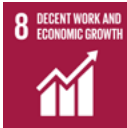



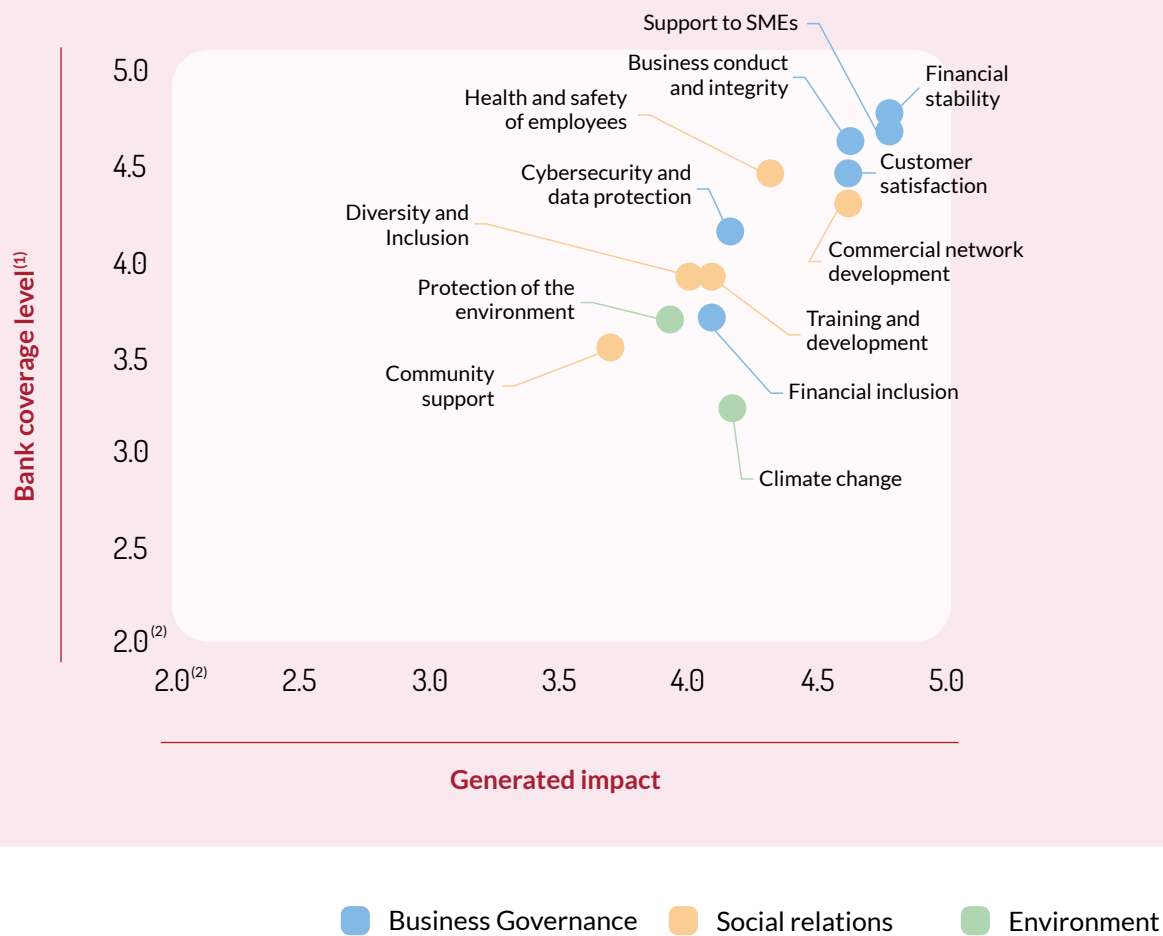
Material Topic	SDGs	Description	Main impacts
Diversity and inclusion	  	Promotion of the values of equity, objectivity and commitment to protect the expression of the abilities and potential of the individual as elements of distinctiveness, with particular attention to gender equality	<p>[+] Ensuring fairness in personnel management mechanisms and promoting diversity and equal opportunities can contribute to the creation of a meritocratic and inclusive environment, which stimulates the professional growth of employees.</p> <p>[-] Business management models that generate discrimination can, on the other hand, cause inconvenience for certain categories of employees, staff dissatisfaction and loss of talent.</p>
Protection of the environment		Responsible consumption of resources (e.g. paper and toner) and attention to the minimization of waste in the conduct of company activities	<p>[+] Effectively managing the environmental impacts produced by the use of resources and optimizing the use of materials contributes to the promotion of a corporate culture that respects the environment.</p> <p>[-] Failure to manage these aspects can worsen environmental performance, with a consequent loss of stakeholder trust in the Bank.</p>
Community support	 	Support, through investments, initiatives and donations, of activities and projects to develop and promote the community	<p>[+] Developing initiatives in the area where the company operates promotes the growth of local communities and improves the relationship with stakeholders.</p> <p>[-] On the other hand, a lack or ineffective understanding of local communities' social needs can lead to a loss of cohesion with the community.</p>

Figure 5. Impact materiality Banca Progetto



(1) Initiatives, policies, internal procedures developed on individual topics by the Bank
(2) All the topics are above the average of the scale because the rating scale starts from zero

The initial analysis carried out represents a internal assessment by the Bank. Starting from the next reporting year, Banca Progetto will expand the analysis with the involvement of all its stakeholders, i.e., those who can concretely highlight the effects, positive or negative, of Banca Progetto's actions, in accordance with the indications and requirements of the GRI Standard.

.03

SUSTAINABILITY AT BANCA PROGETTO

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3.1 ESG at a glance

Banca Progetto is committed to run its business in a responsible way, in order to foster economic growth, enable sustainable transition and ensure financial inclusion through easier access to credit for SMEs and group of individuals traditionally underserved by the Italian banking system.

Banca Progetto's sustainable approach is based on **five pillars**:



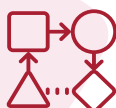
Leveraging a business model built to be sustainable and generate positive impact and long-lasting value for all the stakeholders



Integrating ESG priorities in the Company's strategy to capture new market opportunities and mitigate risks



Putting people first, with promotion of inclusion and well-being among employees and recognising human factor as a competitive advantage



Defining a solid governance and internal processes aligned to best practice to ensure integrity and transparency in the conduct of business



Adopting a sustainability plan to further strengthen the Company's ESG profile and its resilience

In order to implement its sustainable strategy - as defined in the following paragraphs - Banca Progetto has adopted a proper **ESG governance**, with related responsibilities spread throughout the entire organization, starting with the Board of Directors where a director is responsible for the oversight of the ESG strategy and its implementation.

At management level, the ESG Manager plays the role of coordinating ESG initiatives by incorporating them into the activities of the corpo-

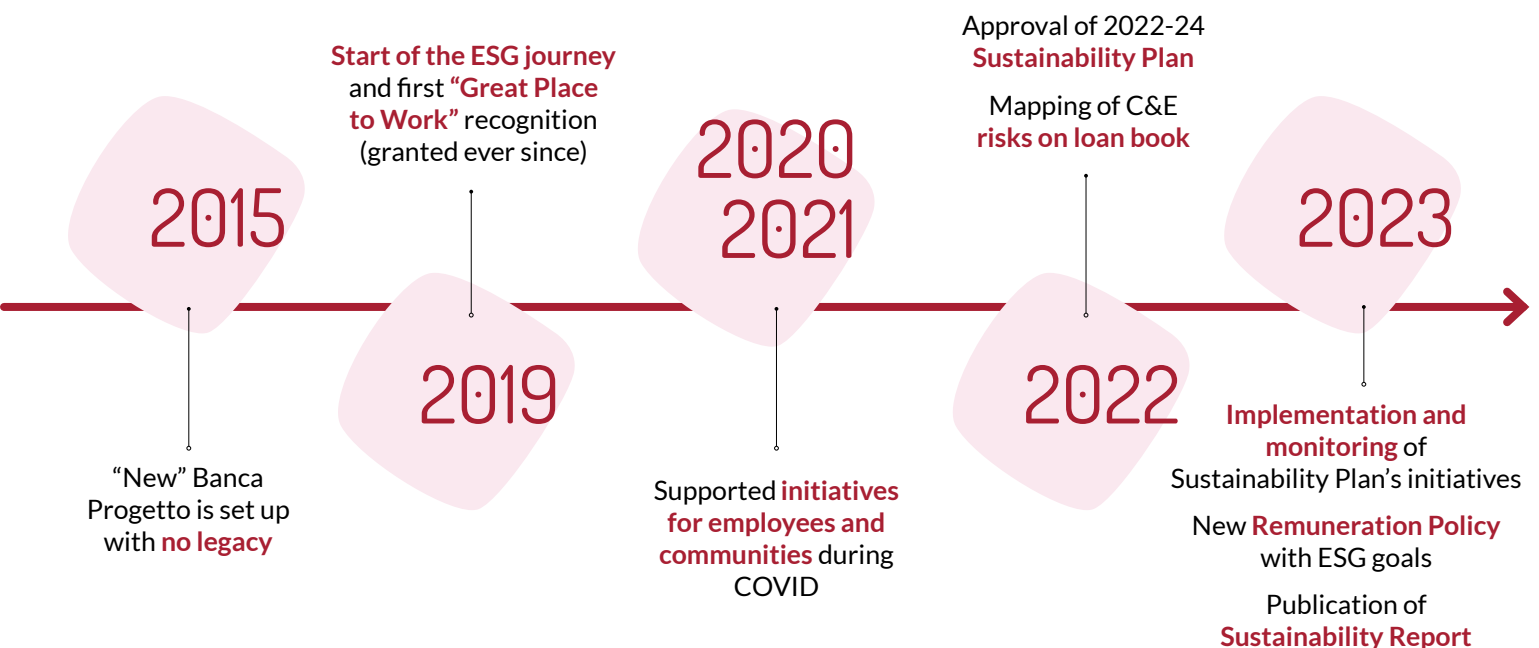
rate structures to which specific responsibilities are assigned through the ESG focal points, thus implementing the “*hybrid model*” suggested by Bank of Italy in its supervisory expectations on climate and environmental risks⁴.

Lastly, with the aim of aligning management interests with the company’s ESG objectives, the remuneration policy approved in March 2023 by the Company introduced management-based objectives (MBOs) linked to the implementation of the Sustainability Plan.

3.2 Our ESG journey

Banca Progetto’s sustainable journey began in 2019 with the implementation of several social initiatives addressed to its employees which formed the starting point for defining the Bank’s ESG strategy and resulted in the award of the “**Great Place to Work**” recognition, obtained for the first time in 2019 and ever since.

Figure 6. ESG timeline



Moreover, during the Covid-19 emergency, Banca Progetto introduced - and later made structural - remote working practices and supported initiatives for employees (e.g., emails to employees about Italian “red zones” and rules of conduct, vaccination awareness campaign, serological screening) and communities (e.g. donations for the distribution of food and essential goods to households in need).

⁴ - Supervisory expectations for climate-related and environmental risks, Bank of Italy, 2022

The year 2022 marked a turning point for Banca Progetto with the definition of its first **Sustainability Plan 2022-2024** at the end of a process involving all the Bank's internal functions.

In line with the Bank of Italy's 2022 supervisory expectations on climate and environmental risks, Banca Progetto set a clear ESG strategy that not only meets regulatory requirements but also aims to achieve a sound sustainable standing.

The Sustainability Plan was built with the awareness of the current positioning of the Bank with respect to market trends and the objectives have been defined starting from a detailed analysis of ESG regulation and a benchmarking analysis of the ESG best practices in order to incorporate climate and environmental risks into the Bank's business.

On this basis, the plan sets out the ESG guidelines and the initiatives to be implemented over the coming years, which were further declined in early 2023 in the form of an **ESG Action Plan** with respect to climate and environmental risks, in response to Bank of Italy's request to all Italian Less Significant Institutions (LSI).

In Banca Progetto's ESG Action Plan, which extends until 2025, clear tasks, concrete objectives, precise ownership, and key timelines have been set. An ongoing monitoring program with regular reporting to the Board of Directors was also set out (or developed) to ensure effective implementation.

3.3 ESG commitment and goals

The ESG Action Plan was developed on four different modules, consistent with the Bank of Italy requirements: governance, materiality assessment, business model and risk management. The initiatives, already undertaken in the Sustainability Plan 2022-24, are intended to meet Bank of Italy's expectations.

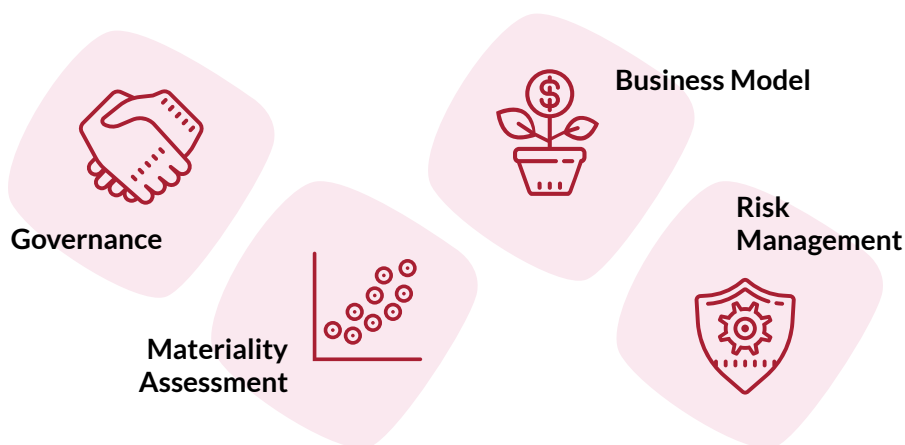
The **governance** is the first area that the Bank has taken into consideration for the purpose of effectively integrating climate and environmental risk into the corporate culture and strategy. More specifically, a lot of initiatives are defined such as training and responsibilities for Board of Directors, ESG organizational structure and defining specific KPI and targets.

As part of the **materiality assessment**, the Bank has planned initiatives to periodically monitor the impact of climate and environmental risks with specific reference to credit, operational, strategic, and liquidity risks.

In the current market environment, the inclusion of climate and environmental factors as part of the planning process is a strategic point in the medium to long term. Realizing that adequate sustainability goals

strengthen the ability to monitor the long-term resilience of the **business model**, the Bank plans to activate several initiatives to capture any need for early intervention and mitigate possible long-term impacts.

Figure 7. ESG Action Plan sections



The identification and mapping of climate and environmental risks are also crucial steps for the **risk management**. In this context, the Bank considers it appropriate to consider climate and environmental risks into risk metrics and capital adequacy assessment.

The implementation of the Plan allows the Bank also to take advantage of opportunities by integrating ESG issues into its loan offering with dedicated products assisting the SMEs in the green transition, possibly supported by a specific green funding product.

From this perspective, the **environment** represents a focal area in the sustainable strategy aiming to build a SME's portfolio to be targeted according to an ESG scoring.

This new approach will involve all the Company's functions: the introduction of climate and environmental risks also extends to the IT function through the construction of a comprehensive database in order to ensure optimal monitoring. In particular, Banca Progetto aims to expand the internal database, with the ESG score and all the useful information from different sources: in doing so, the Bank will involve the digital and risk functions as well as the external providers, to implement specific system integration processes.

Furthermore, the Bank is fully committed to carry on with the numerous **social initiatives** already implemented in the past, and to identify new ones supporting the community and the stakeholders, considering that **sustainable governance** is an important pre-requisite to operate with integrity and correctness and to lay the foundation for achieving excellent and sustainable results.

The following chapters describe the ESG initiatives already implemented and the goals for the coming years.

3.4

Direct economic value generated and distributed

GRI 201-1

Since its creation, Banca Progetto has sought to generate long-term value for its stakeholders in the market in which it operates. The economic value generated and distributed is calculated in accordance with the GRI standards.

The direct **economic value generated** amounted to **Euro 240.93 million** as of 31 December 2022, resulting from the sum of interest income and commission income. The economic value generated represents the value of the wealth produced, which is mostly distributed among the counterparties.

The following tables and figures describe how the economic value generated by the Bank has been redistributed to its stakeholders.

Table 3. Economic value directly generated

Figures in €mln

Composition	31/12/2022
Interest income	236.13
Commissions receivable	4.80
Direct economic value generated	240.93

Below is the detail of the value distributed by Banca Progetto.

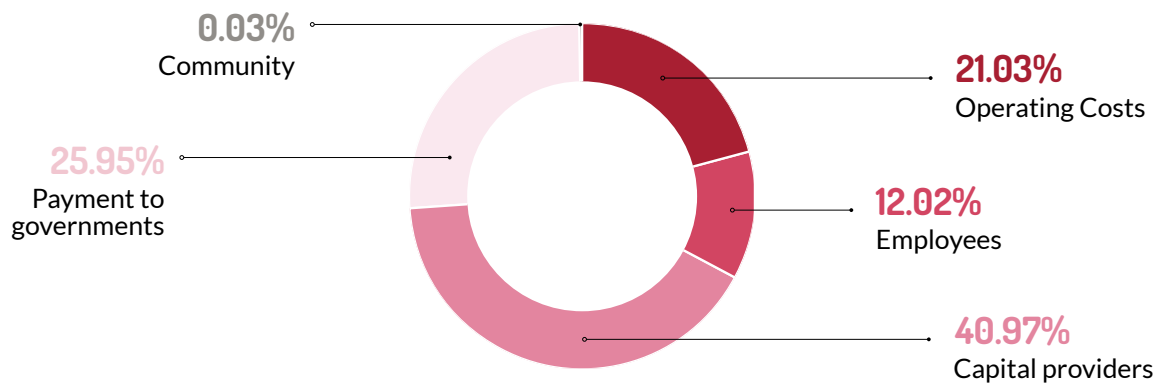
GRI 201-1

Table 4. Economic value distributed

Figures in €mln

Composition	31/12/2022
Operating costs	30.75
Employees	17.58
Funding providers	59.90
Public administration	37.94
Community	0.04
Distributed economic value	146.20

Figure 8. Economic value distributed



The **economic value retained**, given by the difference between the economic value generated and the economic value distributed, is equal to **Euro 94.72 million** as of 31 December 2022, and it consists of the sum of net adjustments/recoveries, net provisions for risks and charges, depreciation and amortization, intangible assets and net profits.

3.5 Support to SMEs and financial inclusion

In 2022, Banca Progetto recorded a **significant increase** in loan disbursements to small and medium-sized enterprises, mainly assisted by the SME Guarantee Fund and to a lesser extent by the SACE guarantee. This stems from the strategic goal to develop and support a particular segment of Italian companies, typically under-levered and underserved by the traditional banking players compared to large corporates, although being highly critical to the country's economy.

Thanks to mechanism such as the SME Guaranteed Fund, the European Union and the Italian Government support, through financial institutions, companies and professionals who have difficulty accessing bank credit because they do not have sufficient guarantees. The public guarantee, in practice, replaces the costly guarantees normally required by the market to obtain financing enabling SMEs to access the growth opportunities provided by the current strong market trends.

For instance, technological advancements provide SMEs with chances to invest in innovative solutions, leading to increased productivity and competitiveness, while the growing focus on sustainability can enable them to invest in green technologies and renewable energy, also leveraging on the incentives of the National Recovery and Resilience Plan (NRRP) which have allocated Euro 191 billion to promote innovation, digitalization, ecological transition, and social inclusion.

FOCUS

APPALTI PNRR

The website appaltipnrr.it is a free portal created by Banca Progetto that, from 2021, allows companies to find information and opportunities related to the National Recovery and Resilience Plan (NRRP).

The specialized portal, designed as an online newspaper with curated content and graphics, offers insight into available business opportunities in 6 macro areas: digitalization and innovation, green and urban design, roads and construction projects, education and research, inclusion, cohesion and health. SMEs that do not have their own tender office can receive the text of the tender directly in their e-mail box, together with instructions on how to participate.

This initiative provides a clear and innovative informative tool that represents a further concrete sign of Banca Progetto's attention and support to its customers, making it easier for them to access what they need, whether it is financing or information.

In this context, during 2022, Banca Progetto disbursed **new loans to SMEs for Euro 2,662 million**, compared to Euro 2,231 million disbursed in 2021 (+19%), with **80% dedicated to investment projects** and the remainder for liquidity purposes. This result was achieved thanks to the consolidation of the Bank's distribution channel made up of agents and brokers operating throughout the national territory and who made it possible to reach important objectives regarding loans to the Italian productive system. The Bank also improved its operating and commercial structures, which led to a more solid market presence, closer to its customers.

The total portfolio at the end of 2022 exceeded Euro 5.2 billion, most of which was disbursed in 2021 and 2022. In terms of geographical breakdown, about 40% was addressed to companies in northern Italy, while the remaining 60% is almost equally divided between central and southern Italy, reflecting a special focus on areas traditionally underserved by the credit market.

Table 5. Incidence of the stock of loans to SMEs (on total assets)*Figures in € billion*

Composition	31/12/2022
Stock of net loans to SMEs	5.2
Total Assets of Banca Progetto	6.7
Share of SMEs loan portfolio on total assets	78%

Table 6. Incidence of interest income deriving from loans to SMEs (on total interest income)*Figures in € mln*

Composition	31/12/2022
Interest income - SME business line	211.7
Total interest income of Banca Progetto	236.1
Share of SME business line interest of total interest income	90%

Support for SMEs is closely linked to the issue of **financial inclusion**, which Banca Progetto considers essential to oversee in the socio-economic context in which it operates. Financial inclusion particularly means allowing access to financial services to those categories that otherwise would not be able to access the ordinary banking system, due to a situation of momentary difficulty. An inclusive financial system has many benefits, including reducing poverty and inequality, promoting economic growth and increasing stability and trust in banking and financial institutions.

Moreover, financial inclusion is part of the broader concept of social inclusion because it reduces the inequality of these individuals and enables them to increase their consumption and provide for their personal and social needs.

One of the ways in which Banca Progetto supports financial inclusion is by providing **salary-backed loans**, a type of loan that is secured by an individual's salary or pension income. In this arrangement, a borrower pledges their future salary or pension as collateral to obtain a loan from a financial institution, typically at lower interest rates than personal loans. In fact, the lender has the right to deduct loan repayments directly from the borrower's salary or pension, up to one fifth of the pay check, ensuring a reliable repayment source. In addition, salary-backed loans include mandatory insurances that protects lenders in the event the

borrowers are unable to make loan repayments due to unexpected circumstances such as job loss, disability, or death, without any liability to heirs.

Table 7. Product and services which promote financial inclusion.

Product/service with social purposes	Operations of the year - 2022			Stock at the end of the year - 2022	
	N. of cases	Amount (in € mln)	% of overall cases	N. of cases	Amount (in € billion)
Salary-backed loans	7,606	171	21%	36,509	0.6
SME guaranteed financing	2,834	2,661	37%	7,737	5.2

CORPORATE GOVERNANCE

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Corporate governance underpins the Bank's decision-making and oversight processes that aim to create value both internally and externally, with a view to sustainability.

Banca Progetto is committed to ensuring the integrity of its employees' business conduct and corporate behaviour by setting adequate internal control systems to contrast corruption and money laundering, in order to spread a corporate culture within the organisation based on integrity, professional ethics, transparency and honesty.

4.1 Corporate bodies

GRI 2-9

The **Board of Directors**, as the corporate body responsible for establishing a robust governance mechanism to support its oversight of the Bank's strategic aims, is central to: setting the Company's strategic guidelines, risk management policies and organisational structure, defining the internal control system guidelines, the methods of coordination between the corporate bodies and the control functions, and verifying the consistency of the internal control system with the strategic guidelines and the risk appetite, as well as the ability of such system to identify the evolution of corporate risks and the interaction between them.

Board composition

The Board of Directors is made up of seven members having the prerequisites envisaged by law and it is chaired by the Chairman of the Board of Directors. The Board includes one executive member, six non-executive members; out of the seven, two are independent. Its composition is represented in the following table.

Table 8. Composition of Board of Directors at 31/12/2022

Chairman	Carlo Garavaglia
Vice-president	Mario Adario
Chief Executive Officer	Paolo Fiorentino
Director	Liliana Fratini Passi*
Director	Francesco Mancini
Director	Stefano Mazzoli
Director	Italo Vitale*

*Independent Directors

The current number of members of the Board of Directors is appropriate relative to the size and operational complexity of the Bank, in accordance with the fulfilment of the roles allowing a proper balance between executive, non-executives (NEDs) and independent directors.

At the end of 2022, the average age of the members of the Board of Directors in office was 58 years, and 1 out of 7 members were women (14%). In addition, two members were between 30 and 50 years old, while the remaining five members being over 50 years old. The tenure of the members of the Board was 3 years.

The **Chief Executive Officer** is entrusted with the ordinary management of the Company and all organisational units report to him, with the exception of the Internal Audit function, which reports directly to the Board of Directors. The Chief Executive Officer is responsible, among other things, for ensuring that the Company is managed in accordance with applicable laws and regulations, bylaw provisions and the guidelines approved by the Board of Directors.

The **Board of Statutory Auditors (or Collegio Sindacale)**⁵ monitors compliance with the law, regulations and the by-laws, as well as the proper administration, the adequacy of the company's organisational and accounting structures, the risk management and control system, and the functionality of the overall internal control system, promoting remedial actions in the event of any shortcomings or irregularities detected.

The Board of Statutory Auditors is composed of 3 members and of 2 alternate auditors, as it shown in the following table. Statutory Auditors must meet the requirements of professionalism, integrity, and independence, as required by the applicable legal provisions; the remuneration of the standing auditors is determined by the Shareholders' Meeting.

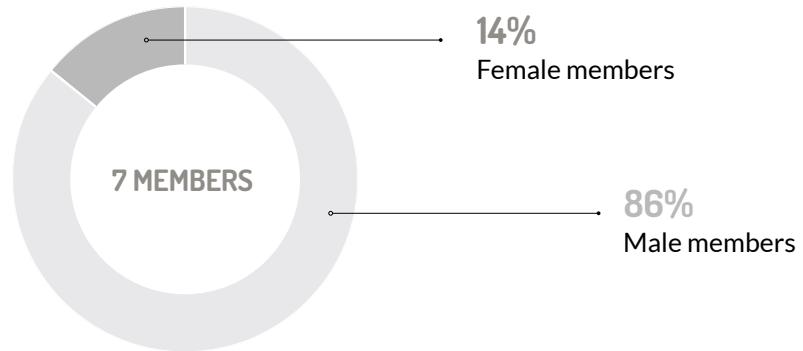
Table 9. Composition of Statutory Auditors at 31/12/2022

Chairman	Marco Reboa
Standing Auditor	Laura Braga
Standing Auditor	Maurizio Parni
Alternate Auditor	Gianluca Bolelli
Alternate Auditor	Pietro Pagnozzi

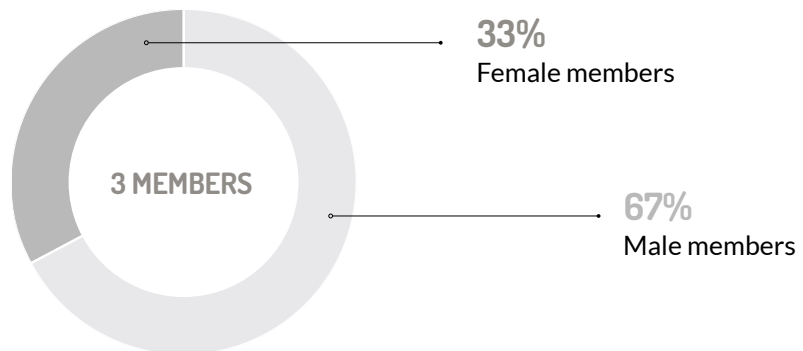
5 - The role of the Board of Statutory Auditors specific to Italian companies is better explained to the following link: <https://www.borsaitaliana.it/notizie/sotto-la-lente/collegio-sindacale.htm>

Figure 9. Board of Directors and Board of Statutory Auditors composition at 31/12/2022

BOARD OF DIRECTORS



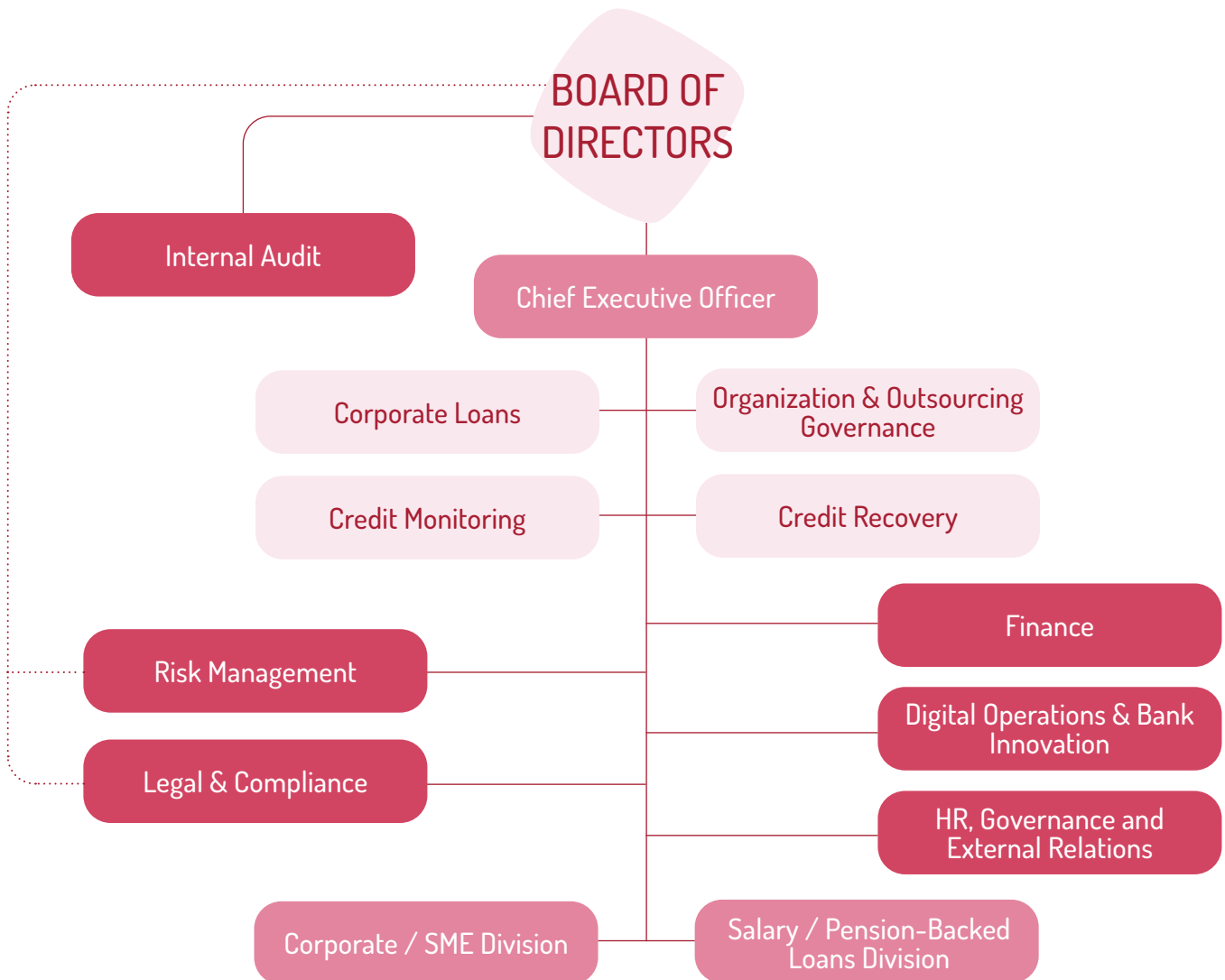
BOARD OF STATUTORY AUDITORS



Both Board of Directors and Board of Statutory Auditors have adopted specific diversity policies outlining the ideal composition of the bodies themselves, in order to allow them to carry out their duties in the most effective manner, making decisions that effectively take into consideration various points of view, examining the issues under discussion from different perspectives, and ensuring a more open approach to innovative ideas, in order to prevent the opinions of its members from becoming standardised.

The organisation system has different functions directly reporting to the Chief Executive Officer as the following organisation chart.

Figure 10. Organization chart at 31/12/2022



GRI 2-20

FOCUS

Remuneration policies

Banca Progetto's remuneration policies are developed in line with the latest regulatory requirements and aim to enhance the culture of merit and performance, create value, direct the performance of all employees towards sustainable objectives and ensure compliance of remuneration practices with national and international standards.

Remuneration policies, among other things, make it possible to ensure prudent management of current and future risks, in

line with the reference framework for determining risk appetite (RAF), and to avoid incentives that conflict with the Bank's long-term interest.

In particular, the fixed component of remuneration is based on the experience and professional skills of employees, while the variable component is designed to discourage conducts aimed at pursuing short-term results, which could lead to risks regarding sustainability and value creation in the medium and long term. The variable component and the fixed component are defined so as to result appropriately balanced, and their ratio punctually determined and evaluated in relation to the characteristics of the company and the various categories of personnel.

Considering the Bank size at the end of 2022, which falls into the category of smaller intermediaries, the role of the Remuneration Committee is played by the Board of Directors.

Corporate governance of remuneration policies entails that:

- the Shareholders' Meeting establishes the remuneration for the Bodies appointed by it and approves the remuneration policies for the members of the Board of Directors, employees and other personnel, as identified pursuant to the Bank of Italy's Provisions on remuneration policies;
- the Board of Directors defines the guidelines and criteria of the remuneration policies to be submitted annually to the Shareholders' Meeting, it annually verifies its application, it defines the additional compensation pursuant to art. 2389, paragraph 3, of the Italian Civil Code, having heard the opinion of the Board of Statutory Auditors, and it performs the functions of the Remuneration Committee, specifically with the contribution of independent members;
- the Chief Executive Officer proposes to the Board of Directors the criteria concerning the remuneration and incentive policy for personnel.

The corporate control functions collaborate, each to the extent of its competence, to ensure the adequacy and compliance of remuneration policies with current legislation. In particular, with regard to the relevant corporate functions:

- the Human Resources Department coordinates the process of defining the remuneration policy document and verifies the need for revision at least annually, also taking into ac-

count market and strategy developments and risk appetite;

- the Risk Management function contributes to the definition of the risk indicators included in the incentive system, defining a sustainable level of indicators consistent with the risk appetite identified from time to time and ensuring that incentive policies are aligned with the strategic objectives defined, with what envisioned by the RAF and with the overall economic allocation for the incentive system that is reflected in the relative budget provisioning;
- the Compliance function carries out an annual ex ante assessment of the conformity of the remuneration policies envisaged for the year, also in order to verify that the reward system is consistent with the objectives of normative compliance, the company bylaws and the Code of Ethics;
- the Internal Audit function annually verifies the compliance of remuneration practices with approved policies and supervisory provisions.

Banca Progetto believes that aligning remuneration schemes with ESG principles is an optimal tool to achieve its goals and to ensure that people become more aware of the environment in which they operate. Consequently, Banca Progetto is therefore committed to integrate sustainability objectives within its remuneration schemes starting from 2023 remuneration policy that has made it mandatory for the CEO and senior management to set ESG targets from 2023, to be gradually extended to all employees in the following years.

4.2 Internal control and risk management system

Banca Progetto strongly values the principles of ethics, integrity, and lawful action, and considers them essential to any and all activities involved in the development of a successful organisation. Through specific models, processes, procedures and related documents, the Bank ensures the implementation of an honourable and rightful culture, which, in turn, contributes to both a widespread positive reputation and to an improved relationship with stakeholders and customers.

To ensure the integrity of its employees' business conduct and corporate behaviour, Banca Progetto has defined an internal regulatory system, based on a set of rules intended to uphold and implement the strategic and operational direction of the Bank. This includes:

- a **Code of Ethics**, which identifies the basic principles and rules aimed at guiding the conduct of the members of the Board of Directors, the

Board of Statutory Auditors, employees, as well as those acting on behalf of the Bank;

- an **Organisational Model pursuant to Legislative Decree no. 231 of 8 June 2001** (hereinafter “Model 231”), consisting of the set of rules, procedures and organizational structures that aim to safeguard the compliance of the company’s activities with the law, supervisory legislation, self-regulation rules and internal provisions.

In the Code of Ethics, Banca Progetto establishes the values and principles of conduct towards which it directs its activities regarding all stakeholders, with the aim of creating a common culture aimed at pursuing corporate objectives and effectively managing business risk. The Code of Ethics, approved by the Board of Directors on 20 September 2017, is an integral part of the Organisation, Management and Control Model adopted pursuant to Legislative Decree no. 231 of 8 June 2001, and subsequent amendments.

Legislative Decree no. 231 of 8 June 2001 introduces into the Italian legal system, against legal persons, a regime of administrative liability - substantially comparable to criminal liability - under which the entity is liable for crimes committed in its interest or to its advantage by an apical or subordinate subject.

Although the law does not provide for the obligation, Banca Progetto has deemed it appropriate to adopt a specific Organisation, Management and Control Model, in compliance with the indications of Legislative Decree 231/2001, in the belief that this constitutes both a valid tool for raising awareness among all those who work on behalf of the Bank, so that they behave correctly, and with a more effective means of prevention against the risk of committing crimes and offences.

Members of the Bank’s Corporate Bodies, employees and people who, although not linked to the Bank by an employment relationship, carry out their activities in the interest and on behalf of the Bank and under the direction of the Bank, as well as agents, brokers or other intermediaries used by the Bank, suppliers and commercial partners are the so-called “recipients” of Model 231.

The adoption of an adequate disciplinary system that sanctions violations of the principles contained in the Model is an essential requirement for its full and effective implementation. The disciplinary system is in fact aimed at sanctioning the failure of the Recipients to comply with the principles and rules of conduct prescribed in Model 231 and in the documents that form an integral part of it.

The Bank has also appointed its own **Supervisory Body** (pursuant to Articles 6 and 7 of Legislative Decree no. 231/01), with the aim of continuously monitoring the suitability and effectiveness of Model 231 and its compliance, as well as proposing its modification and updating, whe-

re necessary; this Body is endowed with autonomy and independence in the exercise of its functions, as well as adequate competence and professionalism. Based on the provisions of Bank of Italy's communication 285 of 17 December 2013 (Part I, Title IV, Chapter III, Section II, Paragraph 4), and in accordance with the statutory provisions, the Board of Directors of Banca Progetto has entrusted the role of Supervisory Body to the members of the Board of Statutory Auditors.

The functioning of the Supervisory Body is governed by a specific Regulation, approved by the same Body.

In order to strengthen its work and control ability, the Supervisory Body is assisted, on a continuous and permanent basis, by an independent external consultant with specialized expertise in criminal law, appointed by the Board of Directors.

For the recipients of Model 231, it is mandatory to report to the Supervisory Body any violations of the Model or the Code of Ethics or, more generally, of the provisions of Legislative Decree 231/01 of which they may become aware, according to the reporting channels arranged for this purpose.

Model 231 was updated and approved in its most recent version by the Board of Directors of Banca Progetto on 26 October 2022.

The Code of Ethics and Model 231 are available to all members of the corporate bodies and the Bank's employees and collaborators through its publication on the Bank's intranet, and to all external individuals, such as, but not limited to, self-employed or para-subordinate workers, suppliers of goods and services, agents and business partners, through publication on the corporate website.

Internal Control System

The **Internal Control System** is a key element of the overall corporate governance system, as it ensures that the company's activities are in line with corporate strategies and policies and are based on sound and prudent management.

The Internal Control System consists of all the rules, functions, structures, resources, processes and procedures that aim to ensure the achievement of the following purposes:

- verification of the implementation of company strategies and policies;
- containment of risk within the limits indicated in the Bank's Risk Appetite Framework (RAF);
- safeguarding the value of assets and protecting against losses;
- effectiveness and efficiency of business processes;
- reliability and security of company information and IT procedures;

- prevention of the risk that the company is involved, even involuntarily, in illegal activities;
- compliance of operations with law and regulations, including supervisory law, as well as with internal policies, regulations and procedures.

Banca Progetto has structured the Internal Control System considering its size and operational complexity, the nature of the activity carried out, as well as the related risk to which it is exposed. The system is defined, approved and verified by the corporate bodies and it is divided in the different levels of control indicated below.

- **First level of control (Operational Business functions / Management):** set of control activities that the individual operating units carry out on their processes in order to ensure the correct conduct of operations.
- **Second level of control (Risk Control, Compliance and Anti-Money Laundering functions):** monitors corporate risks, proposes guidelines on the related control systems and verifies their adequacy to ensure efficiency and effectiveness of operations, adequate risk control, prudent business conduct, reliability of information, compliance with laws, internal regulations and procedures.
- **Third level of control (Internal Audit function):** provides independent assurance on the completeness, adequacy, and effective operation of the first and second levels of control and, in general, on the overall Internal Control System. It shall carry out checks to detect breaches of the procedures and rules applicable to the Bank.

Based on the statutory and corporate governance structures adopted, the Bank has defined the roles, tasks and responsibilities assigned to the various corporate functions in specific internal regulations. The roles of the Company's functions within the Bank's overall Internal Control System are defined below.

The Operational functions carry out first-level controls - or line controls - aimed at ensuring the proper conduct of operations:

- The Organisation & Outsourcing Governance function contributes to the definition of business processes (also leveraging on third parties and outsourcers), identifying the company functions to which responsibility is entrusted and overseen, with the support of the related structures, the adequacy and functionality with respect to business, control and quality needs, pursuing the objectives of effectiveness and efficiency.
- The ICT function oversees the management and evolution of the company's IT architecture / platform and the tools to support business processes, both from a functional and technological point of view in line with the company strategy.

The responsibility for the effective application of first-level controls is attributed to the Head of each Operational function.

The Corporate Control functions operate by carrying out an assessment on the Internal Control System, with the aim of ensuring the correct and efficient functioning of the system itself. In particular, the Bank's organisational structure envisages:

- the Risk management, the Compliance and the Anti-Money Laundering functions, which carry out "second-level controls" entrusted to structures other than operational ones.
- the Internal Audit function that carries out "third-level controls", aimed at identifying violations of procedures and regulations, as well as periodically assessing the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the Internal Control System and the information system.

Risk management

Furthermore, the Bank implements an integrated risk management process by identifying and updating on an ongoing basis:

- the Risk Map to which the Bank is exposed;
- the Bank's Business Processes Map;
- the scope of external regulations applicable to the Bank.

The Risk management function is responsible for the identification and continuous update of the Risk Map, that is the main category of risk to which the Bank is exposed, also as a result of the operational and strategic choices, and it defines the methods for managing them.

The Bank's Board of Directors defines and approves periodically the **Risk Appetite Framework (RAF)**, which constitutes the reference framework for determining the Bank's risk appetite with reference to the risks to which the Bank is exposed. In particular, the RAF indicates, for each risk, the "target" that the Bank intends to assume, indicating the tolerance thresholds and the maximum risk that can be assumed, both in normal and stressed conditions.

When specific circumstances occur, including the outcome of stress scenarios, the Chief Executive Officer, with the support of the Risk management function and the Operational functions, commits to define and implement specific containment and mitigation actions, to be activated to bring the level of risk within the objective and limits set.

The Process Map provides a tool for representing the Bank's operations and operating mechanisms, constituting, therefore, a fundamental component of the Internal Control System that must be able to continuou-

sly accompany the evolution of the Bank's business model. The Process Map, whose definition, maintenance and updating activities are delegated to Organization & Outsourcing Governance function, provides a common reference to the various corporate control functions, allowing the coordination and integration of the activities among the respective functions. The Process Map also identifies the relative operating structures owners who are responsible for the correct management of the processes and the supervision of the related risks, also in relation to the limits set in the RAF.

Finally, the regulatory market is continuously monitored by the Compliance function to take into account the evolution of the reference regulatory context and the assessments of the specific context and actual operational / organisational needs.

4.3 Corporate behavior

Banca Progetto's commitment against **corruption crimes**, is based on the adoption and effective implementation of the Code of Ethics and the 231 Organisation, Management and Control Model. To this end, Banca Progetto has identified some sensitive activities, i.e. where the risk of corruption is higher, including the stipulation and management of relationships with counterparties, the definition of settlement agreements and management of disputes, the relations with the Public Administration and the Supervisory Authorities, the process of selection, recruitment, evaluation and incentive of personnel, the procurement procedures for goods and services (including management and monitoring of outsourcing), gifts, entertainment expenses, charity, sponsorship, partnership and funded training.

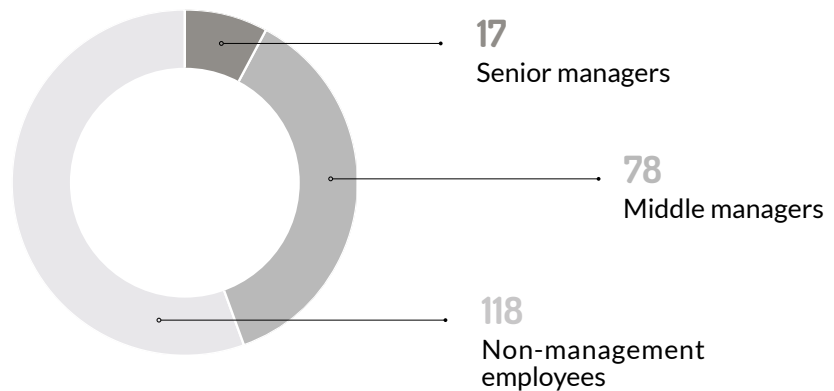
In these sensitive cases, the recipients are required to comply with specific principles of control and conduct set out in Model 231 and in ad hoc protocols, as well as with the existing legislative provisions on the subject and the principles contained in the Code of Ethics.

The Bank's employees, in any way involved in sensitive anti-corruption activities, are also required to comply with the provisions and carry out the competence checks formalized in the relevant internal legislation.

In line with the commitment to an ethical and rightful culture, especially regarding anti-corruption, Banca Progetto ensures that all its employees and collaborators are made aware of the content of Model 231 through its availability on the corporate intranet and website. The same applies to all members of the Board of Directors, who additionally approve and review all policies and procedures specifically related to Model 231 and the Code of Ethics. In addition, every employee is required to know and be aware of the Code of Ethics as part of the recruitment process, while all agents, brokers and key suppliers are required to explicitly accept both Model 231 and the Code of Ethics when signing their agreement with the Bank.

GRI 205-2

Figure 11. Number of employees made aware of anti-corruption policies and procedures – 31/12/2022

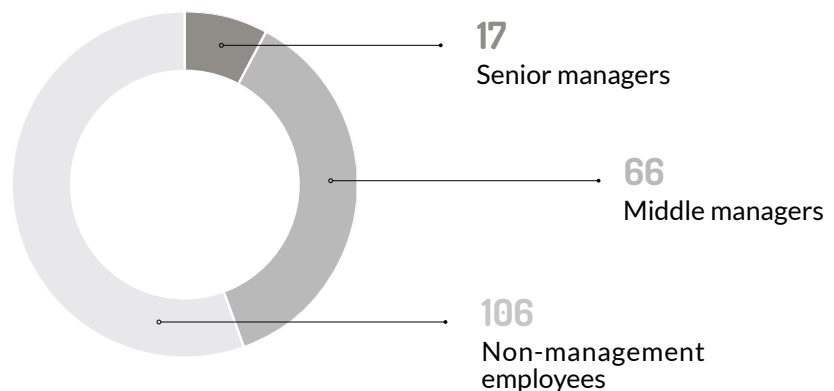


Furthermore, all 189 employees as of June 2022 received targeted training on the content of Model 231 with all new hires after June 2022 to receive equivalent training in 2023⁶.

Table 10. Percentage of employees trained on Model 231 – 31/12/2022

Total employees	89%
Senior managers	100%
Middle managers	85%
Non-management employees	90%

Figure 12. Number of employees trained on Model 231 – 31/12/2022



⁶ - During 2022, no targeted anti-corruption training was provided to the Board of Directors.

GRI 205-3

As in the previous years, in 2022, there were no confirmed incidents of corruption. For completeness, it should be noted that two legal proceedings regarding Model 231 were ongoing during the reference period of this report.

With reference to prevention of **money laundering** and **terrorist financing**, Banca Progetto, in compliance with the law and the current regulatory framework, has:

- adopted an Anti-Money Laundering (“AML”) Policy, formalising the choices defined in the AML/ CTF context regarding the competences and responsibilities of the corporate bodies;
- defined specific organisational structures involved in the management of the risk of money laundering and terrorist financing;
- implemented a specific AML function, defining its tasks and responsibilities;
- adopted internal procedures and controls to ensure full customer knowledge (e.g., operational measures to be taken explicitly for enhanced or simplified due diligence), traceability of financial transactions and identification of suspicious transactions.

Furthermore, the Bank refrains from carrying out transactions deemed anomalous by type, object, frequency or amount and from establishing or maintaining continuous relationships that present ascertained anomaly profiles. Any suspicious transaction and any information concerning potential circumstances of money laundering is reported to the Italian Financial Intelligence Unit (“UIF”) and communicated to the relevant Authorities, while any infringements of the provisions of Article 49 paragraphs 1, 5, 6, 7 and 12 and Article 50 are reported to the Ministry of Economy and Finance.

More information on the actions taken by Banca Progetto to avoid involvement in money laundering and terrorist financing is available on the corporate website.

The issue of **conflicts of interest** with reference to business operations is subject of particular attention and a prudential approach by the Bank. Indeed, the Bank is aware of the importance of the discipline in appropriately handling conflicts of interest and of the legal and reputational risks deriving from the absence of, or inadequacy of rules and organizational controls.

In this regard, the Board of Directors defines, in a specific regulation, deliberative procedures to be adopted in the presence of transactions with associated parties, identifying and defining for example the criteria for recording transactions, including cases of exemption, the sectors

of activity and the types of economic relationships in relation to which conflicts of interest may arise and the methods of managing transactions with related parties.

In addition, when defining its organizational structure, the Bank establishes the responsibilities of the various Organizational Units involved in the risk management process, so that the relevant tasks are clearly assigned and potential conflicts of interest are prevented, ensuring the separation between the operational and control functions.

More information on the actions taken by Banca Progetto to manage conflicts of interest is available in the dedicated policy available on the corporate website.

GRI 2-26

FOCUS

Whistleblowing

The Bank has adopted an internal whistleblowing system as a tool for preventing and correcting acts or facts that may constitute a violation of the rules governing banking activity.

The reporting process guarantees the confidentiality and protection of the personal data of the person making the report who, having become aware of an alleged illegality or illegitimacy of the behaviour of an employee / collaborator of the Bank, proceeds to report such acts or facts to the functions in charge.

4.4 Cybersecurity and data protection

Banca Progetto is the first Italian bank that was granted authorization by the Bank of Italy to embrace a completely cloud-based IT platform from AWS. This approach offers substantial advantages, including significant cost savings in development and delivery time, enhanced scalability, and a competitive edge in terms of time-to-market compared to other commercial or traditional banks.

In addition, the bank utilizes a self-developed cloud-based Enterprise Service Bus (ESB) manager software and front-end applications, while relying on outsourced back-end systems.

Specifically, the Enterprise Service Bus (ESB) manager software enables the Bank to control the IT architecture and seamlessly integrate software applications for both front-end and back-end systems. The back-end systems are completely outsourced, while Banca Progetto has independently developed front-end modules to handle functions such as allocating Salary-Backed Loans, managing deposit accounts, and facilitating

instant lending services. For the latter, Banca Progetto has created its own app called Cream, utilizing open banking technology and data sourced from a third-party provider. Regarding SMEs Guaranteed Lending, the company employs a third-party application, which is integrated with the Salesforce Customer Relationship Management (CRM) system.

To effectively manage its services, store data, and meet regulatory obligations concerning disaster recovery and business continuity, the Company relies on data centres situated in three distinct “AWS Regions”: Milan, Dublin, and Frankfurt. This meticulous setup is designed to guarantee a remarkable 99.9% availability of the Company’s IT infrastructure and services.

To safeguard its IT systems, the Company has taken various cybersecurity measures. Notably, in 2019, a dedicated IT security function was established and the monitoring of third-party security ratings was initiated through a partnership with BitSight. Additionally, the Company began conducting vulnerability assessments and penetration tests (VA/PT), aimed at identifying and rectifying cybersecurity vulnerabilities and performed both internally – at least annually – and by third parties.

In 2020, the Company further strengthened its security posture by implementing a **Security Operation Center (SOC)** and conducting fake phishing exercises to enhance employees’ security awareness. Building on this foundation, the Company continued to enhance its cybersecurity measures in 2021 and 2022. This involved the adoption of an Email Security Gateway, a cloud recovery solution, a Web Application Scanner (WAS), and a DNS Protection solution.

Regarding privacy, Banca Progetto issued, in May 2018, a **Privacy Management System**, which defines - in compliance with the GDPR - the roles, responsibilities and procedures that make up the overall operational and organisational framework adopted by the Bank in order to guarantee an adequate level of protection of personal data and introduces the figure of the Data Protection Officer (“DPO”), in charge of carrying out support and control, advisory, training and information functions relating to the application of the GDPR.

As part of this framework, the “Privacy Management Procedures”, updated in December 2020, regulate the operating methods through which the Bank pursues the data protection objective, and define, in particular:

- the activities of the Data Protection Officer;
- the management of the Register of treatments;
- the Data Protection Impact Assessment, carried out also with the help of a program database (“PbD”) tool;
- the management of the exercise of rights by the interested parties;

- the drafting of Information and Consents;
- data removal procedures.

The procedures also define the roles, responsibilities and operating methods of monitoring the processing of personal data of the Bank's customers, by the Data Processors/Authorised Persons.

The management of data protection and IT security is entrusted to:

Data controller

Banca Progetto Spa, in the person of the CEO, Paolo Fiorentino;

Data Protection Officer (DPO)

In the person of Giuseppe Massimo Petraglia, head of Legal, Compliance and Corporate Affairs Department, appointed on 05/02/2019;

Internal managers

Role assigned to the Managers of the company function / structure (management / division) who, following specific delegation by the Data Controller, have responsibility for the implementation and management of one or more processing purposes, with particular reference to decisions regarding processing methods and tools, and technical and organizational security measures;

Authorized people

Such as all employees (including interns or fixed-term collaborators) and external collaborators with whom a service contract is formalized (ex. commercial agents, natural persons);

External managers

Appointment pursuant to art. 28 GDPR provided for outsourcers and collaborators of the sales network legal entities;

System Administrators (ADS)

Internal, appointed with individual designation, and external, appointed as Data Processor integrated by specific obligations, both dedicated to the management and maintenance of processing plants with which personal data processing is carried out.

The framework is integrated by the documents "Policy of incident management", updated in May 2017, and "Management of IT security incidents and personal data breaches", updated in September 2021, which regulates the methods for managing IT security incidents and, in the event of an impact of the incident on personal data, the methods for managing personal data breaches. Moreover, the Bank is actively working to integrate the recent 40th update of the 285 regulation in its ICT risk and security management framework.

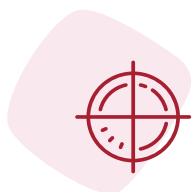
In relation to the operation of the External commercial Network, the DPO function carries out, in collaboration with the ICT Security function and in agreement with the Internal Audit function, data protection checks on external collaborators, aimed at ascertaining the adequacy of the organisational and technical measures prepared with respect to the requirements of the GDPR, through on-site visits or video interviews, during which it proceeds to the examination of the self-assessment checklists. The process of agreeing with external network collaborators has also been integrated with the provision that it is also subject to the positive outcome of the preventive control on the technical and organizational measures provided to the structure of the collaborator himself, carried out by the DPO function and the ICT Governance & Security function. Starting from December 2022, the self-assessment questionnaire/checklist is managed through a digital management tool that assigns the employee a score for privacy and security aspects.

The DPO function, in compliance with the planning of annual activities, carries out the mandatory training for all of the Bank's staff (including the Head of the company's function/structure), with particular reference to the new resources hired.

GRI 418-1

A display of the efficiency and capability of Banca Progetto was witnessed in January 2022, when a case of data breach occurred to a collaborator of the commercial network, who was victim of a cyber-attack (ransomware). The Bank promptly managed the breach by notifying the Guarantor for the protection of personal data of the breach of customer data. Since the exfiltration of data was not ascertained, the data subjects were not informed as the violation was not likely to present a "high risk" for the rights and freedoms of natural persons. On 16 January 2023, the Guarantor Authority formalised the conclusion of the examination without finding, in the state of the acts, the failure to comply with the obligations referred to in Articles. 33 and 34 of Regulation (EU) 2016/679, allowing for its archiving.

Therefore, in 2022, there has been no confirmed cases of data breaches of customer privacy.



ESG Action Plan's goals

Board Training

In order to be able to make informed and robust decisions, Banca Progetto believes that the Board of Directors needs to have the expertise to understand and assess the implications of climate and environmental risks on the business model and strategy. For this reason, the Bank is

committed to provide periodical training sessions to the Board of Directors on ESG topics.

Gender diversity and ESG responsibilities within Board of Directors

Also in accordance with the best practice regarding diversity and inclusion, the Bank is committed to ensure and empower gender diversity within the Board of Directors. Moreover, the Sustainability Plan requires the appointment of a Director with ESG responsibilities: this initiative has already been implemented.

Remuneration policy

In order to encourage ESG compliant behaviours, the Sustainability Plan envisages the development of an incentive system with ESG goals that covers the top management and will gradually involve the business network and the Bank's employees.

ESG dedicated organisational model

The Bank is aware of the importance of establishing a clear organisational model in order to monitor the initiatives and different ESG tasks assigned to the corporate functions.

Banca Progetto has decided to implement a hybrid model in accordance with Bank of Italy's guidance. Specifically, the Bank has appointed an ESG manager who is in charge of the operational coordination of all ESG initiatives; within each organisational unit of the Bank, an ESG focal point has been appointed to be in charge of the ESG activities related to his/her unit/department according to the implementation program, in coordination and with reporting to the ESG manager.

Inclusion of ESG risks in the Bank's system of internal controls

Internal controls are essential to ensure the effective implementation of existing and new measures. Specifically, the Audit, the Compliance and the Risk functions have to take into account climate and environmental risks, monitor activities and have oversight of the ESG issues within their own perimeter and in yearly activities plans.

Risk management

The Risk Management function is responsible for the proper implementation of the process that aims to identify, measure, prevent and mitigate all risks assumed by the Bank.

Consistent with this awareness, the Bank is active in the definition of a methodological and standard approach in order to quantify the level of exposure to climate and environmental risks. In doing so, the risk mana-

gement function periodically monitors the portfolio exposure to “physical risk” (based on the physical location of the clients) and “transition risks” by monitoring the average GHG emissions by economic sector. In the coming years, this activity will be improved and enriched by means, above all, of the ESG score for the SME portfolio and development of credit risk models to include ESG factors.

Moreover, since 2023, ESG KPIs are included in the “Risk Appetite Framework (RAF)” and the estimations of the ESG impact are included in the “Internal Capital Adequacy Internal Process (ICAAP)”.

ESG data governance

The Bank is committed to implement actions to create a comprehensive and high-quality climate and environmental risk profile database as well as integrate into a suitable information system to support the development of metrics for climate and environmental risk assessment leveraging either on internal information (i.e “ESG score”) and/or on external data sources.

Benchmark analysis and regulation monitoring

To be constantly updated on initiatives launched by comparable entities and banks with “ESG best practices”, Banca Progetto will continue the benchmark analysis already performed in the past and will be monitoring regulatory updates, which are constantly evolving, in order to comply and adapt its initiatives over time.

Reporting

In order to monitor and report the progress of ESG initiatives to the Board of Directors, Banca Progetto will periodically update a detailed document on the progress of the Plan. Moreover, the Bank is developing a dashboard with relevant KPIs to be shared with the Board of Directors as well.

.05

CUSTOMERS AND BUSINESS RELATIONS

Customer satisfaction	58
Commercial network	60
Partnerships and memberships	64



Banca Progetto, in line with the goal to define a sustainable and inclusive development model, plays an active role towards the local areas in which it operates, through a constant **dialogue with customers**, also with the help of its commercial network. Banca Progetto considers as a fundamental condition the ability to carry out its activity in the best possible way, with an active interest and a constant response to the needs of customers, in order to maintain and improve the relationship of trust and guarantee a panel of services and products that meet the expectations of the individual customer. For this reason, transparent, continuous and non-discriminatory communication with its customers is a point of focus of the Bank's activities and, above all, of the commercial network present throughout the national territory.

The main point of contact with the customer is, in fact, the **distribution network**, represented by the agents and brokers. Through a cutting-edge technological infrastructure, a widespread and integrated sales network and constant training of its commercial network, Banca Progetto covers the credit needs of Italian SMEs and supports private customers with innovative and inclusive solutions.

Lastly, **partnerships and memberships** foster innovation, facilitate knowledge-sharing, and reinforce the Bank's reputation as a forward-thinking and customer-centric institution, ultimately driving sustainable growth and long-term success in the competitive financial landscape.

5.1 Customer satisfaction

The characteristics and values of the communities in which it operates, the presence of a strong network capillarity, the drive for innovation and active listening to customers' needs are fundamental elements of Banca Progetto's approach and mark its daily operations. The Bank's focus is on the development of products that, in addition to allowing real accessibility in terms of support to business growth and financial inclusion, also have a strong innovative identity.

Product and service quality is also essential to protect the Bank's credibility, reputation and trust over time, also with regard to effective and prudent business risk management.

For this reason, customer satisfaction plays a crucial role in planning and monitoring the quality of services, and it is a strategic factor of competition in the market. From this principle, it arises the need for Banca Progetto to monitor perceived quality, from the point of view of the Bank's customers, both SMEs and retail ones.

With regards to SMEs products, the metric chosen by Banca Progetto to assess customer satisfaction is the **Net Promoter Score (NPS)**, a market research indicator that is based on a single survey question asking

respondents to rate the likelihood that they would recommend a company. The NPS assumes a subdivision of respondents into “promoters” who provide ratings of 9 or 10, “passives” who provide ratings of 7 or 8, and “detractors” who provide ratings of 6 or lower. The net promoter score results from the difference between the percentage of “promoters” and the percentage of “detractors”. The question that is asked to the SME interviewees is “Would you recommend Banca Progetto to a person who performs the same function in another company?”. This score was based on corporate customers scattered throughout Italy.

In 2022, Banca Progetto obtained a NPS of 46, meaning a high level of satisfaction among its customers, and entailing that most of them would recommend the Bank. The score has improved compared to the one achieved in 2021 (40.6), demonstrating Banca Progetto’s continuous improvement also in comparison to the significantly lower average performance of Italian and EU direct and traditional banks, as recognized by independent analysis.

In relation to retail funding products, Banca Progetto provides its over 73,000 customers in Italy and abroad with a highly competitive rate offer, both through direct channels and through partnerships with Fineco and Raisin DS. The customer onboarding process is fully digital and ensure a very simple user experience.

Deposits are guaranteed up to Euro 100,000 in Italy, Germany, the Netherlands and Spain by the Deposit Guarantee Scheme (FITD), covering over 90% of the active accounts.

With the aim of further strengthening the relationship with customers, Banca Progetto has adopted a Complaints Policy and has identified and makes available to all its customers a Complaints Office to which it is possible to contact/refer to when first contact feedback has not been considered adequate by the customer to solve the problem reported and reasons for dissatisfaction remain.

In particular, if a customer intends to complain about a disservice relating to banking or financial products or services, he may submit a written complaint to Banca Progetto by:

- registered letter with return receipt or ordinary mail;
- e-mail;
- PEC;
- fax;
- Bank’s website, by filling out the appropriate form in the Complaints section.

Furthermore, for any complaints concerning the processing of personal data, a customer may address the relevant written request to the attention of the Data Protection Officer (DPO) of the Bank.

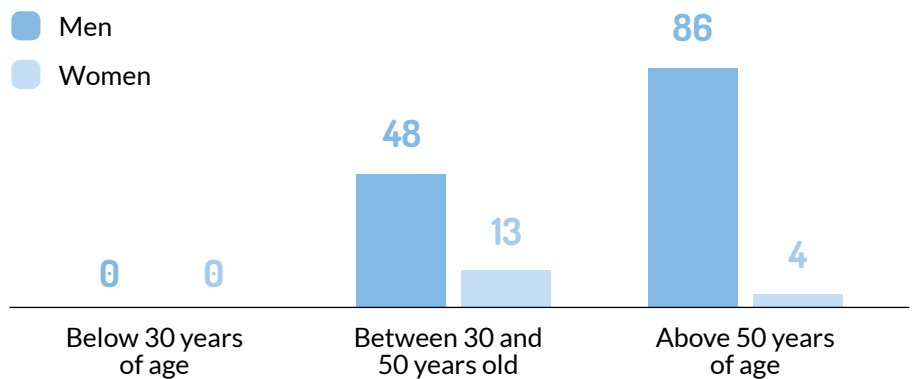
5.2 Commercial network

New SME loans disbursed in 2022 totalled **Euro 2,662 million**, compared to Euro 2,231 million in 2021 (+19%). This result was achieved thanks to the consolidation of the distribution channel made up of agents and brokers operating throughout Italy and who, in partnership with the Bank, made it possible to reach and support the Italian economic backbone.

The Company values its commercial network as much as its sustainable and innovative approach to business. The Bank does not own physical branches and it relies on a network of agents and brokers that is distributed throughout the country and has evolved throughout the years in parallel with the business model to promote lending services mainly to Italian SMEs and individuals. Credit allocation is determined by the Bank and then transmitted to agents and brokers through a deployment process, after being periodically updated and rebalanced, also based on industry/territory development forecasts and ESG principles, consistently with the Bank's risk/return objectives.

As of 31 December 2022, Banca Progetto's network consists of **151 agents and brokers** with whom the Bank has collaborative relationships. These partners are regularly registered with the Body of Agents and Brokers ("OAM") which is the body exclusively and autonomously responsible for the management of the lists of financial agents and credit brokers. Of these 151 agents/brokers, 60% are over 50 years of age, while 40% are aged between 30 and 50 years. Among these, 89% are men, while women cover 11% of the agency network.

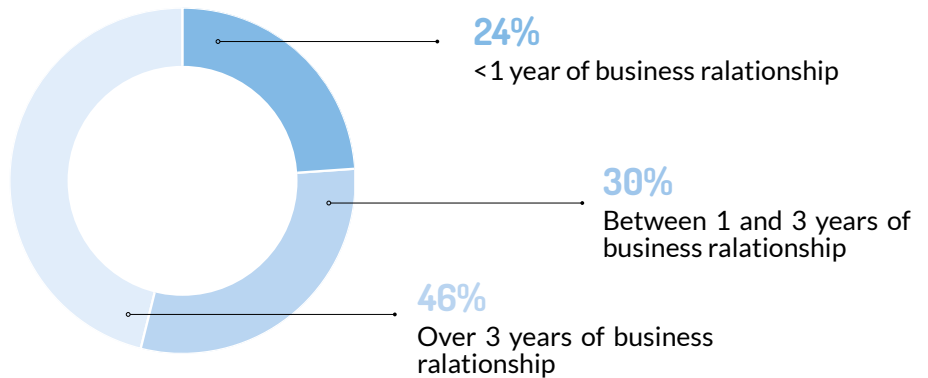
Figure 13. Total number of agents/brokers divided by Age and Gender – 31/12/2022



The duration of the contracts governing the Bank/agents/brokers relationship is for an indefinite period, subject to the right of both parties to withdraw under certain conditions provided for in the mandate. It is interesting to note that the network has grown over the last few years:

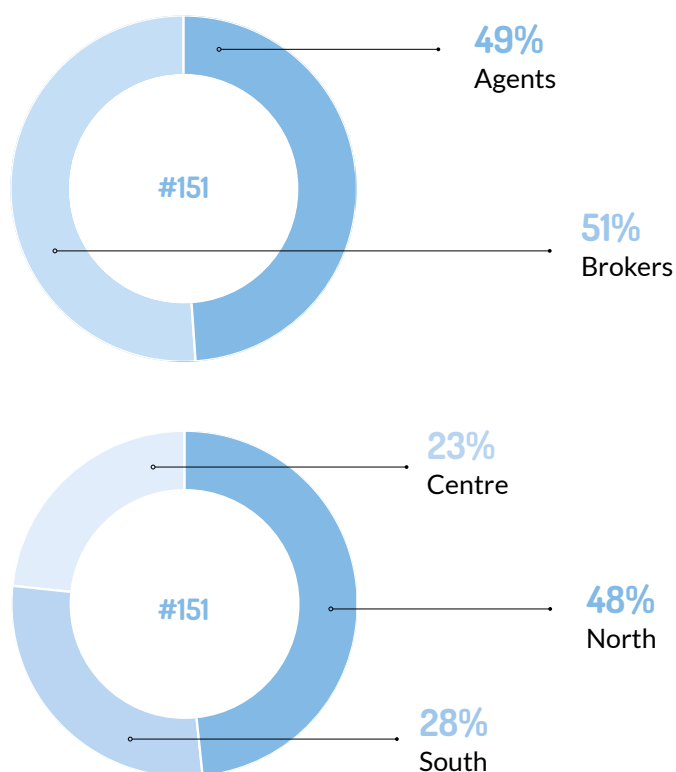
37 agents/broker (24% of the total) have joined the Bank's commercial network over the past year, 45 agents/broker have joined the network between 1 and 3 years ago (30%) and finally 69 agents have joined more than 3 years ago (46%).

Figure 14. Average duration of the collaborative relationship with the commercial network – 31/12/2022



As can be seen above, almost half of Banca Progetto's external agents have nurtured a business relationship with the Bank for most of its years of activity. Indeed, being Banca Progetto actively operational since 2019, the data confirms the solidity of the commercial network and Banca Progetto's recent and fast-paced growth based on continuous selection and recruiting of commercial partners.

As for the geographical area of reference, however, in most cases the agents and brokers operate throughout the national territory except for a few cases in which the operations are limited only to certain areas.

Figure 15. Distribution of commercial network – 31/12/2022

Agents and brokers are subject to **periodic checks** aimed at ascertaining that the necessary requirements to operate remain. These checks are carried out by means of :

1. documentary checks about the permanence of the requirements of integrity and professionalism necessary to operate;
2. on-site visits to the partners' premises;
3. a rating system that allows to obtain for each counterparty an "overall evaluation indicator" ("IVC") that provides a synthetic risk assessment based on specific indicators;
4. customer satisfaction surveys focused on the behaviour and commercial approach of agents/brokers;
5. ex ante and ex post privacy and cybersecurity controls.

In addition, a dedicated department of the Bank carries out an onboarding process for new prospective partners, which involves verification of:

1. the requirements of integrity and professionalism necessary to operate;
2. the absence of causes of incompatibility;
3. the registration on the OAM list.

In the event of a positive outcome, the partner will be approved.

The external network's remuneration scheme is designed to align the interests between the Bank and the agents/brokers as they receive variable compensation only – i.e. the commission is paid only and exclusively on loans disbursed - with claw back clauses based on customers' NPE level.

FOCUS

Network continuous training

Banca Progetto prioritizes staying competitive by fostering an innovative, adaptive, and ever-changing culture. This involves continuous training for both internal staff and the network of agents/brokers, for whom several dedicated training initiatives are designed:

Induction Days

Onsite training sessions are held once a month for newly engaged agents/brokers. These full-day sessions involve the Bank's operations teams and the focus is on sharing all the relevant information about the Bank's procedures, aiming to improve personal skills in public speaking and ensuring a smooth onboarding process;

Weekly Webinars

The entire network participates in webinars delivered on a weekly basis by specialized staff from the Bank. The webinars cover topics such as new regulations, tools, products, and maintaining a consistent approach when interacting with customers. This helps ensure a unified customer experience and keeps the network engaged, in addition to regular business workshops and the yearly commercial convention.

The knowledge gained from these learning events is further reinforced through guides and instructions shared on the Agents' Portal, forming a Knowledge Base accessible 24/7 to allow agents/brokers to continuously expand their skill sets, retain knowledge, and improve their overall performance.

By nurturing a learning environment, Banca Progetto increases the network's loyalty and enhances its overall capabilities, enabling the organization to remain competitive in a rapidly changing market.

5.3 Partnerships and memberships

Partnerships and memberships play a pivotal role in fostering the growth and success of Banca Progetto. As a financial institution, forging strategic alliances and affiliations with other organizations enables the Company to expand its reach, diversify its offerings, and strengthen its market position. Collaborating with established banks or financial technology firms allows the Bank to tap into new customer segments and access cutting-edge technologies, enhancing the overall customer experience.

Moreover, joining relevant industry associations and research/university networks provides Banca Progetto with valuable insights, best practices, and regulatory updates, empowering the Company to stay at the forefront of industry trends.

Partnerships



Fidimed

Fidimed is a supervised financial intermediary that has been working alongside businesses and professionals for over 40 years with an agile flexible and highly professional structure. It specializes in assisting micro and small businesses with innovative and fast solutions for access to credit.



FinDynamic

FinDynamic is a Fintech born in 2016 within Polihub, an incubator of the Politecnico di Milano, and has characterized itself - from the very beginning - as the innovative solution of reference in Supply Chain Finance with Dynamic Discounting.



Pirola Corporate Finance

Pirola Corporate Finance is the specialized company that Banca Progetto uses for the provision of the Tax Credits Consulting service and for the execution of certain fulfillments related to the same.



Coface Italia

Coface protects companies from the risk of non-payment of their customers related to delayed sales, thanks to a comprehensive credit insurance service offer. Banca Progetto uses the SELECTIO database service.

Memberships



Associazione Bancaria Italiana

The Associazione Bancaria Italiana is a voluntary nonprofit association that works to promote knowledge and awareness of social values and behavior inspired by the principles of sound and fair entrepreneurship, as well as the realization of a free and competitive market.



Assifact

As of December 13, 2022, Banca Progetto has been admitted to Assifact with the status of Ordinary Associate. Assifact is the Italian Factoring Association. Associates make up substantially all of the factoring market in Italy, with a business volume of about 14 percent of GDP.



Osservatorio Fintech & Insurtech del Politecnico di Milano

Banca Progetto is a sponsor of the Fintech & Insurtech Observatory of the School of Management of the Politecnico di Milano, the constant landmark for digital innovation within the Italian financial and insurance ecosystem, in order to best govern its ongoing changes through the creation of culture.



Osservatorio Supply Chain Finance del Politecnico di Milano

Banca Progetto is a sponsor of the Observatory, through support to sustain the research activity on Supply Chain Finance.

.06

SOCIAL

Our People
Community

68
76



6.1 Our People

GRI 2-30

The Bank's personnel represent the driving force behind its development and success. The dedication and professionalism of its management and employees are key values and pre-conditions for the achievement of the corporate objectives. For this reason, the Bank uses, in a profitable and constructive manner, all suitable management tools for the enhancement of its human resources.

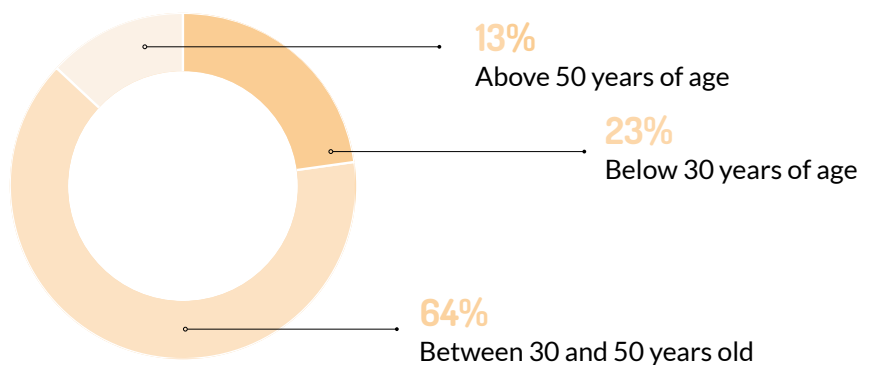
At the end of 2022, Banca Progetto could rely on the experience and professionalism of 213 specialised employees, all of which are covered by the applicable national collective agreements, motivated to achieve high levels of performance in different areas of responsibility. The average age of the workforce was 38 years old, with employees coming from diversified professional backgrounds, experiences and set of skills.

GRI 2-7

Table 11. Employees at 31/12/2022

	Male	Female	Total
Total employees	115	98	213
of which permanent	105	87	192
of which temporary	10	11	21
of which full-time	115	98	213
of which < 30 years old	21	27	48
of which 30-50 years old	71	65	136
of which > 50 years old	23	6	29

Figure 16. Employees at 31/12/2022 divided by Age



As evidence of the solidity of the professional relationship between the Bank and its employees, 90% of the total number of employees were

hired with a permanent contract and 100% of employees had full-time contracts. The distribution of employees by age group reveals a balance between consolidated experience and growth opportunities, given by the good percentage of young people who have entered Banca Progetto and the continuous transfer of knowledge by those with a higher seniority.

In 2022, Banca Progetto achieved the highest number of hires, due to the growth of the business and related volumes. As confirmation of the importance of diversity for the Bank, in 2022, over 40% of new employee hires were women.

GRI 401-1

Table 12. Number of new hires and turnover at 31/12/2022

	New employee hires		
	Male	Female	Total
Total new hires	41	34	75
of which < 30 years old	11	15	26
of which 30-50 years old	27	18	45
of which > 50 years old	3	1	4

	Employee turnover		
	Male	Female	Total
Total turnover	10	3	13
of which < 30 years old	3	1	4
of which 30-50 years old	5	1	6
of which > 50 years old	2	1	3

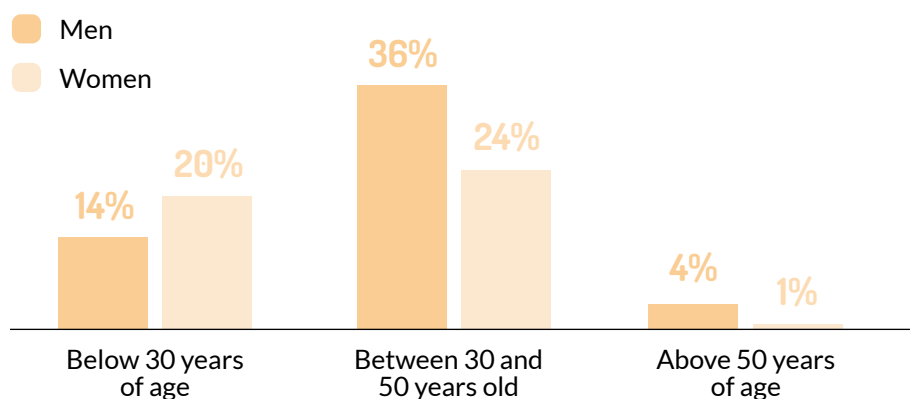
Figure 17. Percentage of new hires divided by Gender and Age, out of the total of hires -31/12/2022

Table 13. Rate of new hires and turnover by gender at 31/12/2022

	Male	Female
Recruitment rate	35.7%	34.7%
Termination rate	8.7%	3.1%
Turnover rate	27%	31.6%

Table 14. Rate of new hires and turnover by age group at 31/12/2022

	< 30 years old	30-50 years old	> 50 years old
Recruitment rate	54.2%	33.1%	13.8%
Termination rate	8.3%	4.4%	10.3%
Turnover rate	45.8%	28.7%	3.4%

6.1.1 Diversity and Inclusion

Diversity, equity and inclusion are at the heart of sustainable development. Banca Progetto recognises the value of diversity as a key element for innovation, productivity and growth of the organisation and the country, and that is why the Bank's approach is based on promoting these principles both internally and externally.

To foster cultural change and develop an inclusive environment that does not discriminate against gender, age, different abilities, health status, ethnicity, sexual orientation and identity or political ideologies, the Bank has promoted initiatives aimed at respecting the values of equity and objectivity and is committed to protecting the maximum expression of the potential of the individual as an element of distinctiveness.

Banca Progetto is committed to removing cultural and physical barriers by encouraging an internal culture rooted in the values of inclusion and diversity. That is why, during 2022, the Bank and supported the following actions and initiatives:

- start of a systematic assessment on the gender pay gap;
- introduction of principles against all forms of discrimination in the Code of Discipline and Code of Ethics;
- extension of rights to all forms of affective and parental relationships;
- recruitment policies and performance management process aimed at ensuring equal opportunities;

- recourse to different recruitment channels to diversify the working environment and make it richer in experience and skills;
- signing of the Women in Banking Charter, promoted by the Italian Banking Association, which aims to improve gender equality and opportunities in the banking sector;
- membership of “Parks – Liberi e Uguali” a non-profit association of employers promoting the value and culture of diversity management.

GRI 405-1

Table 15. Employee composition by professional classification, gender and age at 31/12/2022

	Male	Female	Total
Senior managers	15	2	17
of which < 30 years old	0	0	0
of which 30-50 years old	9	2	11
of which > 50 years old	6	0	6
Middle managers	51	27	78
of which < 30 years old	2	1	3
of which 30-50 years old	33	21	54
of which > 50 years old	16	5	21
Non-management employees	49	69	118
of which < 30 years old	19	27	46
of which 30-50 years old	29	41	70
of which > 50 years old	1	1	2

With regard to professional categories, in 2022 around 8% of employees were senior managers and 37% were middle managers. This reflects the Bank's commitment to endow the structures with qualified professionals and its interest in advancing its employees, from a professional point of view, with targeted development paths.

Table 16. Number of employees belonging to protected categories at 31/12/2022

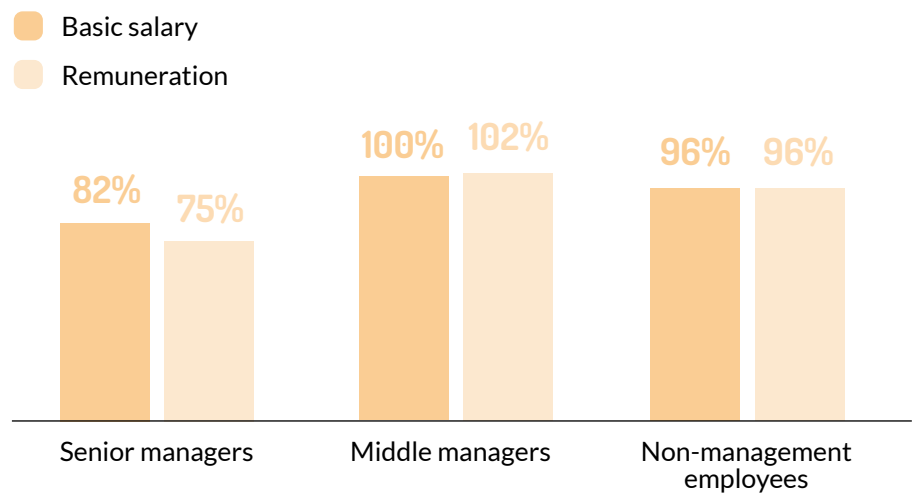
	Male	Female	Total
Total protected employees	2	5	7
of which < 30 years old	0	1	1
of which 30-50 years old	2	4	6
of which > 50 years old	0	0	0

According to the Italian law 68/99, the protected categories considered concern individuals with physical or sensory disabilities and other protected categories defined by the law.

Banca Progetto's sensibility towards diversity and inclusion entails the recognition of the importance of equal wage for all employees. The graph below shows the ratio of the basic salary and remuneration of women to men by employee category, which is calculated as "men's wage: 100 = women's wage: X".

GRI 405-2

Figure 18. Ratio of the basic salary and remuneration⁷ of women to men by professional category at 31/12/2022



As evidence of Banca Progetto's commitment towards equality, the data above shows the ratio of the basic salary and remuneration of women to men by professional category. A value of 100% represents equity between women and man, which leads to the understanding that a value lower than 100% indicates higher salary and remuneration for men while a value higher than 100% indicates higher salary and remuneration for women.

6.1.2 People development, engagement and well-being

Banca Progetto is committed to empowering its people by promoting their skills development, satisfaction and well-being, inside and outside the workplace.

Two main pillars of HR management at Banca Progetto are represented by a structured and transparent **performance management process** aimed at driving excellent results and linked to a consistent reward system, and the annual **employee engagement survey** managed by Great

7 - The basic salary is the fixed, minimum amount paid to an employee for performing his or her duties (gross annual salary) and the remuneration is the basic salary plus additional amounts paid to a worker.

Place To Work, the international organization specialized in workplace culture.

In particular, the results of the survey - which is totally anonymous and transparently communicated to the employees - are used as a concrete tool to identify, share and implement improvement actions in various areas of people management, grouped under the five clusters of credibility, respect, proud, equality and cohesion.

The personal and professional growth of each employee is a core value at the heart of Banca Progetto's activities and it is ensured through a comprehensive training program, as detailed below.

GRI 404-1

Table 17. Total number of training hours by gender and professional classification at 31/12/2022

Total number of training hours	3,138
Male	1,865
Female	1,273
Senior managers	193
Middle managers	1,191
Non-management employees	1,754

Table 18. Average number of training hours by gender and professional classification at 31/12/2022

Average number of training hours	15
Male	16
Female	13
Senior managers	11
Middle managers	15
Non-management employees	15

As shown in the tables above, middle managers and non-management employees receive the same average amount of training hours. Furthermore, development centres and coaching initiatives are in place for targeted employees.

During 2022, compulsory ESG training has been provided to all employees to spread the culture of sustainability within the Company. In addition, to facilitate informed decision making by the Board members, training sessions focused on ESG issues and cyber risks were held specifically for the Board of Directors throughout the year.

The Bank also actively promotes the **well-being** of its employees and their families by facilitating work-life balance implementing dedicated initiatives, the most significant of which are reported below:

- actions to improve working conditions, including: 10 remote working days per month per employee, flexibility working hours, social security and supplementary health care, pension fund contribution, meal vouchers, ameliorative treatments compared to the National Collective Labor Agreement, opportunities for employees to express themselves on the training they would like to follow;
- provision of three extraordinary welfare disbursements during 2022;
- appointment of the “People Care Sponsor”, chosen in rotation among the employees and in office for one year, who is responsible for reporting the needs of personnel in the social sphere and who is involved in decisions related to this aspect;
- promotion of healthy nutrition through a free daily fruit delivery service to all employees;
- introduction of a money bonus for graduate workers.

Thanks to these and other initiatives, the Bank has been certified for four consecutive years as an “excellent workplace” and – in 2022 – entered the ranking of the 60 best companies to work for in Italy, according to the “*Great Place To Work*” annual survey results.

6.1.3 Health and Safety

GRI 403-1

GRI 403-8

Banca Progetto aims to create a healthy and safe work environment where its people can feel supported and perform at their best. The Bank ensures the health of its employees on a daily basis by guaranteeing that 100% of them are covered by the internally audited occupational health and safety management system compliant with Legislative Decree n. 81/2008.

GRI 403-2

In order to manage the possible risks associated with the Bank’s employees’ daily activities - which are considered to be low - and in accordance with the law, Banca Progetto’s employees are insured with INAIL for electrical risks – related to computer usage – and for car use, for those who have been assigned a company car. All preventive measures required by law are also applied to prevent and avoid work-related risks.

GRI 403-4

Banca Progetto establishes processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing employees access to and communicating relevant information on

GRI 403-3

GRI 403-5

GRI 403-6

GRI 403-9

GRI 403-10

occupational health and safety to workers. As required by Legislative Decree 81/2008, the Bank has nominated workers' safety representatives. In addition, all employees receive targeted occupational health and safety training through a specific 8-hour course. First Aid workers, supervisors and fire wardens are trained through specialised courses.

In order to provide effective health management, all employees are subject to health surveillance, which includes regular visits with a qualified occupational health practitioner. In addition, all employees and family members (cohabiting partner and/or children) are covered by health insurance, the premiums for which are paid by the Bank. Non-work-related medical check-ups are offered to senior management.

In 2022, Banca Progetto did not record any cases of work-related illness or injuries⁸.

6.2 Community

Banca Progetto is dedicated to the enhancement, development and promotion of territories through partnership, sponsorship and donation initiatives that align with the Bank's values and vision. Their focus lies in supporting the well-being of individuals and the development of communities, also with a view to strengthening the relationship with regional and national stakeholders.

In particular, at the heart of the Bank's commitment is the creation of value together with other local entities to address social needs of the communities and propel their social growth, especially in the fields of volunteering and sports. Additionally, Banca Progetto has also extended its support to diverse areas, including culture and education.

In 2022, the Bank's commitment was realised with partnerships, agreements and donations that involved non-profit organizations, social cooperatives and charities, with particular attention to children and disadvantaged individuals, for whom the Bank actively implemented various projects, with a positive impact on communities and the environment, while creating value for the territory.

Below are reported a number of donations and sponsorships to which Banca Progetto contributed for a total of more than Euro 120.000 disbursed in 2022, bringing the overall amount from 2020 to over Euro 220,000:

Parks – Liberi e Uguali

Non-profit association whose participants are employers aiming to help member companies understand and realize the maximum business po-

8 - There was one minor commuting incident where the transport was privately organized.

tential related to the development of strategies and good practices respectful of diversity. By joining Parks, companies can count on a series of activities designed and calibrated to their business reality and aimed at making the work environment more inclusive and respectful. Parks offers education and training, internal and external communication, advice on compensation and benefits policies that reflect the needs of LGBT+ workers.

UNICEF/UNHCR

Agencies of the United Nations responsible for providing humanitarian and developmental aid to refugees and children worldwide. The Bank's donation was made in the context of the war in Ukraine and was also accompanied by voluntary and anonymous contributions made by employees.

IEO Monzino ETS Foundation

Entity that exclusively and directly finances the clinical and experimental research of the European Institute of Oncology and the Monzino Cardiology Center.

La Gabbianella ONLUS

Association established in 1997 to create a network of Associations (National Coordination for Distance Support Onlus) that carry out distance support (SaD) projects in Europe, Asia, Africa and Latin America.

Community of Sant'Egidio

Lay movement of Catholic Christian inspiration, dedicated to prayer and communication of the Gospel, which defines itself as a "public association of lay people of the Church", and has as its objective to help the most disadvantaged sections of the community.

Friends of Brera

One of the oldest associations in Milan that has always worked to promote the knowledge, enhancement and protection of the historic Palazzo di Brera and the Milanese Civic Museums.

"La città delle donne" Rome Award

Award born to recognise some contemporary female personalities for the important role they played within the cultural and social world.

Milano Pride 2022

Parade held at the end of June each year in Milan to celebrate the LGBTQ+ people and their allies, with the aim of demonstrating for equal rights and treatment, regardless of sexual orientation.

Albarace (Rome) and 530 Run (Milan and Palermo)

Running events offered for free to the Bank's employees to promote sustainable and healthy lifestyles through physical exercise, food and culture in the cities where they live and work.



ESG Action Plan's goals

ESG training

Banca Progetto invests in training on ESG topics because it believes that the Bank's sustainable development is only possible by actively engaging all its people.

Developing a business in tune with ESG topics requires both knowledge of the principles of sustainability and the impact that sustainability factors may have on operations and a wide-ranging, integrated vision of the changing level framework for sustainable finance.

For this reason, the Bank is committed to implement a training plan for employees and commercial network on ESG issues articulated as follows:

- general training programs to all employees and "refresh" of basic training;
- ad hoc training for the ESG focal points;
- ad hoc training programs for the commercial network.

Employee welfare and other social initiatives

The Bank pays attention to the welfare of its employees and will continue all the initiatives already identified and implemented, such as remote working, also promoting a healthy and safe workplace. Moreover, through enhanced corporate welfare, employees will access an extended range of benefits including additional healthcare services.

.07

ENVIRONMENT

Climate change and
environmental impact

80



Banca Progetto understands that preserving the planet is vital for the present and future generations, considering the environment as a primary asset for the well-being of individuals and communities.

Recognizing the changes affecting the climate, the Bank is committed to taking responsible actions to minimize and optimize the direct environmental impact of its operations, but also the indirect impact arising from its financing activity, also considering the climate and environmental risks that affects its business.

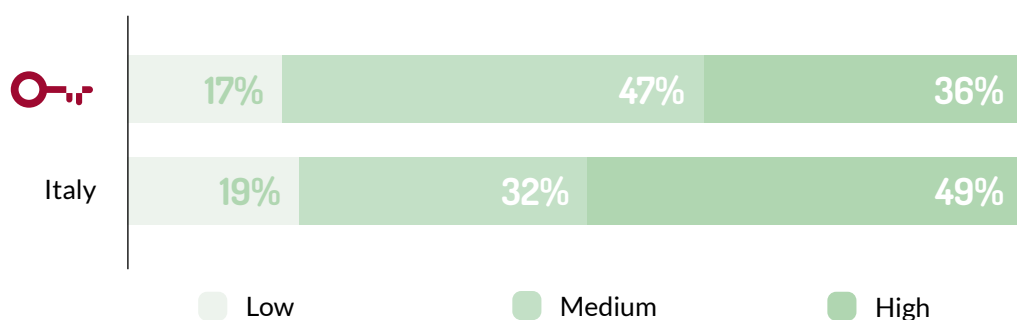
7.1 Climate change and environmental impact

The Bank carried out, as part of its Sustainability Plan, an analysis of the exposure of its loan portfolio to **climate change physical and transition risks** on its SME customers, which showed, overall, a low level of exposure to these risks. This analysis will be periodically updated by the Bank.

In particular, with reference to the analysis on transition risk, the composition of the SME loan portfolio was analysed on the basis of the emissions intensity of the sector to which every customer belongs, with a focus on exposures with the highest emissive impact.

The results show that the average emission intensity of the Bank's portfolio sectors is mostly low and medium if compared to the national data, as displayed in the graph below.

Table 19. Intension of emissions level by sector⁹ - 31/12/2022



In the coming years this analysis will be improved by means either of enriching the external information on risks or through the implementation of the ESG score for each client, with an approach even more company specific.

⁹ - Source of Italian data: ECB economy wide climate stress test, occasional paper n. 281-2021.

On the other hand, with regard to the analysis of physical risk, exposures to SME counterparties were analysed on the basis of the geographical location of the production units matched with risk maps related to physical risk hazards. This analysis showed that only a limited portion of the portfolio is exposed to at least one category of physical risk among those analysed.

7.1.1 Energy consumption and emissions

The measurement of energy consumption and greenhouse gas (GHG) emissions is an area that the Bank has begun to improve in order to adequately represent the efficient and responsible use of energy sources that characterises the Bank's business model, further stimulating its sustainability.

Indeed, Banca Progetto's digital nature and the lack of physical branches significantly reduces its operations' carbon footprint and places it ahead of traditional banks, inherently contrasting climate change.

The Company's **energy consumption** is essentially derived from the electricity consumption of the leased offices (for lighting, air conditioning and heating¹⁰ purposes) and the fossil fuel used by the company fleet, as shown in the tables below, both in absolute and intensity terms.

GRI 302-1

Table 19. Energy consumption – 31/12/2022

	Energy (KWh)	Energy (GJ)
Total energy consumption	596,324	2,147
Offices energy consumption¹¹	198,276	714
of which from non-renewable sources	128,208	462
of which from renewable sources	70,068	252
Car fleet¹²	398,048	1,433

At the end of 2022, 45% of Banca Progetto's total electricity directly purchased came from renewable sources certified by the supplier through guarantees of origin (GOs), with the goal of increasing this share and reaching 100% green supply in 2023.

10 - Only for a secondary office located in Milan, electric heating is combined with a centralised gas heating plant

11 - The data for the Milan offices are based on real measurements since the bank has operational control over the electricity consumption, purchasing electricity directly from suppliers. The data for the remaining offices are estimated.

12- Energy is derived from fuel consumptions determined by the estimated distance traveled in kilometers for various types of vehicles.

GRI 302-3

Table 20. Energy intensity – 31/12/2022

	Energy intensity (GJ/sqm)	Energy intensity (GJ/employees)
Total energy intensity	0.50	10.08
Offices energy intensity ¹³	0.17	3.35
Car fleet energy intensity	0.33	6.73

As part of the preparation of this report, the Bank made a first calculation of its **carbon footprint**, reporting Green House Gases (GHG) emissions both in direct (Scope 1) and indirect (Scope 2, market and location based) terms.

GRI 305-1

GRI 305-2

Table 21. GHG emissions¹⁴ – 31/12/2022

	CO ₂ e emissions (t)
Total emissions	168.70
Scope 1	105.84
Scope 2 ¹⁵ (location-based)	40.54
Scope 2 (market-based)	22.32

GRI 305-4

Table 22. GHG emissions – 31/12/2022

	Emissions intensity (t CO ₂ e/employees)
GHG emissions intensity	0.79

In addition, the Company was able to calculate the 58.24 tonnes of CO₂ equivalent emissions generated by its employees' business trips made by plane and train, which fall under Scope 3 category, pending further investigation of emissions in this category. In this regard, it is worth noting that the use of public transport, which reduces employee commuting emissions, is incentivised by the Bank through the provision of discounted subscriptions.

13 - The data for the Milan offices (0.16 GJ/sqm and 4.3 GJ/employee) is based on real measurements since the bank has operational control over the electricity consumption of offices. The data for the remaining offices is estimated.

14 - For 2022, the source of the conversion factors for the calculations of Scope 1 and Scope 2 emissions are, respectively, the "ABI Lab Guidelines on the Bank's Application of the GRI Standards on Environmental Issues – version December 2022" and the "UK Government GHG Conversion Factors for Company Reporting (2022)".

15 - Scope 2 emissions, both location- and market-based, refer only to leased assets over which the company has operational control and therefore exclude the Rome and Palermo offices, in line with the provisions of the GHG Protocol.

FOCUS

The new Milan headquarter

In September 2022, to accommodate the increasing workforce, the Milan employees moved to the Company's new premises in Via Bocchetto, benefiting from modern, comfortable and LEED Gold certified offices that strengthen the sustainable identity of Banca Progetto.

In fact, the new headquarter will enable a reduction in overall energy consumption, thanks to the use of LED lighting and the presence of an advanced and integrated supervisory system (BMS) which, based on motion detectors and timers, adopts energy-saving parameters and allows for optimized conduction and management of utilities, reducing usage times and energy consumption both for the microclimate of the rooms and for the use of electricity.

7.1.2 Materials consumption and waste management

Banca Progetto's consumption of materials regards exclusively the use of paper and toner cartridges for the daily operations of the offices where the Company has put in place a series of paper-less initiatives.

In addition, the digital business model adopted by the Bank provides, for instance, for the graphometric signature of contracts and the almost complete digitalization of all documents, thanks to the use of ad hoc IT platforms.

The water consumption of the Bank's offices is very limited and amounted at 0.096 megalitres during 2022.

Also, with regard to Banca Progetto's **waste** production, this is mainly attributable to the operating activities of the offices and to the Bank's employees. In this context, waste management takes place with differentiated collection and disposal according to the guidelines of the local municipalities while, in order to reduce and possibly eliminate plastic, water dispensers have been installed in the offices reusable water bottles have been provided to all employees.

GRI 305-4



ESG Action Plan's goals

ESG Plafond

In accordance with best practices observed in the market, Banca Progetto aims to expand its product catalogue with sustainability criteria in order to improve along the time its “green” portfolio.

In doing so, the Bank is studying an “ESG plafond” to be allocated to companies and projects that meet specific ESG characteristics under two separate credit lines:

- European Investment Fund (EIF): plafond capable of meeting the “green EIF requirements” to obtain the relevant guarantees. Indeed, The EIF supports corporate lending by providing guarantees and counter-guarantees on portfolios of loans to SMEs, which is also consistent with the Banca Progetto's business model.
- ESG Plafond, whose eligibility criteria will be defined by the Bank in a gradual manner over time after a preliminary test of the product's attractiveness in the market.

Green funding

In order to fund the ESG plafond, Banca Progetto:

- will evaluate the application for access to European Investment Bank (EIB) funding. The EIB is one of the world's main financiers for climate action and environmental sustainability and it supports investment programs that fall within the economic objectives set by the European Union;
- will introduce “green for green” deposits with a specific commercial campaign.

Allocative credit policies

In order to support its customers on the path of environmental transition, Banca Progetto has declined targeted allocative credit policies towards micro-sectors characterised by high and medium-high emission intensities.

For the sectors taken into account, the Bank will identify specific requirements for the commercial network in order to increase the incidence of green exposures in the portfolio.

ESG score

In addition, in order to build a comprehensive database that has all the necessary information to incorporate climate and environmental risks into the business and operational model, the Bank will implement the ESG score attribution module per individual SME counterparty.

The selected information will be mainly related to the “environmental” pillar, and they will be collected through a questionnaire to be administered both to prospect companies applying for credit and, with planned “recall” campaigns, to the companies currently in the portfolio.

The questionnaire performs the function of calculating the “ESG score” with a view to mapping the business credit portfolio, and to define strategies and target related to green goals.

APPENDIX

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Methodological note

GRI 2-1

GRI 2-2

GRI 2-3

GRI 2-4

GRI 2-5

Banca Progetto S.P.A., also known as “Banca Progetto” in commercial correspondence, in the trademark and in the logo, is a joint stock company headquartered in via Bocchetto 6, Milan, with another office in Milan and offices in Rome and Palermo.

The Bank’s activity is based on the collection of savings and the granting of credit in its various forms and may perform, in accordance with the provisions in place and obtaining the required authorizations where necessary, all banking and financial operations and services, as well as any other instrumental operation or connected to the achievement of the corporate purpose.

Banca Progetto’s sustainability report aims to provide a better understanding of the Bank’s activity and to disclose its performance, results and impacts related to environmental, social and governance topics.

Given the voluntary nature of the report and the fact that it is the first sustainability report published by the Bank, there are no changes to report compared to the previous year. However, to ensure comparability and trustworthiness, the report has been prepared with reference to the “Global Reporting Initiative Sustainability Reporting Standards”, defined in 2016 by the GRI – Global Reporting Initiative, taking into consideration the updated GRI Universal Standards 2021 and the “Financial Services Sector Disclosures” defined by the GRI in 2013. Specifically, this report refers to the GRI standards outlined in the table “GRI content index” available below.

Moreover, in order to provide complete information regarding the Bank’s performance to all stakeholder and, specifically, to the financial community, the report includes also custom qualitative indicators linked to material topics and produced with an autonomous methodology.

The contents of this report refer to the financial year 2022 (1 January 2022 – 31 December 2022), which corresponds to that of the financial statements of the Bank, and were identified through a materiality assessment process described in Chapter 2 of the report. The process of data and information gathering for the report was carried out in collaboration with the Bank’s departments, through the use of tools in line with the recommendations of the GRI Standards.

Banca Progetto’s 2022 Sustainability Report, approved by the Board of Directors on september 2023, has had its KPIs externally assured and is available on the Bank’s website at www.bancaprogetto.it. Any questions or requests regarding the contents of this report can be addressed to sustainability@bancaprogetto.it.

GRI Content Index

Statement of use	Banca Progetto has reported the information cited in this GRI content index for the period 1 January 2022 – 31 December 2022 with reference to the GRI Standards.
GRI 1: Foundation 2021	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	Location/Notes
GRI 2: General disclosures 2021	2-1 Organizational details	1.2) What we do, Methodology
	2-2 Entities included in the organization's sustainability reporting	Methodology
	2-3 Reporting period, frequency and contact point	Methodology
	2-4 Restatements of information	Methodology
	2-5 External assurance	Methodology
	2-7 Employees	6.1) Our People
	2-9 Governance structure and composition	4.1) Corporate bodies
	2-20 Process to determine remuneration	4.1) Corporate bodies
	2-22 Statement on sustainable development strategy	Letter to the Stakeholders
	2-26 Mechanisms for seeking advice and raising concerns	4.3) Corporate Behaviour
	2-30 Collective bargaining agreements	6.1) Our People
GRI 3: Material topics 2021	3-1 Process to determine material topics	2.2) Materiality Assessment

GRI STANDARD	DISCLOSURE	Location/Notes
	3-2 List of material topics	2.2) Materiality Assessment
	3-3 Management of material topics	2.2) Materiality Assessment
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	3.4) Direct economic value generated and distributed
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	4.3) Corporate Behaviour
	205-3 Confirmed incidents of corruption and actions taken	4.3) Corporate Behaviour
GRI 302: Energy 2016	302-1 Energy consumption within the organization	7.1.1) Energy consumption and emissions reduction
	302-3 Energy intensity	7.1.1) Energy consumption and emissions reduction
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	7.1.2) Materials and waste management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	7.1.1) Energy consumption and emissions reduction
	305-2 Energy indirect (Scope 2) GHG emissions	7.1.1) Energy consumption and emissions reduction
	305-4 GHG emissions intensity	7.1.1) Energy consumption and emissions reduction
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.1) Our People
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	6.1.3) Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	6.1.3) Health and Safety
	403-3 Occupational health services	6.1.3) Health and Safety

GRI STANDARD	DISCLOSURE	Location/Notes
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.1.3) Health and Safety
	403-5 Worker training on occupational health and safety	6.1.3) Health and Safety
	403-6 Promotion of worker health	6.1.3) Health and Safety
	403-8 Workers covered by an occupational health and safety management system	6.1.3) Health and Safety
	403-9 Work-related injuries	6.1.3) Health and Safety
	403-10 Work-related ill health	6.1.3) Health and Safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	6.1.2) People Development and well-being
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	6.1.1) Diversity and Inclusion
	405-2 Ratio of basic salary and remuneration of women to men	6.1.1) Diversity and Inclusion
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4) Cybersecurity and Data Protection

CUSTOM INDICATORS	Location/Notes
Incidence of interest income deriving from loans to SMEs (on total interest income)	3.5) Support to SMEs and financial inclusion
Incidence of the stock of loans to SMEs (on total assets)	3.5) Support to SMEs and financial inclusion
SME loans and products which promote financial inclusion	3.5) Support to SMEs and financial inclusion
NPS - Net Promoter Score	5.1) Customer satisfaction
Average duration of the collaborative relationship with the commercial network	5.2) Commercial network
N. of investments, initiatives and donations for community development	6.2) Community
CO2 emissions derived from train and plane travel	7.1.1) Energy consumption and emissions reduction
Emissions levels of the sectors in the Bank's portfolio	7.1.1) Energy consumption and emissions reduction

SDGs mapping

SDGs	DISCLOSURE	Location/Notes
 <p>Target 1.4</p>	<ul style="list-style-type: none"> Financial inclusion Support to SMEs 	<ul style="list-style-type: none"> Products and services to guarantee access to credit to SMEs and individuals (guaranteed loans, salary backed loans, SACE funds, instant lending, etc.)
 <p>Target 3.4</p>	<ul style="list-style-type: none"> Community support Health and safety of employees 	<ul style="list-style-type: none"> Donations for the financing of clinical and experimental research of the European Institute of Oncology Actions to improve working conditions (remote working days, flexibility, social security and health care, meal vouchers, etc.) Promotion of healthy nutrition in the workplace
 <p>Target 4.4, 4.7</p>	<ul style="list-style-type: none"> Training and development Diversity and inclusion 	<ul style="list-style-type: none"> Extensive training program for employees Opportunities for employees to express themselves on the training they would like to follow Training dedicated to gender equality/neutrality and unconscious prejudices Recruitment policies and performance management process aimed at respecting equal opportunities and enhancing skills
 <p>Target 5.5</p>	<ul style="list-style-type: none"> Diversity and inclusion Training and development 	<ul style="list-style-type: none"> Training dedicated to gender equality/neutrality and unconscious prejudices Introduction of principles against all forms of discrimination in the disciplinary and Code of Ethics Donation to Parks – Liberi e Uguali (association for the development of diverse and inclusive workplaces) Preliminary assessment on the gender pay gap Recruitment policies and performance management process aimed at respecting equal opportunities and enhancing skills Sponsorship of “La città delle donne” Rome Award (Award to enhance the contribution of women to society)
 <p>Target 7.2, 7.3</p>	<ul style="list-style-type: none"> Climate change 	<ul style="list-style-type: none"> 100% green energy in the Milano Bocchetto office Energy efficiency projects and increase of renewable energy in the energy mix of the offices

SDGs	DISCLOSURE	Location/Notes
 <p>Target 8.2, 8.3 8.5, 8.8</p>	<ul style="list-style-type: none"> Financial stability Financial inclusion Support to SMEs Diversity and inclusion Training and development 	<ul style="list-style-type: none"> Commitment to the development and innovation of products and services Products and services to guarantee access to credit to SMEs and individuals (guaranteed loans, salary backed loans, SACE funds, instant lending, etc.) Recruitment policies and performance management process aimed at respecting equal opportunities and enhancing skills Certified "Great Place to Work" for fourth year in a row
 <p>Target 9.4, 9.5</p>	<ul style="list-style-type: none"> Climate change Support to SMEs 	<ul style="list-style-type: none"> Energy efficiency projects and increase of renewable energy in the energy mix of the offices Migration of the infrastructure to the Cloud Provision of financing linked to "Industry 4.0" investments Implementation of a platform to intercept companies participating in bids related to the National Recovery and Resilience Plan (NRRP) funds
 <p>Target 11.4, 11.5</p>	<ul style="list-style-type: none"> Community support Financial inclusion Support to SMEs 	<ul style="list-style-type: none"> Donations for the protection of cultural heritage Products and services to support SMEs and individuals recovering from the effects of Covid-19
 <p>Target 12.2, 12.5</p>	<ul style="list-style-type: none"> Protection of the environment 	<ul style="list-style-type: none"> Water dispensers in the offices to reduce plastic consumption Use of a graphometric signature and a self-onboarding platform to reduce paper consumption Energy efficiency projects and increase of renewable energy in the energy mix of the offices
 <p>Target 13.2</p>	<ul style="list-style-type: none"> Climate change 	<ul style="list-style-type: none"> 100% green energy in the Milano Bocchetto office Energy efficiency projects and increase of renewable energy in the energy mix of the offices Migration of the infrastructure to the Cloud
 <p>Target 16.1, 16.5</p>	<ul style="list-style-type: none"> Business conduct and integrity 	<ul style="list-style-type: none"> Code of ethics Model 231 Whistleblowing procedure Policy against money laundering and terrorist financing Donation to UNICEF/UNHCR to support the emergency caused by the war in Ukraine

Report of the Independent Auditors



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the Sustainability Report

*To the board of directors of
Banca Progetto S.p.A.*

We have been engaged to perform a limited assurance engagement on the Sustainability Report for the year ended 31 December 2022 of Banca Progetto S.p.A. (the "bank") and its subsidiaries.

Responsibilities of the directors of Banca Progetto S.p.A. for the Sustainability Report

The directors are responsible for the preparation of a Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), selected as specified in the paragraph "Methodological note" ("GRI – Referenced") of the Sustainability Report.

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 a Sustainability Report that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the target of the Sustainability Report of Banca Progetto S.p.A. and its subsidiaries with reference to the sustainability performance, as well as the identification of the stakeholder and material aspects to be disclosed.

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.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Banca Progetto S.p.A.
Independent auditors' report on the Sustainability Report
 31 December 2022

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the Sustainability Report with the requirements of the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), selected as specified in the paragraph "Methodological note" ("GRI – Referenced") of the Sustainability Report. 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 Sustainability Report 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 Sustainability Report are based on our professional judgement and include inquiries, primarily of the Banca Progetto S.p.A. and its subsidiaries personnel responsible for the preparation of the information presented in the Sustainability Report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. Analysing the process of identification of the material aspects reported in the Sustainability Report, with reference to how the context is analysed and understood, to how actual and potential impacts are identified, assessed and prioritised, and to the internal validation of the process findings;
2. Comparing the financial disclosures presented in the Sustainability Report with those included in the bank's consolidated financial statements for the year ended 31 December 2022;
3. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the Sustainability Report;
4. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the Sustainability Report.

Specifically, we held interviews and discussions with the management personnel of Banca Progetto S.p.A.. 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 Sustainability Report.

Furthermore, with respect to significant information, considering the bank and its subsidiaries business and characteristics:

- a) we held interviews and obtained supporting documentation to check the qualitative information presented in the Sustainability Report 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.



Banca Progetto S.p.A.
Independent auditors' report on the Sustainability Report
31 December 2022

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report for the year ended 31 December 2022 of Banca Progetto S.p.A. and its subsidiaries has not been prepared, in all material respects, in accordance with the requirements of the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), selected as specified in the paragraph "Methodological note" ("GRI – Referenced") of the Sustainability Report.

Milan, 7 September 2023

KPMG S.p.A.

(signed on the original)

Alberto Andreini
Director of Audit



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